

Annual Report 2002
Nordea Bank Sweden AB

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

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Five-year summary

Income statement

SEKm	2002	2001	2000	1999	1998
Net interest income	10,237	9,132	8,614	8,326	8,832
Net commission income	3,990	3,778	4,274	3,409	2,872
Net result from financial operations	363	739	595	-229	844
Other operating income	772	11,232	763	626	1,156
Total operating income	15,362	24,881	14,246	12,132	13,704
Personnel expenses	-4,604	-4,013	-3,485	-3,006	-3,406
Other operating expenses	-5,620	-4,371	-4,544	-4,097	-4,120
Total operating expenses	-10,224	-8,384	-8,029	-7,103	-7,526
Profit before loan losses	5,138	16,497	6,217	5,029	6,178
Loan losses ¹	-242	-948	-106	227	218
Profit from companies accounted for under the equity method	21	-7	36	14	
Operating profit	4,917	15,542	6,147	5,270	6,396
Result from the insurance business	-	-36			
Pension adjustments	-2,406	242	492	755	523
Tax on profit for the year	-684	-1,459	-1,629	-1,617	-1,755
Minority interests	2	1	-8	-	-
Net profit for the year	1,829	14,290	5,002	4,408	5,164

¹ Including change in value of property taken over for protection of claims.

Balance sheet

SEKm	2002	2001	2000	1999	1998
Assets					
Loans to credit institutions	99,644	98,156	101,983	68,475	43,953
Lending	421,628	403,178	369,901	351,153	318,580
Interest-bearing securities					
– Fixed assets	517	10,817	24,500	23,360	20,234
– Current assets	33,354	49,741	32,806	43,525	43,910
Other assets	51,825	51,793	42,542	30,629	32,711
Total assets	606,968	613,685	571,732	517,142	459,388
Liabilities and shareholders' equity					
Loans from credit institutions	124,445	173,271	158,905	125,543	99,871
Deposits	224,759	221,674	155,853	158,838	158,727
Other borrowings from the public	1,648	12,796	2,131	5,990	4,954
Debt securities in issues	141,401	106,354	152,388	138,729	116,546
Other liabilities	65,929	45,301	58,796	47,503	47,684
Subordinated debt	25,559	22,326	23,391	18,742	11,645
Total liabilities	583,741	581,722	551,464	495,345	439,427
Shareholders' equity	23,227	31,963	20,268	21,797	19,961
Total liabilities and shareholders' equity	606,968	613,685	571,732	517,142	459,388

Ratios and key figures

	2002	2001 ²	2000	1999	1998
Return on average equity, %	7.2	17.3	21.6	21.1	24.1
Return on total capital, %	0.8	0.9	1.2	1.1	1.6
Investment margin, %	1.7	1.6	1.6	1.7	2
Cost/income ratio before loan losses, %	67	57	56	59	55
Cost/income ratio after loan losses, %	68	63	57	57	53
Non-performing loans ratio, %	0.4	0.4	0.3	0.4	0.3
Loan loss level, %	0.1	0.2	0.3	— ¹	— ¹
Risk-weighted amount, SEKbn	335.8	358.7	313.3	303.9	273.2
Capital base, SEKbn	35.0	37.1	36.7	38.6	27.4
Total capital ratio, %	10.4	10.4	11.7	12.7	10
Tier 1 capital ratio, %	7.0	6.7	7.1	8	6.3
Average number of employees	9,426	7,639	7,196	6,719	6,827
Number of full-time equivalents, 31 December	9,280	9,084	6,707	6,127	6,103
Number of branch offices, 31 December	265	268	261	257	262

¹ Net of loan losses 1998/1999 positive.

² Adjusted for a capital gain of SEK 10,169m from the sale of Nordea Kapitalförvaltning to Nordea AB.

Definitions

Non-performing loans ratio

Net non-performing loans as a percentage of the lending to the public.

Return on average equity

Net profit for the year as a percentage of equity, quarterly average. Average equity is adjusted for share issue, dividend, and includes the minority interest.

Return on total capital

Operating profit before tax as a percentage of average total assets.

Cost/income ratio before loan losses

Operating expenses as a percentage of operating income.

Cost/income ratio after loan losses

Operating expenses plus loan losses (including change in value of property taken over) as a percentage of operating income.

Capital base

The capital base constitutes the numerator in calculating the capital ratio. It consists of the sum of tier 1 capital (see separate definition) and supplementary capital (consisting of subordinated debenture loans), after deduction for the percentage of ownership in companies that conduct insurance or finance operations requiring a licence issued by the Swedish Financial Supervisory Authority.

