Nordea

Annual Report 2002
Nordea Bank Norge

Nordea Bank Norge ASA is a part of Nordea. 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.

Contents

The report of the Board of Directors, financial statements and accompanying auditor's report contained in this annual report are translations of the statutory statments and reports required under Norwegian companies legislation, accounting and auditing standards.

Nordea Bank Norge Group - Five-year summary

Income statement

NOK million	2002	2001	2000	1999	1998
Net interest income	4,783	4,862	4,604	4,340	4,039
Dividends received [1]	43	37	97	125	70
Net commission income	996	1,261	1,428	1,122	1,003
Net result from financial operations	885	821	675	878	338
Other operating income	189	389	163	138	334
Total operating income	**6,896**	**7,370**	**6,967**	**6,603**	**5,784**
Personnel expenses[2]	2,241	2,244	2,154	1,991	1,881
General administrative expenses	1,931	2,136	1,925	1,630	1,765
Total operating expenses	**4,172**	**4,380**	**4,079**	**3,621**	**3,646**
Profit before loan losses	**2,724**	**2,990**	**2,888**	**2,982**	**2,138**
Loan losses [3]	1,242	705	26	-8	170
Profit from companies accounted for under the equity method	51	63	88	-	-
Profit (losses/write-downs) on long-term securities	165	-	40	-	-
Operating profit	**1,698**	**2,348**	**2,990**	**2,990**	**1,968**
Taxes	670	-283	579	513	7
Net profit for the year	**1,028**	**2,631**	**2,411**	**2,477**	**1,961**

[1] Profit from associated companies is reported as a separate item

[2] Including pension expenses

[3] Incl. change in value of property taken over for protection of claims

Balance sheet at 31 December

NOK million	2002	2001	2000	1999	1998
Assets					
Loans and advances to credit institutions	18,241	14,675	24,290	22,349	10,124
Lending	190,917	184,232	181,100	156,256	151,439
Interest-bearing securities					
- Current assets	18,506	17,847	18,057	19,248	15,714
- Fixed assets	23	525	534	531	544
Other assets	13,488	13,042	12,203	12,433	10,722
Total assets	**241,175**	**230,321**	**236,184**	**210,817**	**188,543**
Liabilities and shareholders' equity					
Deposits by credit institutions	54,589	41,594	31,124	28,808	27,803
Deposits	110,978	104,332	106,468	91,946	78,238
Other borrowings from the public	39,455	48,044	62,140	58,998	51,382
Other liabilities	14,859	13,117	10,649	8,661	9,878
Subordinated liabilities	4,045	6,277	9,470	7,350	7,005
Total liabilities	**223,926**	**213,364**	**219,851**	**195,763**	**174,306**
Shareholders' equity	17,249	16,957	16,333	15,054	14,237
Total liabilities and shareholders' equity	**241,175**	**230,321**	**236,184**	**210,817**	**188,543**
Contingent liabilities	61,407	54,150	52,872	52,870	24,716*

* Excl. letters of credit and unutilised lines of credit

Nordea Bank Norge Group – Ratios and key figures

	2002	2001	2000	1999	1998
Return on equity, %	5.9	14.8	14.9	16.1	14.0
Return on total assets, %	0.4	1.0	1.3	1.5	1.0
Overall interest margin, %	2.0	2.0	2.0	2.1	2.0
Cost/income ratio before loan losses, %	60	59	58	55	63
Cost/income ratio after loan losses, %	76	68	58	55	66
Loan loss level, %	0.6	0.4	0.0	0.0	0.1
Impaired loans level, %	1.8	0.7	0.7	1.0	0.6
Risk-weighted assets, NOK billion	198.9	203.2	209.6	182.1	169.4
Capital base, NOK billion	20.7	22.3	22.0	19.1	18.3
Tier 1 capital ratio, %	8.2	7.8	7.3	7.5	7.3
Total capital ratio (Capital adequacy), %	10.4	11.0	10.5	10.5	10.8
Average number of full-time equivalents	4,036	4,070	4,054	4,064	4,169
Number of employees at 31 December	4,362	4,334	4,300	4,290	4,320
Number of full-time equivalents at 31 December	4,007	4,096	4,063	4,051	4,077
Branches at 31 December	146	150	160	160	160

Definitions and exchange rates

Throughout this report the terms “Nordea Bank Norge”, “NBN” and “the Group” refer to Nordea Bank Norge ASA and its subsidiaries and associated companies.

Return on equity

Net profit as a percentage of average shareholders´ equity. Average equity is calculated as the mean of equity at the beginning and at the end of each quarter.

Return on total assets

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

Overall interest margin

Net interest income as a percentage of average total assets, calculated as above.

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/profit or 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 in per cent to lending opening balance and loan guarantee exposure.

Impaired loans level

Impaired loans net (i.e. net non-performing loans less reserves) as a percentage to lending closing balance and loan guarantee exposure.

Risk-weighted assets

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

Capital base

The capital base is the sum of core capital (Tier 1) and supplementary capital (Tier 2, consisting of subordinated debenture loans) after deduction of certain holdings in companies that conduct insurance or finance operations. Core capital comprises paid-in share capital and reserves approved by the Norwegian Banking, Insurance and Securities Commission after deduction of intangible assets.

Tier 1 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.

Exchange rates applied

The official rates of exchange of the Norwegian Central Bank at 31 December 2002:

SEK	79,50	EUR	7,2930
DKK	98,25	USD	6,9720

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 a 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 in capital markets remained weak. Share prices continued to decline until the autumn and marked time thereafter. Generally interest rates continued to go down as central banks both in the United States and in Europe lowered their policy rates.

The Norwegian economy was in many ways out of step with its trading partners in 2002. Rapid wage growth, low inflation, reduction in taxation and large dividend payments from the corporate sector caused an increase in household purchasing power estimated at 6%. This sound growth in household income, combined with strong growth in public sector consumption and a high level of investment spending in the oil sector, helped to maintain a high level of activity in the Norwegian economy as a whole. However, many companies were adversely affected by high interest rates, rapid appreciation of the Norwegian krone and falling activity in the IT/telecommunications sector. Exporting companies and companies competing with imported products reported weaker earnings. Companies providing services for the corporate sector, responded to falling demand by cutting staff numbers. A significantly higher number of companies filed for insolvency in 2002 than in the previous year.

With the exception of a small upturn in summer 2002, annual growth in domestic lending has slowed consistently from the 12.5% increase recorded in 2000. The corporate sector has reduced its borrowing over this period, whereas households demand for credit have remained strong despite the high level of interest rates.

Nordea Bank Norge has approximately a 14% (13) share of the lending market, measured in terms of lending relative to total lending by commercial banks and savings banks in Norway. In the savings market the Bank's market share is approximately 12% (13) for deposits, measured in terms of deposits with the Parent Bank relative to total deposits with commercial banks and savings banks in Norway.

Composition of the Group

Nordea Bank Norge Group (NBN) 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 and the support functions Group Processing and Technology, Group Corporate Centre and Group Staffs.

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

As part of the Group, NBN conducts banking and financial operations in Norway and abroad.

Changes in Group structure

On 1 April 2002 Nordea Securities, which was a department in Nordea Bank Norge ASA, was sold to a Norwegian branch of Nordea Securities AB. The price equalled book value on the transaction date.

Principal subsidiaries

Norgeskreditt AS

Norgeskreditt is Norway's oldest mortgage institution for commercial property financing, founded in 1927. Norgeskreditt, working in co-operation with Nordea, offers a broad range of financial services for commercial property clients throughout Norway. Norgeskreditt's customer base represents a major share of the largest players in this market. 57% of total lending is to customers with loans in excess of NOK 100 million. Total new lending in 2002 amounted to NOK 1.5b, and 77% of these customers chose fixed interest rate terms for their loans.

Total lending by Norgeskreditt at the end of 2002 amounted to NOK 21.0bn, and the company had total assets of NOK 21.6bn. Norgeskreditt reported a net profit of NOK 227m for 2002. The company has 42 employees and operates from offices in Oslo and Bergen.

Nordea Finans Norge AS

Nordea Finans Norge has business area responsibility for the Nordea group's finance company products in Norway. The company's main products are leasing, car financing and factoring. These products are delivered through the Bank's national sales force, and are increasingly sold by suppliers of capital goods offering financing in conjunction with sales of their products. The company had total assets of NOK 4.9bn at the end of 2002, and reported a net profit of NOK 58m. Nordea Finans Norge had 129 employees at the end of 2002.

Profit and profitability

Profit for the year amounted to NOK 1,028m (2,631), corresponding to a return on equity of 5.8% (14.8). The main changes compared to the previous year are increased losses of NOK 537m and increased taxes of NOK 953m mainly due to net negative taxes of NOK 283m in 2001 following a case that NBN won in the Supreme Court.

The sales of the branches in Singapore and London and the subsidiaries Nordea Fondene Norge AS, Nordea Investment Management ASA, Norske Liv AS and K-Fondsforsikring AS, to other companies in the Nordea Group in 2001, have made the financial figures less comparable. The most significant effects are commented below.

Income

Total income amounted to NOK 6,947m (7,433), a decrease of 6.5%. Adjusted for the effect of the sold activities in the end of 2001 it has been an increase of 1.5%.

Net interest income decreased by 1.6% to NOK 4,783m. Despite the economic slowdown the volume of loans and deposits continued to increase. The interest margin earned on lending is the most important source of income for the Group, and was at the same level as last year, NOK 2,755m. This represents a margin relative to total lending of 1.43% in 2002 as compared to 1.49% in the previous year. Lending margin has been under pressure for a number of years as a result of intense competition. The deposit interest margin amounted to NOK 1,174 (1,135) in 2002 representing an increase of NOK 39m from 2001. In terms of total deposit volume the margin on deposits was 1.11% in 2002 as compared to 1.05% in 2001. The overall margin between average deposit and lending rates was 2.54 percentage points in 2002, which was equal to 2001. Customer lending was on average 3.2% higher than in the previous year, but average lending is seen to have grown 5.5% after adjusting for disposal of the branches in Singapore and London.

Dividends and profit from associated companies were NOK 94m (100). The most significant contribution was the share of profit from Eksportfinans ASA.

Net commission income fell by NOK 265m to NOK 996m. This is mainly due to the sales of Nordea Fondene Norge AS and Nordea Investment Management ASA on 31 December 2001 and the sale of Nordea Securities on 1 April 2002. Net commissions from payment services were on the same level as the previous year.

Net change in value and profit (loss) on securities decreased by NOK 146m to NOK -6m in 2002. Bonds and commercial papers produced net profit of NOK 105m whereas the Group had a net loss of NOK 111m on trading in equities.

Net change in value and profit (loss) on foreign exchange and financial derivatives showed an improvement of NOK 210m to NOK 891m. The improvement is due to increased customer trading activities and gain from warrants related to a mezzanine loan that has been sold.

Other non-interest income amounted to NOK 189m (389). The capital gains of NOK 248m on the sale of subsidiaries to other members of the Nordea Group where included in this figure in 2001.

Net profit on long-term securities was NOK 165m (0) in 2002. This is mainly related to the sale of the shares in Europay Norge AS to SEB Kort. In December all permissions that the agreement was conditional upon, were given and the accounting gain of approximately NOK 175m were recognised.

Expenses

Total non-interest expenses decreased by NOK 208m or 4.7% to NOK 4,172m in 2002. Adjusted for the effect of the sold activities in the end of 2001 it has been an increase of 6.3%. New legislation regarding Value Added Tax, effective from 1 July 2001, has caused an increase in expenses of approximately NOK 70m compared to 2001. Personnel expenses amounted to NOK 2,241m (2,244). The average number of full time equivalent positions was 4,036 (4,072). Further, the increase is mainly related to somewhat higher depreciations and rent expenses.

Relative to the average total assets, the costs represented 1.75% (1.72) in 2002. The cost/income ratio, exclusive of net changes in value and profit (loss) on securities, amounted to 60% (60).

Loan losses
The provision for losses on loans and guarantees was NOK 1,242m (705) in 2002. This is equivalent to 0.64% of total lending. About 60% of loan losses relate to the fishing industry. Provision for losses on loans and guarantees is made up of NOK -31m (-53) in the retail market, NOK 523m (192) on lending to small and medium sized companies, NOK 777m (340) on major corporate customers in Norway and NOK -27m (176) on lending by branches outside Norway.

Previously booked loan losses and provisions were recovered in the amount of NOK 95m.

Taxes
Profit before taxes amounted to NOK 1,698m (2,348) while the tax expense was NOK 670m (-283), corresponding to a tax rate of 39%. The tax rate was relatively high mainly due to changes in the tax assessments of previous years handed down by the Norwegian tax authorities in 2002.

The taxable income of NBN has been increased by NOK 316m for the income year 2001. The adjustment is related to the sales of the branches in Singapore and London from NBN to Nordea Bank Finland. NOK 88m in increased taxes were expensed in the third quarter 2002 due to this ruling. The Bank has lodged an appeal to “Overligningsnemnda”.

Following a ruling by "Ligningsnemnda" in February 2002 the subsidiary Nordea Finans Norge AS recognised NOK 96m in increased taxes in the first quarter 2002 related to the income year 1999. The case concerns the right to carry forward losses after a merger with a subsidiary. In December 2002 “Overligningsnemnda” reached the same conclusion. Whether the case will be taken to court, will be decided before 6 June 2003.

Profit for the year
After tax, *profit for the year* amounted to NOK 1,028m (2,631).

Financial structure
Consolidated total assets amounted to NOK 241.2bn at year-end, an increase of NOK 10.9bn compared to the previous year.

Lending
Loans to customers increased during the year by 4% to NOK 190.9bn, which represents 79% of total assets. Growth in lending was concentrated in the regional banking activities. Total lending amounted to NOK 196.8bn (194.0), representing 82 % of total assets.

Interest-bearing securities
Current assets
Interest bearing current assets consist of a trading portfolio, reported at market value, at NOK 8.9bn (8.3) and a banking portfolio, recognised in the accounts at the lower of cost or market value, of NOK 9.6bn (9.6). There is an unrealised profit in the banking portfolio, adjusted for unrealised loss on hedging instruments, of NOK 39m.

Fixed assets
Holdings of interest-bearing securities to be held to maturity consist of one listed bond, representing a book value of NOK 22.7m (527.7).