Total capital ratio

Capital base as a percentage of risk-weighted amounts.

Loan loss level

The balance of loans to the public, credit institutions (excluding banks) and property taken over and credit guarantees.

Investment margin

Net interest income as a percentage of average total assets.

Tier 1 capital

Part of the capital base (see definition). Consists of shareholders' equity, including the percentage of equity in untaxed reserves, reduced by the goodwill amount. Subsequent to the approval of the supervisory authorities, tier 1 capital also includes qualified forms of subordinated loans (tier 1 capital contributions and hybrid capital loans).

Tier 1 capital ratio

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

Risk-weighted amounts

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.

Board of Directors' Report

Throughout this report, "Nordea Bank Sweden" and "the bank" refers to the Group – that is, the Parent Company, Nordea Bank Sweden AB (publ) (the former Nordbanken AB (publ)), corp. reg. no. 502010-5523, and its subsidiaries. The registered office of the Company is in Stockholm. Nordea Bank Sweden (publ) is a wholly owned subsidiary of Nordea Bank Finland Abp. The publicly listed Nordea AB (publ) is the Parent Company of the main group.

Nordea Bank Sweden in brief

As part of the Nordea Group, Nordea Bank Sweden conducts banking operations in Sweden and abroad. The operations of the bank are entirely integrated with the Nordea Group, whose Annual Report, with its reports on earnings by business area, includes the operations of Nordea Bank Sweden.

The business operations of the Nordea Group are organised in three business areas, all of which operate across national boundaries. As a result, bank customers may also be served by units that do not legally belong to Nordea Bank Sweden.

With the support of the entire resources of the Nordea Group, the bank develops and markets a comprehensive range of financial products and services to private persons, companies and organisations, as well as to the public sector. The bank is a major player in the Swedish money and capital markets.

Organisational changes

In January 2002 the following companies were sold to Tryg A/S (which is now Nordea Life Holding A/S): Nordea Livförsäkring I Sverige AB (publ) and Nordea Livförsäkring II Sverige AB (publ) (previously the LIVIA companies), and in October Nordea Fastigheter AB was sold to Nordea AB (publ).

On 20 December 2002 Postgirot Bank AB (publ) merged with Nordea Bank Sweden AB (publ).

In May 2002, Nordea Bank Sweden AB (publ) entered into a conditional share-purchase agreement with LG of Korea to purchase 54.3 percent of the shares in LG Petro Bank S.A in Poland. Thereafter, a tender offer was made to purchase all outstanding shares. At year-end Nordea Bank Sweden AB (publ) controlled 99.7 percent of the shares. The intention is to merge LG Petro Bank S.A. with Nordea Bank Polska S.A. during 2003.

When comparing the result and the financial standing of the company with the corresponding period in 2001, it should be noted that Postgirot Bank was acquired in December 2001 and that Nordea Kapitalförvaltning AB was divested in October 2001.

Earnings and profitability

The acquisition of Postgirot Bank has had a positive impact on the results for the year. The development in results was impacted, a part from Postgirot Bank, by an improvement of the net interest income as a consequence of expanding lending volumes.

The increase in net commission income resulting from the acquisition of Postgirot Bank is largely counterbalanced by the decrease in net commission income caused by sale of Nordea Kapitalförvaltning AB, and by the fact that the Aros-Maizels companies are not included.

Net result from financial operations showed a deterioration in profit compared with the previous year.

The item Other income for 2001 included a capital gain of SEK 10,169m from the sale of Nordea Kapitalförvaltning to Nordea AB. Total operating expenses rose 22%, primarily as a result of increased personnel expenses and higher expenses for computer systems and premises.

The results for the year have also been negatively impacted by a required allocation to the pension foundation.

The net profit for the year amounted to SEK 1,829m (14,290), corresponding to a return on average shareholders' equity of 7.2% (17.3).

Income

Income, adjusted for the capital gain from the sale of Nordea Kapitalförvaltning to Nordea AB, increased by a total of 4% to SEK 15,362m.

Net interest income rose 12% to SEK 10,237m. Mortgage lending developed favourably, while lending to the public was an average of 8% higher than in the previous year. The average return on total capital/investment margin increased somewhat.

Net commission income increased by 6% to SEK 3,990m.