Shares and participations
Nordea has reduced its risk willingness and therefore the risks allocated to equities. These activities have been concentrated in Copenhagen. NBN’s subsidiary Nordea Equity Holdings AS has therefore reduced its activity considerably and the main part of the equity portfolio has been sold during the year. At year-end the book value of shares and participations amounted to NOK 295m (1,399).

Real estate
The book value of real estate was NOK 1.7bn (1.8) at year-end. Real estate investments are mainly investments in owner-occupied properties.

Deposits
Deposits from customers constitute the most important source of funding, representing 46% (45) of total assets at year-end. Deposits from customers grew by 6% and amounted to NOK 111bn.

Other funding

In addition to deposits from customers and shareholder's equity, funding is primarily in the form of loans from other financial institutions, principally within the Nordea group, and by issuance of commercial papers, bonds and subordinated loans.
At year-end, debt securities in issue amounted to NOK 43.5bn including subordinated loans of NOK 4.0bn. Deposits from credit institutions totalled NOK 54.6bn whereof NOK 45.9 from other Nordea companies.

Other liabilities

Other liabilities, accrued expenses and prepaid receivables and allowances for liabilities amounted to NOK 14.9bn, of which NOK 2.4bn consisted of valuation items pertaining to derivative instruments and NOK 1.1bn to pension liabilities.

Shareholders' equity

Shareholder's equity amounted to NOK 17.0bn at the beginning of 2002. The net profit for the year was NOK 1,028m. After deducting the dividend to the parent company, group contribution to companies in the Nordea Group which are not part of the consolidated accounts of Nordea Bank Norge Group, and allowing for exchange rate differences, equity at the end of the year was NOK 17,2bn.

Application of net profit for the year

The net profit of the Parent Bank for the year amounted to NOK 1,028m. It is proposed that the net profit be applied by way of:

- an allocation of dividend of NOK 800m
- transfer of NOK 118m from the Reserve for valuation differences
- transfer of NOK 307m to Other equity and
- group contribution to companies within Nordea that are not consolidated in NBN's financial statement of NOK 39m.

The proposed dividend payment of NOK 800m is equivalent to NOK 1.45 per share (3.63).

Capital adequacy and rating

At year-end, the Group's capital adequacy ratio was 10.4% (11.0) and the core capital ratio 8.2% (7.7). The corresponding figures for the Parent Bank were 10.8% and 8.5%.

The minimum level prescribed by the authorities for the capital adequacy ratio, defined as the capital base as a percentage of the risk-weighted assets, is 8%.

The annual accounts have been prepared on a going concern basis. The Board of Directors considers solidity as at December 2002 to be good.

Rating, December 2002	Short	Long
Moody's	P-1	Aa3
S&P	A-1	A+
Fitch-IBCA	F1+	AA-

Risk management

Nordea Bank Norge is 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 Nordea Bank Norge and for Nordea as a whole. The business areas have the main responsibility for identifying and controlling risk in their operations.

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

- Average loan loss 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 normal 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.

Credit risk

Credit risk is defined as the risk that the Group's counterparts do not fulfil agreed obligations and that any collateral deposited does not cover the Group's claim. Most of the credit risk to Nordea Bank Norge Group 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 through monitoring the customer's compliance with the agreement and 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 doubtful. A provision is set up for the amounts not expected to be recovered.

Analysis of credit risks

Loans to the public

NBN's lending to the public increased in 2002 by 4% to NOK 191bn (184), of which 92% (90) pertained to borrowers in Norway and other Nordic countries. Lending to the corporate sector accounted for 65% (68) of the exposure. The household sector's percentage of exposure increased to 35% (31), while the public sector accounted for 0.4% (0.6). Of the total amount, 1% (2.6) was secured through state and municipal guarantees while 32% (29) consisted of lending secured by property mortgages.

Lending to the corporate sector amounted to NOK 126bn (128) at the end of 2002. Shipping and aviation accounted for 16% of the exposure while property companies accounted for 15%. The share of the manufacturing industry was 11% (13) while consulting and service companies, including rental operations, accounted for 12% (12). At the end of 2002, the telecom sector, which is included in the latter two categories, accounted for 0.2% (0.3) of lending to the corporate sector.

Lending to the household sector amounted to NOK 68bn (58), of which 81% (91) consisted of mortgage loans.

Credit commitments and unutilised credit lines amounted to NOK 34bn (24), whereas guarantees and granted but not utilised documentary credits amounted to NOK 27bn (30).

Assets in the form of bonds and other interest-bearing instruments amounted to NOK 19bn (18) and the credit exposure arising from derivative instruments to NOK 44bn.

Lending to the public sector amounted to NOK 0.7bn (1.1), of which 98% (82) was to municipalities.

Loans and advances to credit institutions

Lending to credit institutions amounted at the end of the year to NOK 6bn (10), of which 100% (100) was with a maturity of less than one year.

Problem loans

Gross non-performing and doubtful loans increased during the year by 65% (38) to NOK 7.5bn (4.6), of which NOK 6.9bn (4.0) were corporate loans and NOK 0.6bn (0.6) loans to private persons. The net amount, after a NOK 2.2bn (1.3) deduction for provisions for non-performing and doubtful loans, was NOK 5.4bn (3.8), corresponding to 2.8% (2.0) of the total volume of loans outstanding.

General allowance for loan losses

The general allowance for loan losses is NOK 1,633m, equivalent at year-end to 0.9% (0.9) of the portfolio to which this allowance applies. This is the same level as at the end of 2001. The level of general allowance is considered to be prudent.

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

Total exposure to counterparty risk pertaining to off-balance-sheet commitments amounted to NOK 20bn (27) at the end of 2002, measured as a risk-weighted amount in accordance with capital adequacy rules.

Market risk

Nordea Bank Norge Group 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 risk, currency risk, equity risk 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 ALCO (Asset and Liability Management Committee) decides how to distribute market risk limits among the business areas. The business areas' limits are established to comply with business strategies.

Nordea Bank Norge Group'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 simulations for non-linear risk. At the end of 2002, the VaR risk amounted to NOK 17.5m (19.1). The non-linear risk amounted to NOK 3.2m (6.4).

Net interest income risk is assessed using a sensitivity analysis regarding a 1% parallel shift for the entire balance sheet. A 1% increase in the market interest rate would affect net interest income for the coming twelve months by NOK 72.9m. The calculation presupposes that no market transactions take place during the period. See further information in Note 26 Interest Rate Sensitivity.

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 simulations for non-linear risk. At the end of 2002, the VaR risk amounted to NOK 6.8m (7.2). The non-linear risk was calculated to NOK 1.0m (3.2). A 5% change in the currency positions would result in an exchange rate risk of NOK 14.8m.

Overall limits for equity risk are based on VaR for linear risk and scenario simulations for non-linear risk. At the end of 2002, the VaR risk amounted to NOK 5.0m (108.4). The non-linear risk amounted to NOK 2.5m (5.6).

Operational risk

Nordea Bank Norge Group 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 is key considerations for the management of larger incidents. The physical safety of the Bank's employees and customers is also given high priority.

On the basis of the annual reports received from all units in the Group, the Board believes that the quality of internal control is satisfactory. The Internal Audit Activity Department has audited the internal control reporting.

Personnel

The Nordea Group's objective is to strengthen its position as a leading supplier of financial services in the Nordic countries. The objective is supported by an appropriate strategy for human resources that strives to strengthen the expertise, willingness and commitment of all members of staff, recognising that these features are crucial to the Group's continuing success. This is reflected in targeted programmes designed to develop expertise, reinforce a positive approach and improve the working environment. Bonus schemes are used to help improve employee performance.

From 2002 NBN became an IA-company, which means that the bank has committed itself to:

- reduce sick leave and follow-up employees

- include employees with reduced capacity for work
- take care of older employees' resources and working power to work against early retirement from working life

The Group had 4,362 employees at the end of 2002. This represents 4,036 full-time equivalent positions as compared to 4,072 full-time equivalent positions at the end of 2001.

Sick leave amounted to 57,814 days in 2002 (50,411), equivalent to approximately 6.6% (6.0). Sick leave below 14 days has for several years been constant, whilst long term sick leave has shown an increase. The company medical service systematically reviews the physical and psychosocial working environment, particularly in those areas where sick leave is most frequent.

A combined survey of the working environment and employee satisfaction was carried out in 2002 with a favourable outcome compared to 2001.

Environmental concerns

Nordea Bank Norge's direct impact on the external environment is limited to the use of material and energy as well as the production of services necessary for the Group's business.

NBN's strong focus on a general reduction of costs supports a reduced use of resources and energy.

A majority of the Bank's properties have systems for energy conserving heating and for turning the lightening down after working hours. Waste is as far as possible sorted according to their source material and contributes to recycling of resources. The Bank has implemented new guidelines for its travelling activities i.e. video- and telephone conferences replace physical meetings.

An increasingly number of the Group's financial services and daily operations are handled electronically, thus contributing to a lower use of resources.

Indirect influence on the environment takes place via business activities such as the granting of credits and asset management. Environmental consideration is included in the credit policy and environmental issues thus form a part of the risk analysis.

Legal proceedings

Nordea Bank Norge Group is involved in a number of disputes of minor financial consequences arising from its normal business activities. A description of legal proceedings in respect of taxation disputes is provided in the Taxation section.

Post-balance sheet events

Following an extraordinary General Meeting in Pan Fish ASA on 10 January 2003, Nordea Bank Norge owns 1,147 million shares, or 43.4%, in Pan Fish ASA. This is a result of conversion of loan of approximately NOK 430m to share capital and subscription of new shares to an amount of NOK 350m. Nordea's total exposure towards Pan Fish ASA and subsidiaries is after this approximately NOK 2.6bn.

Outlook

For 2003, the expectation for growth in the four Nordic economies is low, leading to limited potential for increased revenues. The relatively high level of Norwegian interest rates must be seen in conjunction with expectations that wage growth will remain relatively high. A fall in Norwegian wage inflation towards the level of our trading partners would provide a more stable foundation for lower interest rates. Even if the Norwegian central bank moved to cut interest rates in both December 2002 and January this year, the pace of growth in lending to the domestic Norwegian market is expected to slow. A continued pressure on the interest margin is expected. To a certain extent the income in the Group 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, remains unchanged. However, continued high losses are expected in Norway in 2003.

Income statement

		The Group			The Parent Bank		
NOK million	Note	2002	2001	2000	2002	2001	2000
Interest income	2	16,434	17,771	17,212	14,684	16,477	15,700
Interest expenses	2	11,651	12,909	12,608	10,517	12,160	11,604
Net interest income		**4,783**	**4,862**	**4,604**	**4,167**	**4,317**	**4,096**
Dividends and profit from group companies and associated companies	3,12,13	94	100	185	242	574	904
Commissions and fees	3	1,338	1,590	1,699	1,337	1,454	1,533
Commission expenses	3	- 342	- 329	- 271	- 342	- 316	- 275
Net change in value and profit (loss) on securi-ties	3	- 6	140	122	117	134	7
Net change in value and profit (loss) on foreign exchange and financial derivatives	3	891	681	553	892	681	553
Other non-interest income	3	189	389	163	120	265	90
Total non-interest income		**2,164**	**2,571**	**2,451**	**2,366**	**2,792**	**2,812**
Personnel expenses	4,5	2,241	2,244	2,154	2,120	2,062	1,974
Administrative expenses	4	1,147	1,379	1,217	1,109	1,297	1,175
Ordinary depreciation and write-downs	4	295	252	261	282	232	240
Other non-interest expenses	4	489	505	447	482	496	397
Total non-interest expenses		**4,172**	**4,380**	**4,079**	**3,993**	**4,087**	**3,786**
Operating profit before loan losses and profit on long-term securities		**2,775**	**3,053**	**2,976**	**2,540**	**3,022**	**3,122**
Provision for losses on loans and guarantees	6	1,242	705	26	1,225	691	175
Profit (losses/write-downs) on long-term securities		165	-	40	190	-	40
Operating profit		**1,698**	**2,348**	**2,990**	**1,505**	**2,331**	**2,987**
Income taxes	14	670	- 283	579	477	- 300	576
Net profit		**1,028**	**2,631**	**2,411**	**1,028**	**2,631**	**2,411**
Transferred (to)/from Reserve for evaluation differences	21				118	- 546	- 548
Transferred to Other equity	21				- 307	- 85	- 760
Group contribution	21				- 39	-	-
Dividend	21				- 800	-2,000	-1,103
Total allocation					**-1,028**	**-2,631**	**-2,411**
Earnings per share, fully diluted (NOK)		**1.86**	**4.77**	**1.86**			

Balance sheet

NOK million	Note	The Group 31.12.02	The Group 31.12.01	The Parent Bank 31.12.02	The Parent Bank 31.12.01
Assets					
Cash and deposits with central banks		12,312	4,915	12,312	4,915
Deposits with and loans to credit institutions	7,9	5,929	9,760	11,776	16,294
Total cash and claims on credit institutions		**18,241**	**14,675**	**24,088**	**21,209**
Loans to customers	7,8,9	194,703	187,136	168,653	160,441
Specific allowance	8	-2,153	-1,271	-2,084	-1,187
General allowance for loan losses	8	-1,633	-1,633	-1,525	-1,524
Net loans to customers		**190,917**	**184,232**	**165,044**	**157,730**
Repossessed assets	7	**33**	**61**	**27**	**52**
Certificates and bonds	7,10	18,529	18,372	18,335	18,022
Equities and investments	7,10,11	295	1,399	61	112
Total securities		**18,824**	**19,771**	**18,396**	**18,134**
Associated companies	7,12	**608**	**579**	**608**	**579**
Equities and investments in group companies	7,13	**-**	**-**	**5,124**	**5,009**
Deferred tax asset, goodwill and other intangible assets	7,14,15	**780**	**1,212**	**704**	**1,077**
Fixed assets	7,15	**2,448**	**2,580**	**2,384**	**2,515**
Other assets	7	**5,333**	**3,185**	**5,663**	**3,389**
Prepaid expenses and accrued income	7	**3,991**	**4,026**	**3,757**	**3,798**
Total assets		**241,175**	**230,321**	**225,795**	**213,492**
Liabilities and equity					
Deposits from credit institutions	16	54,589	41,594	50,529	38,885
Deposits from customers	16,17	110,978	104,332	112,408	104,922
Total deposits		**165,567**	**145,926**	**162,937**	**143,807**
Certificates and bond loans	16,18	39,455	48,044	27,360	34,681
Other liabilities	16	8,295	8,619	8,300	8,474
Accrued expenses and prepaid receivables	16	5,516	3,386	4,905	3,241
Allowances for liabilities	16	1,145	1,112	1,099	1,096
Total other liabilities		**54,411**	**61,161**	**41,664**	**47,492**
Subordinated loan capital	16,20	**4,045**	**6,277**	**4,042**	**5,236**
Share capital	21	3,860	3,860	3,860	3,860
Reserves	21	13,292	13,097	13,292	13,097
Total equity		**17,152**	**16,957**	**17,152**	**16,957**
Total liabilities and equity		**241,175**	**230,321**	**225,795**	**213,492**
Off-balance commitments	23,25,28				

Nordea Bank Norge ASA
Oslo, 13 February 2003

Lars G Nordström Chairman of the Board	Markku Pohjola Deputy Chairman of the Board	Liv Irene Haug	Carl Erik Krefting
Arne Liljedahl	Hege Marie Norheim	Tom Ruud	Baard Syrrist Managing director

Notes to the financial statements

All figures are in NOK million, if not otherwise stated.

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Note 1 Accounting principles

General

The accounts have been prepared in conformity with current legislation and regulations governing banks and generally accepted accounting principles in Norway.

Unless stated otherwise, the notes show Group figures.

Transactions and other events are accounted for and presented in accordance with their substance and financial reality and not merely with their legal form, unless otherwise specifically stated in legislation, regulation or statement by the Norwegian Banking, Insurance and Securities Commission.

Consolidation

The consolidated accounts include Nordea Bank Norge ASA, its subsidiaries and associated companies.
Subsidiaries are defined as companies in which the Bank has direct or indirect control. Newly acquired subsidiaries are included from the time control is acquired, and companies sold up to the point of sale.

Associated companies are those in which the Group holds between 20 to 50 per cent of the voting rights, and where the ownership position gives a controlling interest in the company. These companies have been included in the consolidated accounts applying the equity method of accounting. Associated companies are listed in note 12.

Subsidiaries and associated companies have been accounted for using the equity method in the accounts of the Parent Bank. The difference between the book value of the investment according to the equity method and acquisition cost is posted to the reserve for evaluation differences. Dividends and group contribution received during the period of ownership reduce the reserve. Associated companies and subsidiaries are listed in notes 12 and 13, respectively.

Uniform accounting principles have been applied to all companies included in the consolidated accounts.

Intercompany accounts and transactions between companies in the Group have been eliminated.

In the consolidation, the statement of income of international subsidiaries is translated into NOK based on the average exchange rates for the year. Balance sheet figures are translated at the year-end rate. Translation differences, which arise as opening equity and net result are translated to NOK at rates differing from the year-end rate, are adjusted against equity.

Loan losses and allowances for losses on loans and guarantees

Under the regulations governing recording of losses, the item "provision for losses on loans and guarantees" consists of charge-offs, change in specific allowances and general allowances as well as payment on receivables previously charged-off.

In the balance sheet accumulated specific and general allowances are presented separately.

Charge-offs

A loan is charged-off when debt agreements have been accepted or bankruptcy has been declared, when a foreclosure order has been denied, or when a lawsuit has been lost or a debt waived.

Specific provisions are recorded when debt settlement or bankruptcy proceedings are instituted, if debt collection proceedings are started, if the Bank or others have issued a restraining order against the debtor, if the debtor’s assets have been seized, if default has arisen, or if it is highly likely that a default will arise within one year.

A non-performing commitment is one, which is not serviced as planned, and at the latest when debt servicing has been over-due for 90 days. This does not, however, apply if non-performance is due to circumstances other than an inability to service the debt. A default may also be considered to have arisen where repayments have been deferred or additional credit has been granted. If a guarantee given by the Bank becomes effective, and this cannot be covered within the agreed limits, the entire commitment shall be considered to be in default.

In assessing the provisions, consideration is given to the value of collateral and the general financial situation of the customer.

Collateral is valued on the basis of its estimated realisable value. Interest and commissions due on non-performing commitments are no longer recognised as income. Interest and commissions already recognised in the current year, but not paid, are reversed. If a reduced rate of interest has been agreed upon, the present value of the interest income loss is charged as a charge-off, or a specific provision is made as for non-performing commitments, after assessing the financial position of the customer.

If the collateral is considered sufficient to cover the total commitment, inclusive of interest and commissions, recognition of interest income is continued.

The general allowance is intended to cover the potential losses in the part of the portfolio that is not specifically identified as doubtful or non-performing, and where no specific allowances therefore have been made.

In order to arrive at a reasonable degree of certainty in evaluating potential loan losses in the corporate loan portfolio, these commitments are categorised into various risk categories based on specific assessment of each company's debt-servicing ability.

The calculation of the necessary general allowance is based on an evaluation of the probability of loan losses occurring in light of the composition of risk categories, historical figures for loans advanced previously, an evaluation of the collateral and the price development for major types of collateral held by the Bank, changes in the size of the portfolio, the quality of the Bank's credit procedures and account management and expectations for the future development of the economy.

Repossessed assets are assets taken over in connection with following up of non-performing commitments. Such assets are classified as short-term. At the time of taking over the assets are valued at market value. Any difference between the market value and the nominal value of the loan, loss due to later realisation or write-downs due to changes in market value are classified as charge-offs and included in net provision for losses on loans. Profit from realisation and write-backs on assets previously charged off are classified as revaluation of repossessed assets and are included in net provision for losses on loans.

Leasing

The majority of lease agreements entered into by the Bank, as the lessor, are finance leases. These are treated as loans in the accounts, and the interest part of the rentals is classified as interest income while payments of the principal are classified as reduction of the outstanding loan. Other lease agreements are classified as fixed assets, and rentals are included in other non-interest income.

Lease obligations are entered as rental expenses as the Group has no finance lease obligations.

Factoring

The Group finances customer's claims and has both commitments with and without credit risk. The transactions are processed as loan advanced, where the claim is recorded under loans on the asset side of the balance sheet, while the non-financed part of the claim is recorded as a liability.

Financial instruments

Financial instruments include both balance sheet and off-balance sheet products. Balance sheet products include equity shares, primary capital certificates, certificates and bonds. Derivatives of such products are not carried on the balance sheet. These financial instruments include currency, interest rate, equity and commodity products. The most common instruments are forward contracts, future rate agreements (FRAs), swaps, financial futures and options. There are also instruments combining two or more categories.

The accounting treatment of the financial instruments depends on whether they are classified as current investments within the trading portfolio, other current investments or financial fixed assets.

Trading instruments

Financial instruments, which have been acquired to realise profit on short-term movements in the market prices and which are traded in an active and liquid market, are included in the trading portfolio. These instruments are marked to market on a daily basis, and gains or losses are recorded as net change in value and profit (loss) on securities or foreign exchange and financial derivatives.

All financial instruments are held at listed market value except for share options, which are held at theoretical value. Current investments in share options and shares are valued based on a portfolio basis and the profit (loss) for the year is reported in the line net change in value and profit (loss) on securities in the statement of income.

Other current assets (The banking portfolio)

Other current financial assets are held at the lower of cost and fair value. If the financial instrument is part of a portfolio held to reduce risks, the market value is assessed at the portfolio level unless the investment is exposed to substantial and permanent reductions in value. In such instances, the financial instrument will be valued on a separate basis.

The valuation of shares acquired as collateral, are described in the section describing loan losses and allowances for losses on loans and guarantees.

Discounts on zero-coupon bonds, certificates and bonds with materially lower interest coupon than the market interest rate, are accrued as interest income.

Financial fixed assets

Financial instruments, which are classified as financial fixed assets, are valued at cost, but permanent diminishment in value will be adjusted for. If the recoverable amount of an investment increases, the impairment loss is reversed to the extent that it increases the carrying amount of the financial fixed asset up to the amount that it would have been, had the original impairment not occurred.

Bonds which are classified as financial fixed assets and which are held to maturity, are recorded at cost with an adjustment for amor tised premium or discount. Premiums or discounts are accrued as an adjustment of nominal interest rate. Bonds are written down if there is reason to believe that they will not be honoured.

The accounting treatment of investments in subsidiaries and associated companies has been described in the consolidation section.

Internal profits relating to transactions between the trading portfolio and finance investments are not eliminated in the accounts.

Hedging
The hedging portfolio comprises contracts that are intended to neutralise an existing or expected interest rate and/or foreign exchange risk. A high degree of negative correlation is required in changes in value between the hedging agreement and the hedged item. Financial derivatives used to hedge the Bank's balance sheet items or other financial instruments are assessed together with the hedged item. Income or expenses linked to the agreements are recorded together with the hedged item.

Further information about financial instruments is given in notes 10, 11 and 28 to the accounts.

Non-financial assets
In the balance sheet non-financial fixed assets are recorded at cost, plus any revaluations made prior to 1999, less accumulated depreciation and write-downs. If the fair value of a non-financial fixed asset is lower, due to circumstances not considered to be temporary, the non-financial fixed asset is written down to its fair value. A write-down must be reversed to the extent to which the basis for the write-down is no longer present.

Depreciation of non-financial fixed assets
Ordinary depreciation is calculated using the straight-line method depreciation based on the life of the assets. The following depreciation rates are applied:

Machinery, equipment and vehicles	10–20%
Buildings	1.5–3.5%

Pension expenses
Pension expenses and pension liabilities are recorded in the accounts in accordance with the Norwegian accounting standard on the recording of pension expenses. Net pension expenses are included in personnel expenses in the statement of income, while net pension liabilities are included in allowances for liabilities in the balance sheet.

Foreign exchange
All balance sheet items denominated in foreign currencies are translated into NOK at the year-end market rates. Income and expenses in foreign currencies are translated into NOK at the rates prevailing at the time of each transaction.

Accruals
Prepaid receivables at year-end are classified as a liability, while accrued, not paid income at year-end are classified under receivables.

Information concerning recognition of interest on non-performing loans is given in the section on non-performing loans.

Dividends are recorded as income in the year they are received.

Profit (loss) on sale of securities not included in the trading portfolio is recognised using the weighted average method.

Profit (loss) on sale of assets is only recorded when the Group has surrendered the economic benefits in relation to the asset, and when a significant portion of the risks has been transferred to the buyer.

Arrangement fees are accrued as interest income over the life of the loan to the extent that they exceed the cost of establishing the loan.

Tax
The tax expense is determined on the basis of the pre-tax income according to the accounts and the pre-tax income according to tax legislation and consists of payable taxes and deferred taxes.

Deferred taxes are calculated on the basis of temporary differences between accounting and taxable values and carry-forward losses. Deferred taxes have been assessed at a nominal tax rate. Positive and negative temporary differences are netted within the same time period. Deferred taxes are calculated on the basis of positive temporary differences after offsetting negative temporary differences. Deferred tax asset on negative temporary differences and carry-forward losses will be recorded as an asset if it is highly likely that the asset can be realised through future income.

Premiums and discounts on bond loans
Premiums and discounts on bond loans are accrued as an interest expense over the fixed interest rate period.

Repurchases of own bond loans with the purpose of reducing the outstanding amount of the loan are recorded as a reduction in outstanding bond debt.

Repurchases of own bond loans as part of the Bank's market making activities are classified as current bonds. No gains or losses are recorded at the time of repurchase. Gains or losses on reselling such bonds are classified as interest expense and accrued over the remaining duration of the bonds.

Note 2 Interest income and interest expenses

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
Interest income on loans to credit institutions	1,166	1,134	1,373	1,523	1,785	1,792
Interest income on loans to customers	14,303	15,327	14,439	12,246	13,376	12,576
Interest income on certificates, bonds and other interest bearing securities	869	1,241	1,369	819	1,184	1,302
Other interest income	96	69	31	96	132	30
Interest income	**16,434**	**17,771**	**17,212**	**14,684**	**16,477**	**15,700**
Interest expenses on deposits from and loans to credit institutions	2,884	2,250	2,903	2,838	2,396	2,600
Interest expenses on deposits from and loans to customers	5,864	7,300	5,349	5,897	6,495	5,670
Interest expenses on issued securities	2,479	2,157	3,213	1,381	2,053	2,253
Interest expenses on subordinated loan capital	139	413	564	118	356	490
Other interest expenses	285	789	579	283	860	591
Interest expenses	**11,651**	**12,909**	**12,608**	**10,517**	**12,160**	**11,604**

Note 3 Non-interest income

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
Dividends on short-term equities	22	20	77	-	-	14
Dividends on long-term equities	21	17	20	20	17	20
Share of profit from associated companies	51	63	88	51	78	72
Share of profit from group companies	-	-	-	171	479	798
Dividends and profit from group companies and associated companies	**94**	**100**	**185**	**242**	**574**	**904**
Guarantee fees	152	158	148	153	158	143
Credit broking	30	27	24	30	30	24
Securities broking	102	293	495	102	294	495
Custodial services	81	230	214	81	92	53
Electronic payment services	631	550	513	631	550	514
Manual payment services	207	211	188	207	211	188
Insurance commissions	38	39	37	38	40	37
Other commissions and fees	97	82	80	95	79	79
Commissions and fees	**1,338**	**1,590**	**1,699**	**1,337**	**1,454**	**1,533**
Securities broking	-49	-59	-54	-49	-58	-54
Custodial services commissions	-	-12	4	-	-	-
Payment services	-292	-257	-221	-292	-258	-221
Other commissions and fees	-1	-1	-	-1	-	-
Commissions expenses	**-342**	**-329**	**-271**	**-342**	**-316**	**-275**
Net change in value and profit (loss) on certificates and bonds	105	152	79	105	152	78
Net change in value and profit (loss) on equities	-111	-12	43	12	-18	-71
Net change in value and profit (loss) on securities	**-6**	**140**	**122**	**117**	**134**	**7**
Net change in value and profit (loss) on foreign exchange	884	352	318	885	352	318
Net change in value and profit (loss) on financial derivatives	7	329	235	7	329	235
Net change in value and profit (loss) on foreign exchange and financial derivatives	**891**	**681**	**553**	**892**	**681**	**553**
Operating income from real estate	54	43	45	70	57	52
Other non-interest income	115	330	104	46	205	34
Profit from sale of fixed assets	20	16	14	4	3	4
Other non-interest income	**189**	**389**	**163**	**120**	**265**	**90**
Total non-interest income	**2,164**	**2,571**	**2,451**	**2,366**	**2,792**	**2,812**