Net result from financial operations amounted to SEK 363m as compared to SEK 739m the previous year. The decrease is mainly attributable to unrealised gains/losses on shares. The outcome for interest-bearing securities was a gain of SEK 42m, compared with SEK 169m in the previous year.

Foreign exchange gains/losses amounted to SEK 576m compared with SEK 498m in the previous year. The outcome for equity-related instruments was a loss of SEK 278m, compared with a gain of SEK 72m in the previous year.

Other income including dividends amounted to SEK 772m (11,232). The sale of Nordea Fastigheter AB and the LIVIA companies generated a capital gain of SEK 339m. The income for the previous year includes a capital gain of SEK 10,169m from the sale of Nordea Kapitalförvaltning AB.

Expenses

Operating expenses increased by SEK 1,840m to SEK 10,224m.

Personnel expenses amounted to SEK 4,604m (4,013). The increase is mainly attributable to the addition of personnel from Postgirot Bank. The number of employees has increased compared to the previous year. Other operating expenses increased by 29% to SEK 5,620m.

Computer costs amounted to SEK 1,520m (896). The acquisition of Postgirot Bank raised the costs by SEK 351m. The trend of the computer costs in general reflects the investments in a new global trading system for currency and money market products, a new business control system, a new data warehouse application and other costs attributable to the integration of existing computer systems.

Rents and the costs of premises rose because of the sale of Nordea Fastigheter AB to Nordea AB (publ).

Loan losses

Including change in value of property taken over for protection of claims, loan losses amounted to SEK 242m, compared with SEK 948m in the previous year. Loan losses in 2001 were heavily influenced by the deterioration of the credit portfolio following the events of 11 September. The deterioration manifested itself in, among other portfolios, aircraft and shipping.

Pensions

The operating profit includes pension costs, which comprise premiums and fees to insurance companies that have assumed part of the Group's pension commitments, and actuarial pension costs in respect of that part of the commitments which is guaranteed by a pension foundation. In the item Pension adjustments the following are reversed: actuarial pension costs, pension benefits paid, contributions made to or received from pension foundations, and wage tax.

A contribution of SEK 2,012m has been made to the pension foundation as a result of the downturn in the stock markets and increasing Pension

commitments. The wage tax on the pension adjustment amounted to SEK 326m.

Profit before tax amounted to SEK 2,513m (15,749), and tax expense to SEK 684m (1,459) corresponding to a tax burden of 27%. Net profit for the year was SEK 1,829m (14,290).

Reserve for restructuring expenses

SEKm

31 December	2002	2001
Opening balance		
Acquisition of Postgirot Bank	400	
Nordea Bank Sweden, personnel expenses	9	17
	409	17
Utilised during the year		
Postgirot Bank:		
Personnel expenses	-40	
Other administrative costs	-7	
Provision for pensions	-224	
Purchase of equipment	-2	
Nordea Bank Sweden, personnel expenses	-5	-8
	-278	-8
Provisions during the year		
Acquisition of Postgirot Bank		400
Acquisition of LG Petro Bank	60	
Nordea Bank Sweden, personnel expenses	64	
	124	400
Closing balance		
Acquisition of Postgirot Bank	127	400
Acquisition of LG Petro Bank	60	
Nordea Bank Sweden, personnel expenses	68	9
	255	409

Financial structure

Lending

Lending to the public increased during the year by 5% to SEK 422bn (403) thus accounting for 69% (66) of total assets at year-end. Total lending at year-end amounted to SEK 521bn (501), which corresponds to 86% (82) of total assets.

Nordea Hypotek AB (publ) accounted for a major portion of the volume increase, together with Nordea Bank Sweden AB (publ) and LG Petro Bank S.A.

Interest-bearing instruments

Current assets

Within trading operations, the bank invests in interest-bearing financial current assets to take advantage of short-term rate fluctuations. Investing in the treasury operations mainly involve a

medium-term investment horizon. At the end of the year, securities holdings amounted to SEK 33bn (50).

Fixed assets

Holdings of interest-bearing securities intended to be held to maturity are reported as financial fixed assets and valued at their accrued acquisition value.

The portfolio of fixed assets that was created in connection with the acquisition of Postgirot Bank has been reclassified as current assets and divested. The impact on results was SEK 5m.

Other assets

Other assets amounted to SEK 52bn (52) and included primarily positive valuation items concerning derivatives, amounting to SEK 34bn (24), and accrued income and prepaid expenses, amounting to SEK 4bn (4).