Note 4 Non-interest expenses

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
Salaries	1,665	1,711	1,641	1,574	1,572	1,497
Pension expenses	289	221	235	280	209	226
Social security contribution and other personnel expenses	287	312	278	266	281	251
Personnel expenses	**2,241**	**2,244**	**2,154**	**2,120**	**2,062**	**1,974**
Fees for external services	126	444	430	125	437	427
Expenses for computer equipment and data processing	539	440	338	527	408	317
Postage, fax and telephone	93	105	116	91	102	105
Office supplies	28	36	32	25	32	29
Marketing	142	175	159	136	160	144
Personnel related expenses	134	139	112	127	126	103
Other administrative expenses	85	40	30	78	32	50
Administrative expenses	**1,147**	**1,379**	**1,217**	**1,109**	**1,297**	**1,175**
Ordinary depreciation	295	250	257	282	232	240
Write-downs	-	2	4	-	-	-
Ordinary depreciation and write-downs	**295**	**252**	**261**	**282**	**232**	**240**
Rental and operating expenses, bank premises	136	154	168	135	153	161
Operating expenses on real estate	81	117	55	78	120	63
Operating expenses on repossessed assets	-	5	-	-	5	-
Other operating expenses	234	183	194	231	172	143
Loss from sale of fixed assets	38	46	30	38	46	30
Other non-interest expenses	**489**	**505**	**447**	**482**	**496**	**397**
Total non-interest expenses	**4,172**	**4,380**	**4,079**	**3,993**	**4,087**	**3,786**

Note 5 Number of employees, salaries and other remunerations

Number of employees/full-time positions	2002	2001
Number of employees as at 31.12.	4,362	4,334
Full-time positions as at 31.12.	4,007	4,096
Average full-time positions	4,036	4,070

Salaries and other remunerations		
Remunerations to the Board of Directors	593	589
Remunerations to the Supervisory Board	133	142
Remunerations to the Control Committee	558	593

Salaries and other remunerations paid to the Managing director in 2002 totalled NOK 2,282,869 of which NOK 2,158,246 was cash salary. The Manging director has a special pension agreement from reaching the age of 60, which entitles him to a pension payment of 70 per cent of the annual cash salary. The Board of Directors is entitled to request the Managing director to step down from his position from that same time. The Managing director are entitled to demand that the pension rights accrued be settled in cash upon his retirement. NOK 117,780 has been paid in premium to the pension fund for the Managing director in 2002.

See note 19 on Pensions.

During the year fees of NOK 4.8 million was paid to the Banks external auditors. NOK 4.0 million of the fees is related to auditing functions and NOK 0.8 is related to advisory and other services.

Loans to elected officers and Group Management as at 31.12.2002	NOK 1,000
Group Management	
Managing director Baard Syrrist	873
Executive Vice President Ola Forberg	1,740
Executive Vice President Alex Madsen	2,372
Executive Vice President Sigvart Hovland	-
Executive Vice President Inge Støve	837
Executive Vice President Egil Valderhaug	1,276
The Board of Directors	-
Supervisory Board	
Lars G Nordström, Chairman	-
Supervisory Board, total	15,921
Control Committee, total	-

Loans to the Group's employees (including retired employees) totalled NOK 2.5 billion, of which approximately NOK 1,9 billion was to present employees. There has been a positive interest margin totalling approximately NOK 1.1 million on these loans in 2002. The effect is included in net interest income.

Note 6 Provision for losses on loans and guarantees

Booked loan losses

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
New specific loan loss provisions	1,314	549	393	1,295	535	346
Change in previous specific allowances	-27	-1	-75	-19	-	-64
Charge-offs on commitments where no specific provision has been made previous years	31	178	9	20	178	8
Net loss (gain) on repossessed assets etc.*	19	-2	-182	20	-1	-1
Payments on receivables previously charged off	-95	-69	-119	-92	-66	-113
Change in general allowance	-	50	-	1	45	-1
Provision for losses on loans and guarantees	**1,242**	**705**	**26**	**1,225**	**691**	**175**

* The figure regarding 2000 includes approximately NOK 170 million in realised gain from the sale of the Group's shares in Selmer ASA. The Group's exposure with Selmer was originally a loan commitment which went into default and was later converted to equity.

Charge-offs

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
Charge-offs on commitments where specific provision has been made previous years	278	418	382	253	392	357
Charge-offs on commitments where no specific provision has been made previous years	31	178	9	20	178	8
Total charge-offs	**309**	**596**	**391**	**273**	**570**	**365**

Provisions on loans and guarantees by industry

	2002		2001	
	Provision for losses on loans and guarantees	Provision for losses as percentage of total loans	Provision for losses on loans and guarantees	Provision for losses as percentage of total loans
Retail market	-31	-0.1	-53	-0.1
Primary industries (agriculture/fisheries)	576	5.3	-1	-
Oil extraction and drilling, mining	17	0.6	-2	-0.1
Manufacturing industry	84	0.6	117	0.7
Power and water supply, building and construction	21	0.3	54	0.8
Wholesale and retail trade	42	0.6	60	0.8
Hotels and restaurants	-4	-0.2	23	1.1
Shipping/aviation	49	0.2	54	0.2
Real estate	212	0.6	8	-
Commercial services	270	1.1	307	1.3
Other	6	0.2	88	2.6
Total	**1,242**	**0.6**	**655**	**0.4**
Changes in general allowance	-		50	-
Total	**1,242**	**0.6**	**705**	**0.4**

Note 7 Specification of assets

	The Group		The Parent Bank	
	2002	2001	2002	2001
Cash and deposits with central banks	**12,312**	**4,915**	**12,312**	**4,915**
Deposits with and loans to credit institutions without agreed term of notice	5,749	9,498	11,596	16,032
Deposits with and loans to credit institutions with agreed term of notice	180	262	180	262
Deposits with and loans to credit institutions	**5,929**	**9,760**	**11,776**	**16,294**
Discounted bills	124	152	124	152
Overdrafts facilities	19,415	16,766	19,415	16,766
Building loans	2,446	2,361	2,446	2,361
Amortizing loans	135,946	117,195	114,526	93,715
Subordinated loans to other enterprises	6	395	1	395
Factoring	230	203	-	-
Leasing	2,967	2,908	-	-
Other loans	33,569	47,156	32,141	47,052
Loans to customers	**194,703**	**187,136**	**168,653**	**160,441**
Specific allowance for loan losses	-2,153	-1,271	-2,084	-1,187
General allowance for loan losses	-1,633	-1,633	-1,525	-1,524
Net loans to customers	**190,917**	**184,232**	**165,044**	**157,730**
Land	6	5	6	5
Commercial properties	6	8	6	8
Residential properties	2	3	2	2
Other assets	19	45	13	37
Repossessed assets	**33**	**61**	**27**	**52**
Government and government-guaranteed certificates (weighted 0%)	3,614	2,040	3,614	1,990
Certificates issued/guaranteed by state owned enterprises (weighted 10%)	507	-	457	-
Certificates issued/guaranteed by financial institutions (weighted 20%)	10,970	13,744	10,833	13,367
Certificates issued/guaranteed by others (weighted 100%)	1,744	1,434	1,737	1,422
Own certificates and bonds for market-making purposes (weighted 20%)	1,671	626	1,671	715
Short-term certificates and bonds	**18,506**	**17,844**	**18,312**	**17,494**
Bonds issued by private companies (weighted 100%)	23	23	23	23
Long-term bonds	**23**	**23**	**23**	**23**
Norwegian government bonds (weighted 0%)	-	537	-	537
Accumulated amortised premium	-	-32	-	-32
Bonds to be held to maturity	**-**	**505**	**-**	**505**
Certificates and bonds	**18,529**	**18,372**	**18,335**	**18,022**
Short-term investments in equities	32	1,092	3	39
Other long-term investments in equities	253	267	53	67
Investments in companies other than limited companies	10	40	5	6
Equities and investments	**295**	**1,399**	**61**	**112**
Ownership interest in other associated companies	608	579	608	579
Associated companies	**608**	**579**	**608**	**579**
Ownership interests in group companies - credit institutions	-	-	3,077	3,113
Ownership interests in other group companies	-	-	2,047	1,896
Equities and investments in group companies	**-**	**-**	**5,124**	**5,009**
Deferred tax asset	767	1,196	704	1,077
Goodwill	13	16	-	-
Deferred tax asset, goodwill and other intangible assets	**780**	**1,212**	**704**	**1,077**
Machinery, equipment and vehicles	730	824	709	802
Buildings and commercial properties	1,718	1,756	1,675	1,713
Real estate and machinery	**2,448**	**2,580**	**2,384**	**2,515**
Other assets	5,333	3,185	5,323	2,959
Group contribution and dividend	-	-	340	430
Other assets	**5,333**	**3,185**	**5,663**	**3,389**
Prepaid expenses and accrued income	**3,991**	**4,026**	**3,757**	**3,798**
Total assets	**241,175**	**230,321**	**225,795**	**213,492**

Note 8 Loans and other exposure to customers

Analysis of loans and other exposure by risk category

	2002				2001			
Category	Gross loans	Off-balance sheet exposure	Total exposure	Specific loan loss provisions	Gross loans	Off-balance sheet exposure	Total exposure	Specific loan loss provisions
Corporate Market - Category 6 +	-	-	-	-	-	-	-	-
Corporate Market - Category 6	332	267	599	-	-	-	-	-
Corporate Market - Category 6 -	98	135	233	-	8,798	42,754	51,552	-
Corporate Market - Category 5 +	2,008	6,742	8,750	-	-	-	-	-
Corporate Market - Category 5	3,247	4,302	7,549	-	-	-	-	-
Corporate Market - Category 5 -	5,727	7,452	13,179	-	46,156	77,709	123,865	-
Corporate Market - Category 4 +	13,805	17,663	31,468	-	-	-	-	-
Corporate Market - Category 4	26,857	25,625	52,482	-	-	-	-	-
Corporate Market - Category 4 -	18,151	18,964	37,115	-	45,721	26,983	72,704	-
Corporate Market - Category 3 +	11,784	9,196	20,980	-	-	-	-	-
Corporate Market - Category 3	11,466	11,983	23,449	-	-	-	-	-
Corporate Market - Category 3 -	8,481	8,737	17,218	-	-	-	-	-
Corporate Market - Category 2 +	4,775	4,673	9,448	-	13,167	5,636	18,803	-
Corporate Market - Category 2	2,202	2,222	4,424	-	-	-	-	-
Corporate Market - Category 2 -	920	835	1,755	-	3,489	1,670	5,159	-
Corporate Market - Category 1 +	757	884	1,641	-	-	-	-	-
Corporate Market - Category 1	1,117	1,134	2,251	-	-	-	-	-
Corporate Market - Category 1 -	364	368	732	-	-	-	-	-
Non-performing/doubtful – corporate market	5,696	771	6,467	1,958	3,067	900	3,967	1,081
Uncategorised corporate market	9,378	17,440	26,818	-	8,709	-	8,709	-
Retail market	66,956	2,336	69,292	-	57,435	226	57,661	-
Non-performing/doubtful - retail market	582	-	582	195	594	-	594	190
Total loans and other exposure	**194,703**	**141,729**	**336,432**	**2,153**	**187,136**	**155,878**	**343,014**	**1,271**
Calculated expected losses			1,085				798	

Nordea Bank Norge quantifies credit risk by calculating expected loss and economic capital related to its credit exposure. The expected loss and economic capital are also important elements in the calculation of risk-adjusted profitability, and is also used to support risk based pricing of loans and other credit products to corporate customers. The calculated expected loss is intended to represent an average loss level for the portfolio that is independent of the state of the economic cycle.

Nordea has developed a new rating system that will be used for all corporate customers in the Group. This system has been implemented in Nordea Bank Norway during 2002. In the new rating system the customers are allocated to one of 18 categories, ranging from 6+ to 1-, with customers in category 6+ representing the best repayment ability and category 1- representing the weakest repayment ability. Customers are categorized based on financial ratios and other factors related to the customer, the products and the market the customer is part of. The rating system consists of 5 subsystems adapted to separate customer segments.

Internal data and statistical methods are used to estimate the probability of default for each category. The probabilities of default are used to calculate expected loss and economic capital. Until the new rating system has been in operation for some time the historical data of rating migrations and defaults are limited. The probabilities of default for the categories in the new system are therefore presently partly based on data from other reference systems.

The new rating system replaces Nordea Bank Norge's old rating system in which customer were allocated to one of 5 categories, ranging from A to E, with customers in category A representing the best repayment ability and category E representing the weakest repayment ability. A mapping between the categories in the two rating systems based on default probabilities, shows that category A in the old system corresponds to 5+ in the new system, category B corresponds to 5-, category C corresponds to 3+, category D corresponds to 2+ and category E corresponds to 2-.

The table above shows a breakdown of the credit exposure in Nordea Bank Norge on rating categories for corporate customers and as a total figure for exposure to households, together with non-performing/doubtful exposures for the corporate customers and household customers respectively.

The calculated figure for expected loss increased from NOK 798 million at 31.12.2001 to NOK 1,085 million at 31.12.2002. The increase in expected loss is mainly caused by a reduction in the repayment ability for a large fraction of the corporate customers and a resulting downgrading of these customers. Expected loss as a percentage of gross loans amounted to 0.56% at 31.12.2002 compared to 0.43% at 31.12.2001.

The calculations of expected loss are based on statistical methods and historical data, and are therefore subject to uncertainty. The implementation of a new rating system also contributes to some uncertainty related to a comparison of the figures for 2001 and 2002.

Total loans and guarantees by geographic area

	The Group				The Parent Bank			
	2002		2001		2002		2001	
Geographic area	Total loans	Guaran-tees	Total loans	Guaran-tees	Total loans	Guaran-tees	Total loans	Guaran-tees
Norway	177,140	22,441	164,426	25,350	153,949	22,331	137,708	25,728
Abroad	17,563	4,311	22,710	2,514	17,563	4,311	22,733	2,514
Total	**194,703**	**26,752**	**187,136**	**27,864**	**171,512**	**26,642**	**160,441**	**28,242**

Total loans and off-balance exposure by industry and retail market

	2002		2001	
	Gross loans	Off-balance exposure	Gross loans	Off-balance exposure
Retail market	67,539	2,336	58,029	226
Primary industries (agriculture/fisheries)	10,896	10,714	10,092	901
Oil extraction and drilling, mining	2,853	2,503	3,416	2,316
Manufacturing industry	14,238	17,351	16,294	15,763
Power and water supply, building and construction	6,530	15,008	6,671	9,463
Wholesale and retail trade	7,071	7,419	7,476	4,156
Hotels and restaurants	2,034	1,482	2,197	124
Shipping and aviation	20,760	21,966	23,891	8,002
Real estate	35,557	19,615	31,700	1,429
Commercial services	24,566	28,337	23,997	11,998
Others	2,659	8,432	3,373	8,189
Not divided by industry *	-	6,566	-	93,311
Total	**194,703**	**141,729**	**187,136**	**155,878**

* Commitments not drawn, foreign exchange and documentary credit instruments.

Non-performing and doubtful commitments and specific allowance by industry and retail market

	2002		2001	
	Non-performing and doubtful commitments	Specific allowance	Non-performing and doubtful commitments	Specific allowance
Retail market	587	191	594	190
Primary industries (agriculture/fisheries)	1,139	210	118	36
Oil extraction and drilling, mining	1	1	37	4
Manufacturing industry	2,501	599	462	318
Power and water supply, building and construction	135	85	103	70
Wholesale and retail trade	338	115	235	82
Hotels and restaurants	90	25	81	36
Shipping/aviation	485	143	397	93
Real estate	554	246	267	53
Commercial services	1,683	537	1,845	369
Other	35	1	423	20
Total	**7,548**	**2,153**	**4,562**	**1,271**

Non-performing and doubtful commitments	2002	2001	2000	1999	1998
Non-performing commitments *					
Total non-performing commitments	5,062	2,162	2,184	2,466	1,798
Specific allowance	-1,569	-889	-850	-869	-879
Net non-performing commitments	**3,493**	**1,273**	**1,334**	**1,597**	**919**
Doubtful commitments *					
Total doubtful commitments	2,485	2,400	1,120	970	1,248
Specific allowance	-584	-382	-215	-223	-196
Net doubtful commitments	**1,901**	**2,018**	**905**	**747**	**1,052**
*** Of which non-accruing commitments**					
Total non-accruing commitments	1,942	1,586	1,704	1,050	1,272
Specific allowance	-791	-705	-722	-454	-632
Net non-accruing commitments	**1,151**	**881**	**982**	**596**	**640**

Allowances

	The Group		The Parent Bank	
	2002	2001	2002	2001
Specific allowance				
Specific allowance as at 1 January	1,271	1,065	1,187	967
Addition of specific allowance after acquisition of portfolio	17	-	18	-
Reduction of specific allowance by selling of porfolio	-130	-	-130	-
Increased loan loss provision in the period	63	68	58	62
New loan loss provision in the period	1,314	549	1,295	535
Reversed loan loss provision in the period	-90	-69	-77	-63
Charge-offs on commitments where specific allowances have not been made previous years	31	178	20	178
Charge-offs	-309	-518	-273	-496
Exchange rate differences	-14	-2	-14	4
Specific allowance as at 31 December	**2,153**	**1,271**	**2,084**	**1,187**
Of which specific allowance on guarantees (booked as allowances for liabilities)	-	-	-	-
Specific allowance as at 31 December on loans	**2,153**	**1,271**	**2,084**	**1,187**
General allowance				
General allowance as at 1 January	1,633	1,594	1,524	1,490
General provision during the period for losses on loans and guarantees	-	50	1	45
Exchange rate differences	-	-11	-	-11
General allowance as at 31 December	**1,633**	**1,633**	**1,525**	**1,524**
Accrued, not recognised interest on balance sheet loans				
Accrued, not recognised interest on balance sheet loans as at 1 January	256	318	244	309
Earlier periods' interest income on loans, recognised this period	-47	-38	-41	-31
Accrued, not recognised interest on loans that is no longer on the balance sheet	-57	-83	-55	-83
The period's accrued, not recognised interest on loans identified as troubled commitments	179	59	171	49
Accrued, not recognised interest on balance sheet loans as at 31 December	**331**	**256**	**319**	**244**

Note 9 Subordinated loans

	The Group		The Parent Bank	
	2002	2001	2002	2001
Other enterprises	6	395	1	395
Credit institutions	30	179	30	30
Total subordinated loans	36	574	31	425

Subordinated loans to credit institutions in the Parent Bank refers to a subsidiary.
Subordinated loans classified as bonds and other interest bearing securities to other enterprises are at year-end 2002 and 2001 zero for the Parent Bank and zero for the Group.

Note 10 Securities

		31.12.02			31.12.01	
	Cost	Book value	Market value	Cost	Book value	Market value
Certificates and bonds						
Listed	18,391	18,436	18,564	17,733	17,754	17,827
Unlisted	70	70	70	90	90	90
Total short-term certificates and bonds [1]	18,461	18,506	18,634	17,823	17,844	17,917
Bonds held as fixed assets [2]	23	23	25	538	528	539
Total certificates and bonds	**18,484**	**18,529**	**18,659**	**18,361**	**18,372**	**18,456**
Equities and investments						
Listed	3	3	3	742	776	776
Unlisted	29	29	29	316	316	316
Total short-term equities and investments [3]	32	32	32	1,058	1,092	1,092
Equities and investments held as fixed assets [4]	263	263		307	307	
Total equities and investments	**295**	**295**		**1,365**	**1,399**	

[1] Of which	Trading portfolio	8,865	8,911	8,911	8,240	8,261	8,261
	Banking portfolio	9,596	9,595	9,723	9,583	9,583	9,656

[2] One bond held as fixed asset has been sold in 2002. No bonds held as fixed assets have been purchased during 2002.

[3] Of which	Trading portfolio	3	3	3	742	776	776
	Banking portfolio	29	29	29	316	316	316

[4] Equities and investments held as fixed assets

Opening balance as at 01.01.2002	307
Aquisitions during the year	8
Disposals during the year	-41
Write-downs during the year	-10
Effect of foreign exchange	-1
Closing balance as at 31.12.2002	**263**

Equities and investments classified as other current and fixed assets include only non-listed equities and investments.

During the second half year of 2002 the subsidiary Nordea Equity Holdings AS reduced its activity considerably through sale of the main part of the equity portfolio. The reason is that Nordea has reduced its risk willingness and therefore the risks allocated to equities. In addition, these activities will in the future be concentrated in Copenhagen.

Note 11 Equities and investments

The Group's and Parent Bank's short-term equities	The company's share capital in NOK mill.	Number of shares owned	Ownership in per cent	Book value in NOK 1,000	Market value in NOK 1,000
Listed short-term equities					
I.M. Skaugen ASA	333	34,900	0.63	2,618	2,618
Total listed short-term equities - Parent Bank				**2,618**	**2,618**
Unlisted short-term equities					
Euroventure Nordica II BV, A- & B-aksjer	144	194,646	14.76	18,831	18,831
Sydvestor Vekst ASA	80	10,000	12.50	8,506	8,506
Other unlisted short-term equities				1,794	1,794
Total unlisted short-term equities - Group				**29,131**	**29,131**
Total current assets - Group				**31,749**	**31,749**
Long-term equities and investments					
Long-term investments in Norwegian companies					
Adirekta Holding AS	0.1	5,005	10.00	5,223	
BBS/Bank-Aksept Holding AS	165	1,097,869	16.63	9,798	
Norsk Oppgjørssentral ASA	16	1,946,770	12.18	6,154	
Norsk Tillitsmann AS	12	11,223	9.68	1,122	
P-Hus Vekst AS	19	1,000	5.30	1,000	
Saltens Bilruter AS	11	2,665	2.43	1,999	
Solnør Gaard Golfbane AS	14	158	0.04	1,150	
Other long-term investments in Norwegian companies				12,276	
Long-term investments in foreign companies					
Viking Ship Finance Ltd.	CHF 30	13,500	13.50	19,564	
Other long-term investments in foreign companies				403	
Total long-term investments - Parent Bank				**58,689**	
The Group's other long-term investments					
Nordea Norge Pensjonskasse			100.00	200,000	
Vaksdal Forretningsbygg		4,145	4.10	26	
KS Isbjørnhallen		2,543	25.40	4,361	
Total other long-term investments - Group				**204,387**	
Total long-term investments - Group				**263,076**	
Total equities and investments				**294,825**	
Shares in Norwegian subsidiaries owned by other subsidiaries	NOK 1,000				
Christiania Markets AS	0.05	500	100.00	35	

Note 12 Associated companies

	Ownership in per cent	Book value as at 01.01.02	Additions/ disposals	Share of net profit (loss)	Dividend	Book value as at 31.12.02
Eksportfinans ASA	23.21	579	-	50	-29	600
NBV Leasing GmbH	50.00	-7	7	-	-	-
Visa Norge AS	20.00	7	-	1	-	8
Total associated companies		**579**	**7**	**51**	**-29**	**608**

Note 13 Equities and investments in group companies

The Parent Bank

Company name	Acquisi- tion cost	Acc. result prev. years	Book value as at 01.01.02	Share of net profit (loss)	Additions/ disposals	Equity adjust- ments	Dividend/ group contri- bution	Book value as at 31.12.02
Christiania Corporate AS[1]	9	26	35	-12	-	-	45	68
Christiania Finance S.A.[2]	-	26	26	-	-	-2	-	24
Christiania Forsikring AS[1]	385	29	414	16	-	-	-15	415
Inkassosentralen AS[3]	3	16	19	11	-	-	-10	20
Nordea Equity Holding AS[1]	971	195	1,166	-93	-	-8	247	1,312
Nordea Finans Norge AS[1]	125	501	626	-35	-	-	-	591
Nordea Norge Pensjonskasse	200	-	200	-	-	-	-	200
Norgeskreditt AS[1]	2,035	427	2,462	316	-	-	-315	2,463
O. Tryggvasons g 39/41, AS[4]	-	-27	-27	-1	-	2	-	-26
O. Tryggvasons g 39/41, KS AS[4]	16	32	48	3	-1	-	-	50
Rosenkrantz Tårn AS[1]	-	34	34	-34	-	-	-	-
Other subsidiaries and investments	4	2	6	-	-	1	-	7
Total	**3,748**	**1,261**	**5,009**	**171**	**-1**	**-7**	**-48**	**5,124**

Share of net profit from group companies (see note 3)	**171**

Nordea Norge Pensjonskasse is included in the line Equities and investments in the Group accounts.

The following companies are included in the line Other subsidiaries and investments:

Christiania Capital Corp., USA
Christiania Finans AS[1]
Christiania Fonds AS[1]
Christiania Investment AS[1]
Christiania Nominees Ltd., UK
Christiania Securities Holding AS[1]
K-Eiendom AS Oslo Akershus[1]
K-Fondene AS [1]
Norvestor AS [1]
Solheimsveien 3 AS [1]
Trondheim City AS[4]

Business addresses:

[1] Middelthuns g 17, Oslo.
[2] c/o KPMG, Luxembourg
[3] Tollbodg. 17, Kristiansand
[4] O. Tryggvasons g 39/41, Trondheim

Note 14 Income taxes and deferred tax assets

Income taxes

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
Operating profit	1,698	2,347	2,990	1,505	2,331	2,987
Permanent differences	696	-293	-934	195	-400	-1,057
Change in temporary differences	-24	1,226	302	-324	1,186	161
Tax losses carried forward	-232	-3,098	-1,214	90	-2,945	-1,072
Imputation tax credit	-1,075	-14	-832	-871	-	-742
Taxable income for the year	**1,063**	**168**	**312**	**595**	**172**	**277**
Taxes payable	297	22	72	162	26	74
Change in deferred taxes	373	-305	507	315	-326	502
Income taxes	**670**	**-283**	**579**	**477**	**-300**	**576**

Reconciliation of tax charge for the year to ordinary pre-tax profit

	The Group		
	2002	2001	2000
Pre-tax profit	1,698	2,347	2,990
Expected tax on income at a nominal rate of 28%	475	657	837
Tax effect of profit from companies accounted for under the equity method	-14	-22	-20
Tax effect of group contribution given to companies not included in the NBN Group	-11	-	-
Tax effect of received dividend	-11	-49	-29
Tax effect of changed tax assessment (See Tax disputes)	196	-763	-
Tax effect of other permanent differences	35	-60	-241
Tax charge abroad in excess of 28%	-	-46	32
Tax charge for the year	**670**	**-283**	**579**
Effective tax rate (%)	39	-12	19

Deferred tax asset
The calculation of deferred tax asset is based on temporary differences between accounting and tax values at the end of the accounting year. Deferred tax calculations are based on 28 per cent tax in Norway and the nominal rate of tax in other countries. Tax increasing and tax reducing temporary differences that are reversed, or can be reversed within a ten-year period, are assessed and the net amount recorded.

	The Group		The Parent Bank	
Temporary differences	2002	2001	2002	2001
Short-term assets/short-term liabilities	-199	-936	-143	-860
Fixed assets/long-term liabilities	-1,956	-1,315	-1,793	-1,474
Tax loss carry-forward	-411	-694	-404	-390
Imputation tax-credit carry-forward (classified as a temporary difference)	-	-1,103	-	-900
Total provisional positive (negative) differences giving rise for deferred taxes/tax benefits	-2,566	-4,048	-2,340	-3,624
Deferred tax asset	**767**	**1,196**	**704**	**1,077**

The difference between opening and closing balance of deferred tax asset does not agree to change in deferred taxes booked in the income statement due to the effect of foreign exchange.

Specification of loss carry-forward	The Group		The Parent Bank	
Expiration date	2002	2001	2002	2001
2003	-	-	-	-
2004	-	28	-	-
2005	-	-	-	-
2006	-	-	-	-
2007	-	16	-	-
2008	-	49	-	22
2009	246	21	246	-
2010	2	205	2	-
2011	-	-	-	-
2012 and later	163	375	156	368
Total loss carry-forward	**411**	**694**	**404**	**390**
Of this loss carry-forward related to Norway	**-**	**326**	**-**	**22**

Tax disputes

The Supreme Court handed down its ruling in June 2002 in the tax case that the Bank had brought against the State concerning the right to claim relief for losses on the sale of subsidiaries within the Group. The Supreme Court upheld the judgement of The Court of Appeal that the losses for which Nordea Bank Norge ASA has claimed relief do not qualify for relief under the Company Tax Act. The case related to two matters that have in total reduced the Bank's tax loss carry-forward by NOK 536 million. The amount concerned of NOK 536 million has no accounting consequences.