Deposits

Deposits from the public rose during the year by SEK 3bn or 1.4% to SEK 225bn. The average volume for the year increased by SEK 39bn, mainly due to the acquisition of Postgirot Bank.

Borrowing

Necessary borrowing apart from financing via deposits and shareholders' equity generally takes the form of loans from credit institutions and issues of bonds, debentures and money-market instruments. A new subordinated debenture loan of nominally USD 800m was issued on the US market in November. At the end of the year, total borrowing amounted to SEK 293bn (315).

Other liabilities

Other liabilities amounted to SEK 66bn (45), of which negative valuation items concerning derivatives accounted for SEK 36bn (22) and accrued expenses and prepaid income accounted for SEK 6bn (7).

Shareholders' equity

At the beginning of the year, shareholders' equity amounted to SEK 32bn. After dividend, Group contributions paid and net profit for the year, shareholders' equity at year-end amounted to SEK 23m.

Capital adequacy

At the end of the year, the capital adequacy ratio was 10.4% (10.4) and the tier 1 capital ratio 7.0% (6.7). Tier 1 capital amounted to SEK 24bn (24).

Capital adequacy

SEKbn		
31 December	2002	2001
Capital base	35.0	37.1
Of which, tier 1 capital	23.5	24.0
Risk-weighted amounts	335.8	358.7
Total capital ratio, %	10.4	10.4
Tier 1 capital ratio	7.0	6.7

Rating, December 2002

	Moody's		S&P		Fitch	
	Short	Long	Short	Long	Short	Long
Nordea Bank Sweden	P-1	Aa3	A-1	A+	F1+	AA-
Nordea Bank Sweden Hypotek	P-1	Aa3	A-1			

Risk management

Nordea Bank Sweden is entirely integrated with Nordea's risk management system. Group Credit and Risk Control is in charge of the drafting of rules and guidelines for risk assessment, central control and reporting for Nordea Bank Sweden and for Nordea as a whole. Each business area is primarily responsible for identification and control of the risks in their operations.

Nordea Bank Sweden'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 counterparty not fulfil agreed obligations and that any collateral deposited does not cover the Group's claim. Most of the credit risk in respect of Nordea Bank Sweden arises in connection with lending, but also in connection with other types of present and future receivables, such as bonds and other interest-bearing instruments, off-balance-sheet commitments, such as guarantees, documentary credits and credit commitments, and trading in financial instruments, such as derivatives. Credit risk also includes credit risk in derivatives, transfer 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. A rating is also set to the customer, in accordance with Nordea's internal rating system. If the repayment ability is deemed to have deteriorated in respect of a credit exposure, it is categorised as substandard. Besides normal monitoring, an action plan is prepared for how a possible loan loss should be minimised.

If the bank considers it probable that an exposure will not be fully paid, either by the customer, through assets pledged or by other source, the exposure is considered doubtful. A provision is set up for the amounts not expected to be received. Exposures which are considered substandard or doubtful are reviewed quarterly with

regard to their development, outlook, future repayment ability, and possible need for provisions and size of such provision.

In the past few years, Nordea has developed a framework for quantitative measurement of credit risks. The core of this framework is Nordea's internal rating and scoring models that rank the customer's repayment ability. The customer rankings are used when calculating economic profit and economic capital.

Impaired loans and property taken over

SEKm		
31 December	2002	2001
Impaired loans, gross	4,114	4,170
Reserves for impaired loans	-2,327	-2,536
Impaired loans, net	1,787	1,634
Reserve in % of impaired loans, gross	57%	61%
Impaired loans, net/lending, %	0.4%	0.4%
Property taken over for the protection of claims	44	212

Analysis of credit risk

Lending

Nordea Bank Sweden's lending to the public increased in 2002 by 5% to SEK 422bn (403), of which 95% (95) pertained to borrowers in Sweden and other Nordic countries. Lending to the corporate sector accounted for 60% (62) of the exposure. The household sector's percentage of exposure increased to 36% (35), while the public sector accounted for just under 4% (4). Of the total amount, 7% (6) was secured through state and municipal guarantees while 46% (43) consisted of lending secured by property mortgages.

Lending to the corporate sector amounted to SEK 252bn (248) at the end of 2002. Property-management companies accounted for a larger proportion of the exposure, 41% (40), of which housing financing accounting for a major portion. The proportion representing the manufacturing industry was 11% (13) while the consulting and service companies, including rental operations, accounted for just over 6% (10). At the end of 2002, the telecom sector, which is included in the latter two categories, accounted for 5% (12) of lending to the corporate sector.