Following a ruling made by "Ligningsnemda" on 1 October 2002 the tax assessment of Nordea Bank Norge ASA regarding the income year 2001 was changed. Due to this ruling NOK 88 million in increased taxes were expensed in the third quarter of 2002. The case concerns the Bank's sales of its foreign branches in London and Singapore. The Bank has lodged an appeal to "Overligningsnemda".

"Ligningsnemda" handed down a ruling on 25 February 2002 which caused a change in the tax assessment of Nordea Finans Norge AS regarding the income year 1999. Due to this ruling NOK 96 million in increased taxes were expensed in the first quarter of 2002. The case concerns the right to carry forward losses after a merger with a subsidiary. In Desember 2002 "Overligningsnemda" reached the same conclusion, but on a different basis. The deadline regarding a possible writ to "Oslo Tingrett" is 6 June 2003.

On 9 October 2002 The Central Tax Office for Large Enterprises handed down a ruling which caused a change in the tax assessment of Christiania Forsikring AS regarding the income year 2001. Due to this ruling NOK 11 million in increased taxes were expensed in the fourth quarter of 2002. The case concerns the sale of its subsidiary K-Fondsforsikring AS. The company has lodged an appeal.

Note 15 Fixed assets and goodwill

	The Group					The Parent Bank			
	Machinery, equipment and vehicles	Bank-buildings and other real estate	Soft-ware	**Total fixed assets**	Good-will	Machinery, equipment and vehicles	Bank-buildings and other real estate	Soft-ware	**Total fixed assets**
Costs as at 1 January 2002	1,439	2,515	225	**4,179**	16	1,398	2,451	198	**4,047**
Revalued previous years	-	165	-	**165**	-	-	165	-	**165**
Accumulated ordinary depreciations	794	377	46	**1,217**	-	763	356	31	**1,150**
Accumulated write-downs	-	547	-	**547**	-	-	547	-	**547**
Book value as at 1 January 2002	**645**	**1,756**	**179**	**2,580**	**16**	**635**	**1,713**	**167**	**2,515**
Additions 2002	128	10	70	**208**	-	126	9	64	**199**
Disposals 2002	14	4	30	**48**	-	14	4	30	**48**
Ordinary depreciations 2002	184	44	64	**292**	3	181	43	58	**282**
Book value as at 31 December 2002	**575**	**1,718**	**155**	**2,448**	**13**	**566**	**1,675**	**143**	**2,384**

There are no goodwill in the Parent Bank.

Geographic distribution of real estate as at 31 Desember 2002 – The Group

	Bank buildings *		Offices/commercial premises		**Total**		Of which unoccu-pied area
	Book value	m2	Book value	m2	**Book value**	**m2**	m2
Oslo	989	77,032	145	10,192	**1,134**	**87,224**	590
East Norway	79	14,752	47	11,022	**126**	**25,774**	2,712
South Norway	47	11,917	26	6,182	**73**	**18,099**	200
West Norway	167	22,714	60	11,021	**227**	**33,735**	111
North/Central Norway	78	16,089	66	13,361	**144**	**29,450**	-
Total	**1,360**	**142,504**	**344**	**51,778**	**1,704**	**194,282**	**3,613**

Dwellings/holiday homes	14
Total Group real estate	**1,718**

* Are used entirely by the Group.

Note 16 Specification of liabilities

	The Group		The Parent Bank	
	2002	2001	2002	2001
Loans and deposits from credit institutions without agreed term of notice	6,217	2,085	6,281	2,154
Loans and deposits from credit institutions with agreed term of notice	48,372	39,509	44,248	36,731
Deposits from credit institutions	**54,589**	**41,594**	**50,529**	**38,885**
Deposits from customers without agreed term of notice	67,239	65,047	68,669	65,637
Deposits from customers with agreed term of notice	43,739	39,285	43,739	39,285
Deposits from customers	**110,978**	**104,332**	**112,408**	**104,922**
Total deposits	**165,567**	**145,926**	**162,937**	**143,807**
Certificates and other short-term borrowings	3,504	5,220	3,004	5,120
Bond loans	38,454	44,902	25,191	30,276
Own, non-amortised bonds	-2,503	-2,078	- 835	- 715
Certificates and bond loans	**39,455**	**48,044**	**27,360**	**34,681**
Provision for dividend	800	2,000	800	2,000
Other liabilities	7,213	6,576	7,306	6434
Taxes payable	282	43	194	40
Other liabilities	**8,295**	**8,619**	**8,300**	**8474**
Accrued expenses and prepaid receivables	5,372	3,211	4,768	3,074
Prepaid loan origination fees etc.	144	175	137	167
Accrued expenses and prepaid receivables	**5,516**	**3,386**	**4,905**	**3,241**
Unfounded pension liabilities	1,106	1,099	1,090	1,084
General allowance on guarantees	1	1	-	-
Provision for restructuring programme	9	12	9	12
Other allowances for liabilities	29	-	-	-
Allowances for liabilities	**1,145**	**1,112**	**1,099**	**1,096**
Total other liabilities	**54,411**	**61,161**	**41,664**	**47,492**
Ordinary subordinated loan capital - maturity 2007 and later	2,091	3,657	2,091	2,708
Members' deposits, mortgage institutions	2	4	-	-
Perpetual subordinated loan capital	1,952	2,616	1,951	2,528
Subordinated loan capital	**4,045**	**6,277**	**4,042**	**5,236**
Total liabilities	**224,023**	**213,364**	**208,643**	**196,535**

Note 17 Deposits from customers

By industry and retail market	2002	2001
Retail market	37,084	31,862
Primary industries (agriculture/fisheries)	1,634	1,471
Oil extraction and drilling, mining	1,570	3,363
Manufacturing industry	6,093	6,959
Power and water supply, building and construction	4,853	4,152
Wholesale and retail trade	6,336	5,408
Hotels and restaurants	572	493
Shipping and aviation	5,844	9,093
Real estate	4,334	4,101
Commercial services	26,254	23,948
Government and public sector	4,395	3,685
Insurance and other financial companies	8,154	8,452
Other	3,855	1,345
Total deposits from customers	**110,978**	**104,332**

	The Group		The Parent Bank	
By product	2002	2001	2002	2001
Transaction accounts corporate market, NOK	46,585	46,105	48,015	46,071
Transaction accounts corporate market, foreign exchange	7,114	9,400	7,114	10,023
Transaction accounts retail market	7,422	8,515	7,422	8,515
Savings account	18,111	15,313	18,111	15,313
Other deposits in NOK	30,795	24,251	30,795	24,252
Other deposits in foreign exchange	951	748	951	748
Total deposits from customers	**110,978**	**104,332**	**112,408**	**104,922**

Note 18 Maturity bond loans

	The Group		The Parent Bank	
Maturity date	2002	2001	2002	2001
2003 (2002)	7,620	12,668	5,019	9,166
2004-2007 (2003-2006)	26,429	27,919	18,704	19,101
2008 (2007) and later	1,866	2,328	599	1,385
Premium (discount) on insurance	35	-91	35	-91
Total bond loans	**35,950**	**42,824**	**24,357**	**29,561**

Premium (discount) on funding is accrued as an interest income (expense) over the fixed interest rate for the respective loans.

As at 31 December 2002 the Group held own bonds for market-making purposes, amounting to NOK 1,671 million (face value NOK 1,673 million), and these are included in Short-term bonds (assets). The corresponding figure as at 31 December 2001 was NOK 714 million.

Note 19 Pensions

The Group's pension scheme is covered through Nordea Norge Pensjonskasse (pension fund). The Fund is managed by Nordea Pension Services AS. The Bank also has pension commitments that are not covered by the pension funds. These relate to early retirement pensions and supplementary pensions. The pension scheme encompasses 6,545 people, of whom 2,471 received pension as at 31 December 2002.

The pension scheme is entered in the accounts in accordance with the Norwegian accounting standard for the recording of pension expenses. Under this accounting standard the Bank's pension scheme is treated as a defined benefit plan. Calculated pension liabilities encompass both insured and uninsured benefits and include assumption about future growth in pay and current pensions. Pension liabilities are presented as a net figure in the balance sheet after the deduction of pension funds assessed at market value. The pension expense for the year after the deduction of the return on pension funds for the year is presented as a net amount and included in personnel expenses. Changes in the pension liability as a consequence of changes in actuarial assumptions, deviations between the actual and expected returns on pension funds and the effective changes in pension plans are amortised over the average remaining earnings period.

The ordinary retirement age is 67. The schemes carry, based on present social security regulations, an entitlement to an old age pension corresponding to 70 per cent of pensionable income at the time of retirement. The amount is reduced correspondingly in the event of less than 30 years' service at the time of retirement. From the age of 67 onwards pensions paid by the Bank are co-ordinated with those paid under the National Insurance Scheme.

	The Group		The Parent Bank	
Pension expenses	2002	2001	2002	2001
Service expense	124	110	117	100
Interest expense	222	208	217	203
Expected return on assets	-149	-148	-144	-143
Effect on changes in the pension plans	26	15	26	14
Amortisation of deviation from estimate loss/(gain)	34	8	33	8
Net pension expenses, defined benefit plan	**257**	**193**	**249**	**182**
Accrued Social Security contribution	32	25	31	24
Other pension expenses, defined contribution plan etc.	-	3	-	3
Net pension expenses	**289**	**221**	**280**	**209**

Reconciliation of the financial status of the pension	The Group		The Parent Bank	
schemes with amounts shown in the balance sheet	2002	2001	2002	2001
Projected benefit liabilities	3,429	3,189	3,342	3,118
Plan assets at market value	-1,900	-1,773	-1,828	-1,749
Actual calculated net pension liabilities	**1,529**	**1,416**	**1,514**	**1,369**
Net actuarial effect not recorded in the result	-500	-378	-483	-333
Effect of change in pension plans not recorded in the result	-107	-122	-104	-114
Net unfounded liabilities before Accrued Social Security contribution	**922**	**916**	**927**	**922**
Accrued Social Security contribution	155	153	156	154
Contribution plans	7	8	7	8
Net unfounded pension liabilities	**1,084**	**1,077**	**1,090**	**1,084**

Of the net pension liabilities accrued within the Group, NOK 22 million are overfinanced funds related to subsidiaries which have been included in Prepaid expenses and accrued income. The remaining accrued pension liabilities in an amount of NOK 1,106 million are included in the Allowances for liabilities (note 16).

	The Group		The Parent Bank	
Financial assumptions	2002	2001	2002	2001
Discount rate	7.0 %	7.0 %	7.0 %	7.0 %
Expected wage adjustments	3.3 %	3.3 %	3.3 %	3.3 %
Expected adjustment of basic Social Security	3.3 %	3.3 %	3.3 %	3.3 %
Expected adjustment of current pensions	3.0 %	3.0 %	3.0 %	3.0 %
Expected return on plan assets	8.0 %	8.0 %	8.0 %	8.0 %
Expected annual retirement before age 45	2.0 %	2.0 %	2.0 %	2.0 %

Note 20 Subordinated loan capital

Formal maturity	Alternative maturity	Loan amount USD	Loan amount NOK		Interest rate until alternative maturity
24.06.08	24.06.03	150	1,045		Libor 3 month + 37.5 basis points
13.03.11	13.03.06	150	1,046		Libor 3 month + 82 basis points
Perpetual	Every 6th month	80	558		Libor 6 month + 110 basis points until 24.07.2005
Perpetual	Every 6th month	200	1,394	*	Libor 6 month + 18.75 basis points
Other			2		
Total subordinated loan capital			**4,045**		

* The loan may be prepaid in tranches of USD 1 million

Alternative maturity is the earliest point in time when the Group may prepay the loan amount in full or partially.
Subordinated loan capital denominated in foreign currencies forms part of the Banks' aggregate foreign currency position. There is no exchange rate risk related to the subordinated loans.

Note 21 Equity

The Parent Bank	Share capital	Share premium reserve	Reserve for evaluation differences	Other equity	Total equity
Balance as at 1 January 2002	3,860	953	1,701	10,443	16,957
Net profit for the year				1,028	1,028
Provision for dividend				-800	-800
Provision for group contribution to companies outside NBN group				-39	-39
Result from group companies and associated companies			222	-222	-
Group contribution			-340	340	-
Provision for dividend and group contribution			-29	29	-
Group contribution from company outside NBN group				15	15
Exchange rate differences				-9	-9
Balance as at 31 December 2002	**3,860**	**953**	**1,554**	**10,785**	**17,152**

The Group	Share capital	Reserve	Total equity
Balance as at 1 January 2002	3,860	13,097	16,957
Net profit for the year		1,028	1,028
Provision for dividend		-800	-800
Group contribution		-39	-39
Group contribution from company outside NBN group		15	15
Exchange rate differences		-9	-9
Balance as at 31 December 2002	**3,860**	**13,292**	**17,152**

The share capital is NOK 3,859,510,032 consisting of 551,358,576 shares at a nominal value of NOK 7.00.

Note 22 Intercompany transactions and accounts

The following intercompany items are included in the balance sheet of the Parent Bank:

	2002	2001
Deposits with and loans to credit institutions	5,927	6,738
Subordinated loan capital subsidiaries	30	30
Loans to customers	28	27
Certificates, bonds/notes and other interest bearing securities with variable return	-	-
Other assets	358	16
Prepaid expenses and accrued income	43	8
Total due from companies in the Group	**6,386**	**6,819**
Deposits from credit institutions	102	288
Deposits from customers	1,486	624
Other liabilities	293	436
Debt from issuance of securities	-	70
Subordinated loan capital associated companies	-	-
Total due to companies in the Group	**1,881**	**1,418**
Mortgages, other security and guarantees for enterprises in the same group	**648**	**656**

Note 23 Off-balance sheet specifications

	The Group		The Parent Bank	
	2002	2001	2002	2001
Commercial (letter of) credit	467	574	467	574
Unutilized lines of credit	34,188	23,689	34,188	23,689
Total commercial (letter of) credit and unutilized lines of credit	**34,655**	**24,263**	**34,655**	**24,263**
Loan guarantees	2,264	4,393	2,264	4,349
Payment guarantees	14,146	12,386	14,036	12,363
Contract guarantees	7,856	9,507	7,856	9,507
Guarantee to the Commercial Banks Guarantee Fund	1,218	1,218	1,218	1,218
Guarantees for taxes	1,256	1,165	1,256	1,165
Other guarantees	12	1,218	12	1,218
Total guarantees	**26,752**	**29,887**	**26,642**	**29,820**
Of which counter-guaranteed by:				
Other banks	819	1,159	819	1,159
Other credit institutions	112	1,180	112	1,180
Various collateral (at book value)	**7,901**	**12,159**	**7,901**	**12,159**

Various collateral include NOK 7,901 million for lines with the Norwegian Central Bank. Of guarantees NOK 25 million constitutes a mutual guarantee agreement with a Norwegian bank as collateral for brokerage activities.

See also note 25 Contingent liabilities and note 28 Financial derivatives.

Note 24 Foreign currency posititons

	NOK	Foreign currency	of which USD	EURO	SEK	DKK	Other	**Total**
Assets								
Cash and deposits with central banks	12,221	91	16	30	16	7	22	**12,312**
Deposits with and loans to credit institutions	4,660	1,269	826	248	133	39	23	**5,929**
Loans to customers	154,541	38,009	22,339	1,357	1,953	686	11,674	**192,550**
General allowance for loan losses	-1,633	-	-	-	-	-	-	**-1,633**
Certificates and bonds	17,406	1,123	261	861	-	1	-	**18,529**
Equities and investments	883	20	-	-	-	-	20	**903**
Other assets	11,834	751	117	19	1	-	614	**12,585**
Total assets	**199,912**	**41,263**	**23,559**	**2,515**	**2,103**	**733**	**12,353**	**241,175**
Liabilities and equity								
Deposits from credit institutions	14,164	40,425	32,899	4,195	1,574	190	1,567	**54,589**
Deposits from customers	102,247	8,731	5,786	950	481	349	1,165	**110,978**
Certificates and bond loans	26,266	13,189	6,580	4,161	-	484	1,964	**39,455**
Other liabilities	14,202	754	165	60	14	72	443	**14,956**
Subordinated loan capital	2	4,043	4,043	-	-	-	-	**4,045**
Equity	17,128	24	-	24	-	-	-	**17,152**
Total liabilities and equity	**174,009**	**67,166**	**49,473**	**9,390**	**2,069**	**1,095**	**5,139**	**241,175**
Net foreign currency exposure on balance sheet items	25,903	-25,903	-25,914	-6,875	34	-362	7,214	-
Net foreign currency exposure on financial instruments	-32,972	81,204	81,204	-	-	-	-	**48,232**
Net foreign currency exposure as of 31.12.02	**-7,069**	**55,301**	**55,290**	**-6,875**	**34**	**-362**	**7,214**	**48,232**

Note 25 Contingent liabilitites

As in previous years, the Bank is involved in a number of disputes of minor financial significance.
See note 14 regarding tax disputes.

Note 26 Maturity and repricing structure of balance sheet items

Specification of balance sheet items distributed by maturity date

	Up to 1 month		1-3 months		3-12 months		1-5 years	
	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY
Cash and deposits with central banks	11,401							
Deposits with and loans to credit institutions	2,945	921	1,524	269	161	79		
Loans to customers	28,737	4,671	38,582	29,860	12,053		30,599	2,897
General allowance								
Repossessed assets					33			
Certificates and bonds	336		3,161	174	4,903	374	7,170	283
Equities and investments								
Associated companies								
Deferred tax asset, goodwill and other intangible assets								
Fixed assets								
Other assets	5,115	92	15	29	5		32	
Prepaid expenses and accrued income	254		2,990	630				
Total assets	**48,788**	**5,684**	**46,272**	**30,962**	**17,155**	**453**	**37,801**	**3,180**
Deposits and loans from credit institutions	9,049	21,626	3,921	15,147	1,187	3,652	7	
Deposits from customers	101,165	8,473	408	168	521	90	153	
Certificates and other short-term borrowings	1,066		323		2,115			
Bond loans		224	360	2,067	2,793	2,176	18,341	8,124
Other liabilities	6,168	33	108	58	1,064			
Accrued expenses and prepaid receivables	629		3,625	664	7			
Allowances for liabilities								
Subordinated loans								1,045
Equity								
Total liabilities and equity	**118,077**	**30,356**	**8,745**	**18,104**	**7,687**	**5,918**	**18,501**	**9,169**
Liquidity exposure gap on balance sheet items	-69,289	-24,672	37,527	12,858	9,468	-5,465	19,300	-5,989
Net cash flow from financial derivatives	-19,008	56,958	-35,202	16,331	31,005	203	-3,231	-688
Net total on all items	**-88,297**	**32,286**	**2,325**	**29,189**	**40,473**	**-5,262**	**16,069**	**-6,677**

Explanation to the note:

- Overdrafts, operating credits and credit lines on salary accounts are classified under the group "up to 1 month".
- The portfolio of certificates and bonds is classified according to maturity dates. Participation in stocks, bonds and money market funds are classified under the group "without maturity".
- Other assets and Prepaid expenses and accrued income are classified according to their most likely realisation date. Evaluation and settlement accounts are classified under the group "up to 1 month". Long-term equities and investments, Associated companies and Fixed assets are classified under the group "without maturity".
- Net pension liabilities are classified under the group "more than 5 years".
- Financial derivatives:

Options and futures:	Settled up-front
FRAs:	Cash flow not known
Interest rate swaps:	Fixed cash margin until next interest rate fixing
Interest rate and foreign exchange swaps:	Fixed cash margin until next interest rate fixing
	Swapping of agreed foreign exchange amount at maturity

Continued specification of balance sheet items distributed by maturity date

	More than 5 years		Without maturity		Total	
	NOK	CCY	NOK	CCY	NOK	CCY
Cash and deposits with central banks			820	91	**12,221**	**91**
Deposits with and loans to credit institutions			30		**4,660**	**1,269**
Loans to customers	44,570	581			**154,541**	**38,009**
General allowance			-1,633		**-1,633**	**-**
Repossessed assets					**33**	**-**
Certificates and bonds	1,836	292			**17,406**	**1,123**
Equities and investments			275	20	**275**	**20**
Associated companies			608		**608**	**-**
Deferred tax asset, goodwill and other intangible assets			780		**780**	**-**
Fixed assets			2,448		**2,448**	**-**
Other assets			45		**5,212**	**121**
Prepaid expenses and accrued income			117		**3,361**	**630**
Total assets	**46,406**	**873**	**3,490**	**111**	**199,912**	**41,263**
Deposits and loans from credit institutions					**14,164**	**40,425**
Deposits from customers					**102,247**	**8,731**
Certificates and other short-term borrowings					**3,504**	**-**
Bond loans	1,268	598			**22,762**	**13,189**
Other liabilities			864		**8,204**	**91**
Accrued expenses and prepaid receivables			591		**4,852**	**664**
Allowances for liabilities	1,095		50		**1,145**	**-**
Subordinated loans	2	1,045		1,953	**2**	**4,043**
Equity			17,128	24	**17,128**	**24**
Total liabilities and equity	**2,365**	**1,643**	**18,633**	**1,977**	**174,008**	**67,167**
Liquidity exposure gap on balance sheet items	44,041	-770	-15,143	-1,866	**25,904**	**-25,904**
Net cash flow from financial derivatives	20	18	-	-	**-26,416**	**72,822**
Net total on all items	**44,061**	**-752**	**-15,143**	**-1,866**	**-512**	**46,918**

Explanation to the note:

- Overdrafts, operating credits and credit lines on salary accounts are classified under the group "up to 1 month".
- The portfolio of certificates and bonds is classified according to maturity dates. Participation in stocks, bonds and money market funds are classified under the group "without maturity".
- Other assets and Prepaid expenses and accrued income are classified according to their most likely realisation date. Evaluation and settlement accounts are classified under the group "up to 1 month". Long-term equities and investments, Associated companies and Fixed assets are classified under the group "without maturity".
- Net pension liabilities are classified under the group "more than 5 years".
- Financial derivatives:

Options and futures:	Settled up-front
FRAs:	Cash flow not known
Interest rate swaps:	Fixed cash margin until next interest rate fixing
Interest rate and foreign exchange swaps:	Fixed cash margin until next interest rate fixing
	Swapping of agreed foreign exchange amount at maturity

Specification of balance sheet items distributed by repricing structure

	Up to 1 month		1-3 months		3-12 months		1-5 years	
	NOK	CCY	NOK	CCY	NOK	CCY	NOK	CCY
Cash and deposits with central banks	11,401							
Deposits with and loans to credit institutions	2,945	1,045	1,524	131	161	93		
Loans to customers	111,863	13,744	18,568	18,415	9,215	6,078	16,683	28
General allowance								
Repossessed assets								
Certificates and bonds	2,465	290	7,416	470	5,877	353	1,176	10
Equities and investments								
Associated companies								
Deferred tax asset, goodwill and other intangible assets								
Fixed assets								
Other assets	12	4	12	3	4	6	32	
Prepaid expenses and accrued income								
Total assets	**128,686**	**15,083**	**27,520**	**19,019**	**15,257**	**6,530**	**17,891**	**38**
Deposits and loans from credit institutions	8,729	19,656	4,248	17,239	1,187	3,530		
Deposits from customers	101,165	8,387	408	238	521	106	153	
Certificates and other short-term borrowings	1,066		323		2,115			
Bond loans	355	1,076	1,016	8,356	10,246	3,757	9,995	
Other liabilities								
Accrued expenses and prepaid receivables								
Allowances for liabilities								
Subordinated loan capital		4,043						
Equity								
Total liabilities and equity	**111,315**	**33,162**	**5,995**	**25,833**	**14,069**	**7,393**	**10,148**	**-**
Liquidity exposure gap on balance sheet items	**17,371**	**-18,079**	**21,525**	**-6,814**	**1,188**	**-863**	**7,743**	**38**
Financial derivatives which directly affect repr. struc.	-49,293	61,342	-21,559	25,397	34,206	-2,565	3,350	-2,661
Net interest gap on all items	**-31,922**	**43,263**	**-34**	**18,583**	**35,394**	**-3,428**	**11,093**	**-2,623**
Net interest gap as a % of total assets at year-end	**-13.2**	**17.9**	**-0.0**	**7.7**	**14.7**	**-1.4**	**4.6**	**-1.1**

Amortising loans are placed in the group "1-3 months". Fixed rate amortising loans are categorised according to fixed interest period. Other loans and deposits from customers are placed in the group "Up to 1 month", except from products which have a contractual fixed interest rate period.

Continued specification of balance sheet items distributed by repricing structure

	More than 5 years		No interest adjustment		Total	
	NOK	CCY	NOK	CCY	NOK	CCY
Cash and deposits with central banks			820	91	**12,221**	**91**
Deposits with and loans to credit institutions			30		**4,660**	**1,269**
Loans to customers	108		-1,896	-256	**154,541**	**38,009**
General allowance			-1,633		**-1,633**	**-**
Repossessed assets			33		**33**	**-**
Certificates and bonds	472				**17,406**	**1,123**
Equities and investments			275	20	**275**	**20**
Associated companies			608		**608**	**-**
Deferred tax asset, goodwill and other intangible assets			780		**780**	**-**
Fixed assets			2,448		**2,448**	**-**
Other assets			5,152	108	**5,212**	**121**
Prepaid expenses and accrued income			3,361	630	**3,361**	**630**
Total assets	**580**	**-**	**9,978**	**593**	**199,912**	**41,263**
Deposits and loans from credit institutions					**14,164**	**40,425**
Deposits from customers					**102,247**	**8,731**
Certificates and other short-term borrowings					**3,504**	**-**
Bond loans	1,150				**22,762**	**13,189**
Other liabilities			8,204	91	**8,204**	**91**
Accrued expenses and prepaid receivables			4,852	664	**4,852**	**664**
Allowances for liabilities			1,145		**1,145**	**-**
Subordinated loan capital			2		**2**	**4,043**
Equity			17,128	24	**17,128**	**24**
Total liabilities and equity	**1,150**	**-**	**31,331**	**779**	**174,008**	**67,167**
Liquidity exposure gap on balance sheet items	**-570**	**-**	**-21,353**	**-186**	**25,904**	**-25,904**
Financial derivatives which directly affect repr. struc.	324	-310	-	-	**-32,972**	**81,203**
Net interest gap on all items	**-246**	**-310**	**-21,353**	**-186**	**-7,068**	**55,299**
Net interest gap as a % of total assets at year-end	**-0.1**	**-0.1**	**-8.9**	**-0.1**	**-2.9**	**22.9**

Amortising loans are placed in the group "1-3 months". Fixed rate amortising loans are categorised according to fixed interest period. Other loans and deposits from customers are placed in the group "Up to 1 month", except from products which have a contractual fixed interest rate period.

Interest rate sensitivity as at 31 December 2002

		Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	**Total**
Trading portfolio							
	NOK	-7	24	9	-19	29	**36**
	USD	-3	4	9	2	-	**12**
	EUR	1	-1	-1	-1	1	**-1**
	GBP	-	-	-1	-1	-	**-2**
	Other currencies	1	-	-	-	-	**1**
Banking portfolio							
	NOK	-2	-9	-15	-19	3	**-42**
	USD	1	1	-4	-	-	**-2**
	EUR	1	-5	3	-	-	**-1**
	GBP	-	-	-	-	-	**-**
	Other currencies	-	-1	1	-3	-	**-3**
Total							
	NOK	-9	15	-6	-38	32	**-6**
	USD	-2	5	5	2	-	**10**
	EUR	2	-6	2	-1	1	**-2**
	GBP	-	-	-1	-1	-	**-2**
	Other currencies	1	-1	1	-3	-	**-2**

The value of items on and off the balance sheet is influenced by changes in interest rates. This interest rate sensitivity may be expressed as potential changes in value as a result of hypothetical interest rate change at a specific time. The table shows calculated change in market value of the portfolio exclusive of options at the end of 2002 if the interest rate increased (i.e. a parallel displacement of the yield curve) by one percentage point. A decrease in the interest rate of one percentage point would result in the same change, but with the sign reversed.

The calculations are based on exposure in linear instruments with market risk which have interest risk. Exposure in non-linear instruments (for instance options) are not included.

Note 27 Capital ratio

The Group's risk-weighted assets as at 31 December

	Nominal amounts by risk-weight					Weighted amounts	
NOK billion	0 %	10 %	20 %	50 %	100 %	2002	2001
Assets not included in trading portfolio							
Cash and deposits with central banks	12.3	-	-	-	-	-	-
Deposits with and loans to credit institutions	-	-	6.2	-	-	1.2	2.2
Short-term investments in securities	3.4	0.5	10.7	-	0.2	2.4	3.0
Loans	3.3	-	12.8	60.8	125.8	158.8	155.6
Other receivables	5.3	-	1.1	1.0	2.1	2.8	3.7
Long-term investments and fixed assets	1.0	-	-	-	2.8	2.8	2.9
Total assets	**25.3**	**0.5**	**30.8**	**61.8**	**130.9**	**168.0**	**167.4**
Off-balance items not included in trading portfolio							
Guarantees and similar commitments						2.4	4.8
Stand-by facilities and other commitments						17.8	21.8
Foreign exchange and interest rate related items						2.0	1.5
Total off-balance sheet items						**22.2**	**28.1**
Items included in trading portfolio							
Total market and foreign exchange risk						8.7	7.7
Risk-weighted basis for computation						**198.9**	**203.2**

The Group's capital ratio as at 31 December

NOK million	2002	2001
Total equity (shown in the accounts)	17,152	16,957
Intangible assets	-781	-1,213
Overfinancing of pension liabilities	-20	-25
Core capital	**16,351**	**15,719**
Perpetual subordinated loan capital	2,113	2,784
Dated subordinated loan capital	2,297	3,796
Supplementary capital	**4,410**	**6,580**
Deductions	**-13**	**-36**
Total capital	**20,748**	**22,263**
Capital ratio	**10.4 %**	**11.0 %**

Total capital is divided into core capital and supplementary capital. Core capital is defined as share capital and reserves approved by the Norwegian Banking, Insurance and Securities Commission. Overfinanced pension liabilities and intangible assets are deducted from core capital. Supplementary capital consists of dated and perpetual subordinated loan capital. From total capital must be deducted the book value of shareholdings in and/or subordinated loans to other financial institutions which amount to more than 2 per cent of the institution's total capital.

The computation of total capital is subject to the following restrictions: Dated subordinated loan capital must not exceed 50 per cent of the core capital. Total supplementary capital must not exceed the core capital. The eligible amount of dated subordinated loan capital is proportionately reduced over the last five years before maturity by 20 per cent per annum.

Subordinated loans denominated in foreign currency are normally valued at the lower of the exchange rate at the date of calculation and the exchange rate when the loan was first drawn down. The Banking, Insurance and Securities Commission may give permission to apply the exchange rate at the date of the application if this is significantly higher than the exchange rate at the time the loan was first drawn down. Nordea Bank Norge has sought and received permission to use the exchange rate at 31 December 2000. This has led to an increase in eligible subordinated loan capital of approximately NOK 1.2 billion for the Group.

The capital ratio is calculated on a group basis. Ownership shares of 20 per cent or more is consolidated on a pro rata basis.

The total capital is measured against a risk-weighted calculation base where the individual items on and off the balance sheet are multiplied by a risk factor that is based on the credit risk assumed to attach to the individual item. In addition, the risk-weighted basis also includes market and foreign exchange risks as defined in the regulations from the Norwegian Banking, Insurance and Securities Commission.

The minimum capital ratio requirement is 8 per cent.

The capital adequacy requirement applies to both the Parent Bank and the Group. At the end of 2002 the Parent Bank had a capital ratio of 10.8 per cent based on a risk-weighted asset base of NOK 174.6 billion and a total capital of NOK 18,923 million.

Note 28 Financial derivatives

	Nominal value 31.12.02	Nominal value average 2002	Book value 31.12.02	Book value average 2002	Net profit (loss) 2002
Trading portfolio					
Interest rate agreements	1,170,789	1,073,608	-360	-453	224
Foreign exchange agreements	598,666	647,017	-1,925	-1,388	-323
Equity related agreements	-	-	-	-	104
Commodities related agreements	-	-	-	-	2
Total trading portfolio	**1,769,455**	**1,720,625**	**-2,285**	**-1,841**	**7**
Banking portfolio					
Interest rate agreements	29,883	33,128	-272	-560	
Foreign exchange agreements	85,966	90,129	-288	-644	
Equity related agreements	4,593	4,900	318	368	

Financial derivatives in the trading portfolio are evaluated and carried at market value, which means that the market value above is equal to the book value.

Financial derivatives within the ordinary banking and credit business are hedging transactions, which are evaluated according to the same principles as the secured item. The book value (market value) of the hedging transactions has corresponding counter values in the Group's balance sheet, and there are no isolated gains/losses on financial derivatives in the banking/credit portfolio.

Interest rate contracts mainly include:
- Interest rate guarantees and options that ensure the buyer a fixed interest rate on an agreed amount.
- Interest rate swaps, which are exchanges of interest rate terms for specific amounts for a predetermined period of time.
- Interest rate contracts (FRAs, futures), that determine the interest rate for a nominal amount for a future period.

Exchange rate contracts mainly include:
- Foreign currency forward exchange rate contracts, which are agreements to buy or sell a currency amount at a predetermined exchange rate on a future date.
- Foreign currency swaps, which are exchange of currency amounts at a predetermined exchange rate and payment of interest on these for a specific period of time.
- Foreign exchange options, which give the buyer the right to buy or sell a currency amount at a predetermined exchange rate within a specific period of time or at a predetermined date.

Equity related contracts mainly include:
- Futures on stock indices that determine a future price of a specific stock index.
- Stock options that gives the buyer the right to buy or sell shares at an agreed price within a certain period of time or at a predetermined date.

Commodities related contracts mainly include:
- Commodity exchange contracts which are exchange of price terms for a commodity for a specified period of time.

Nominal amounts are the contracts' underlying principal amounts, which are shown gross.

When calculating the market values, the average of buy and sell quotations from independent sources are used. In the calculations methods of interpolation and extrapolation are also applied. In regards to equity options, theoretical prices are calculated. For further information, refer to note 1.

Note 29 Average interest on balance sheet items

		Average balances	Effective interest rates in per cent
Assets			
Cash and deposits with central banks			
	NOK	8,516	5.25
Deposits with and loans to credit institutions			
	NOK	11,039	5.66
	Foreign currencies	1,611	5.82
Interest bearing loans after general allowance for loan losses			
	NOK	153,422	8.31
	Foreign currencies	37,974	4.11
Non-performing loans after specific allowance for loan losses			
	NOK	829	-
	Foreign currencies	95	-
General allowance for loan losses			
	NOK	-1,633	-
	Foreign currencies	-	-
Certificates and bond loans			
	NOK	15,241	5.30
	Foreign currencies	1,870	3.27
Other assets			
	NOK	9,192	1.05
	Foreign currencies	771	-
Total assets		**238,927**	**6.88**
	NOK	196,606	7.49
	Foreign currencies	42,321	4.05

Liabilities and equity			
Deposits from credit institutions			
	NOK	15,646	3.03
	Foreign currencies	36,956	6.52
Deposits from customers			
	NOK	94,913	5.88
	Foreign currencies	10,960	2.55
Certificates and bond loans			
	NOK	28,828	6.94
	Foreign currencies	15,652	3.05
Other liabilities			
	NOK	13,770	2.07
	Foreign currencies	-	0.00
Subordinated loan capital			
	NOK	-	-
	Foreign currencies	5,050	2.76
Equity			
	NOK	17,152	-
Total liabilities and equity		**238,927**	**4.88**
	NOK	170,309	4.90
	Foreign currencies	68,618	4.82
Net interest income		-	**2.00**
	NOK	26,297	2.59
	Foreign currencies	-26,297	0.77

Note 30 Shares and shareholders

Nordea Bank Finland (NBF) Plc owned 100 per cent of the shares in Nordea Bank Norge ASA as per 31.12.2002.

Statement of Cash Flows

	The Group			The Parent Bank		
	2002	2001	2000	2002	2001	2000
Cash flows from operating activities						
Interest and fees received	**16,469**	18,665	16,254	**14,725**	17,353	14,776
Interest paid	**-9,490**	-14,526	-12,109	**-8,823**	-13,457	-11,224
Dividends received	**72**	174	131	**182**	154	68
Other non-interest income received	**2,398**	2,644	2,401	**2,345**	2,397	2,172
Operating expenses paid	**-4,174**	-4,411	-4,058	**-4,005**	-4,124	-3,791
Income taxes paid	**-59**	-28	-94	**-9**	-27	-61
Cash flow from sale of short-term securities	**666,926**	590,841	1,285,140	**665,731**	590,259	1,284,071
Cash flow from purchase of short-term securities	**-666,932**	-590,701	-1,285,018	**-665,614**	-590,125	-1,284,064
Net cash provided by operating activities	**5,210**	**2,658**	**2,647**	**4,532**	**2,430**	**1,947**
Cash flows from investing activities						
(Increase) decrease in loans to credit institutions	**3,831**	9,016	196	**4,518**	9,671	-5,845
Payments on receivables previously charged off	**76**	71	301	**72**	67	114
(Increase) decrease in loans to customers	**-8,003**	-3,908	-25,171	**-8,611**	-1,921	-20,719
(Increase) decrease in certificates and bonds	**-157**	219	1,188	**-313**	90	671
(Increase) decrease in equities and investments	**1,271**	806	821	**-148**	255	750
(Increase) decrease in deferred tax asset, goodwill and other intangible assets	**432**	-331	543	**373**	-347	502
Investment in fixed assets	**-208**	-475	-393	**-199**	-468	-375
Payments from sale of fixed assets	**14**	9	288	**14**	9	286
(Increase) decrease in other assets	**-2,909**	-1,788	-747	**-2,827**	-1,469	-570
Net cash provided by investing activities	**-5,653**	**3,619**	**-22,974**	**-7,121**	**5,887**	**-25,186**
Cash flows from financing activities						
Increase (decrease) in deposits from credit institutions	**12,995**	10,470	2,316	**11,644**	7,745	2,408
Increase (decrease) in deposits from customers	**6,646**	-2,174	14,522	**7,486**	-1,886	14,658
Increase (decrease) in subordinated loan capital	**-2,232**	-3,193	2,120	**-1,194**	-3,207	2,047
Increase (decrease) in certificates and bonds	**-8,589**	-14,096	3,142	**-7,321**	-8,281	-96
Increase (decrease) in other debts	**1,020**	3,220	2,018	**1,056**	-2,505	7,659
Dividends paid	**-2,000**	-1,103	-1,654	**-2,000**	-1,103	-1,654
Group contributions received	-	-	-	**315**	321	354
Net cash provided by financing activities	**7,840**	**-6,876**	**22,464**	**9,986**	**-8,916**	**25,376**
Net change in liquid assets	**7,397**	**-599**	**2,137**	**7,397**	**-599**	**2,137**
Liquid assets as at 1 January	**4,915**	5,514	3,377	**4,915**	5,514	3,377
Liquid assets as at 31 December	**12,312**	**4,915**	**5,514**	**12,312**	**4,915**	**5,514**

Liquid assets include cash in hand and deposits with central banks.

Auditor's Report

To the Supervisory Board and the Annual Shareholders' Meeting of Nordea Bank Norge ASA
We have audited the annual financial statements of Nordea Bank Norge ASA as of 31 December 2002, showing a profit of NOK 1,028 million for the Parent Bank and a profit of NOK 1,028 million for the Group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Bank's Board of Directors and its President and Chief Executive Officer. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conduct our audit in accordance with the Norwegian Act on Auditing and Auditors and Norwegian good auditing practice. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Bank's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations and present the financial position of the Bank and of the Group as of 31 December 2002, and the results of its operations and its cash flows for the year then ended, in accordance with good accounting practice in Norway
- the Bank's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information in accordance with the law and good accounting practice in Norway
- the information in the Board of Directors' Report concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Oslo, 13 February 2003
PricewaterhouseCoopers DA

Petra Liset
State Authorised Public Accountant (Norway)

Geir Julsvoll
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

Report of the Control Committee

To the Supervisory Board and the Annual Shareholders' Meeting of Nordea Bank Norge ASA
During 2002 the Control Committe has inspected the Bank's activities in accordance with the Commercial Banks Act §13 and the instructions issued by the Supervisory Board on 4 August 1992.

The Committe has examined the accounts for 2002 and is of the view that they are in accordance with prevailing rules and regulations and generally accepted accounting standards. The Control Committee considers the Board of Directors' evaluation of the Bank's financial position adequate and recommends that the income statement and balance sheet are adopted as presented.

With reference to other aspects of the accounts for 2002 the Control Committee refers to the auditor's report of 13 February 2003 and supports the views expressed therein concerning the submitted annual accounts.

Oslo, 13 February 2003

Jan T. Bjerke (Chairman)
Odd Svang-Rasmussen (Deputy member)

Fanny Platou Amble (Member)
Finn Fadum (Member)

Board of Directors

The Board of Directors of Nordea Bank Norge ASA 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 occured 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 NBN Board. On 14 November 2002 Lars G Nordström was appointed chairman of the Board and Markku Pohjola deputy chairman. At the same date Tom Ruud and Arne Liljedahl were appointed as new members of the Board.

The Managing director of Nordea Bank Norge is Baard Syrrist.

Board of Directors as at 31 December 2002

Lars G Nordström
Born 1943. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2002. Member since 2001.

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. Deputy chairman of the Board since 2002. Member since 2001.

Liv Irene Haug
Born 1954. Employee representative. Member since 1999.

Carl Erik Krefting
Born 1953. Partner at Thommessen Krefting Greve Lund AS. Member since 2001.

Arne Liljedahl
Born 1950. Head of Group Corporate Centre in Nordea. Member since 2002.

Hege Marie Norheim
Born 1967. Information director of Norsk Hydro ASA - Oil & Energy. Member since 2001.

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

Baard Syrrist
Born 1950. Managing director of Nordea Bank Norge ASA. Member since 2001.

Deputy members

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Regularly attending deputy employee representative

Steinar Nickelsen
Deputy employee representative

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