Lending to the household sector amounted to SEK 154bn (141), of which 83% (82) consisted of mortgage loans.

Credit commitments and unutilised portions of approved overdraft facilities amounted to SEK 150m (161), and guarantees and unutilised irrevocable letters of credit amounted to SEK 5bn (7).

Assets in the form of bonds and other interest-bearing instruments amounted to SEK 34bn, while the credit risk exposure in derivatives amounted to SEK 37bn.

(The credit risk exposure in derivatives is also included in the risk-weighted amount below, according to the capital adequacy rules regarding the exposure to counterparty risk in off-balance-sheet commitments).

Lending to the public sector amounted to SEK 16bn (14), of which 78% (91) was to municipalities.

Loans and advances to credit institutions

Lending to credit institutions amounted at the end of the year to SEK 100bn (98), of which 96% (99) was for terms of less than one year.

Impaired loans

Impaired loans, gross amounted to SEK 4.1bn (4.2), of which SEK 3.3bn (3.3) were corporate loans and SEK 0.9bn (0.9) loans to private persons. The net amount, after a SEK 2.3bn (2.5) deduction for provisions for impaired loans, was SEK 1.8bn (1.6), corresponding to 0.4% (0.4) of the total volume of loans outstanding.

Transfer risk

Transfer risk is a credit risk that arises in connection with the transfer of money between countries and that is influenced by changes in the economic and political landscape, which can lead to difficulties in transferring liquid funds and make it more difficult for counterparties to fulfil their commitments. The credit risk in connection with transfer risk is assessed with the help of an external institution that continuously assesses different countries' economic and political status.

Fixed interest terms at 31 December 2002

SEKm	< 3 months	3–6 months	6–12 months	1–2 years	2–5 years	> 5 years	Without fixed interest
Assets							
Interest-bearing assets	392,706	38,629	26,780	49,695	26,882	3,578	1,789
Trading	15,070	0	0	0	0	0	0
Off-balance-sheet items	161,291	18,914	9,704	12,932	1,827	320	0
Non-interest-bearing assets	0	0	0	0	0	0	51,839
Total assets	569,067	57,543	36,484	62,627	28,709	3,898	53,628
Liabilities and shareholders' equity							
Interest-bearing liabilities	348,185	76,859	13,772	50,279	25,455	3,263	0
Off-balance-sheet items	162,460	12,594	7,720	9,886	10,632	1,696	0
Non-interest-bearing liabilities	0	0	0	0	0	0	89,155
Total liabilities	510,645	89,453	21,492	60,165	36,087	4,959	89,155
Exposure	58,422	–31,910	14,992	2,462	–7,378	–1,061	–35,527
Cumulative exposure	58,422	26,512	41,504	43,966	36,588	35,527	0

Off-balance-sheet commitments

The bank's business operations include a considerable proportion of off-balance-sheet items. Such items 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 about exchanges of interest payments (swaps, FRAs).

Total exposure to counterparty risk pertaining to off-balance-sheet commitments amounted to SEK 39bn (39) at the end of the year, measured as the risk-weighted amount in accordance with capital adequacy rules.

Market risk

Nordea Bank Sweden 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, equities and commodities prices. Market risk is divided into interest rate, currency, equities 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 areas are also subject to a lesser risk in conjunction with their customer service and market making activities.

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

Nordea Bank Sweden'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 cause loss, on account of a change in the market value of an interest-rate-related product that is negative to Nordea, based on VaR for linear risk and scenario simulation for non-linear risk. At the end of 2002, the VaR risk amounted to SEK 134.1m. Non-linear risk amounted to SEK 0.5m.

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 SEK 474.9m. The calculation presupposes that no market transactions take place during the period.

Exposure to currency risk arises when assets and liabilities in the same currency are of unequal amounts. Overall limits are based on VaR for linear risk and scenario simulation for non-linear risk. At the end of 2002, the VaR risk amounted to SEK 11.0m. Non-linear risk amounted to SEK 4.8m. A 5% change in the currency positions would result in an exchange rate risk of SEK 6.6m.

Overall limits for equities' risk are based on VaR for linear risk. At the end of 2002, equities' risk amounted to SEK 43.8m.

Operational risk

Nordea Bank Sweden 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 management, consisting of a risk-management framework, 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 in the processes. Preparedness planning and increased readiness to act in crisis management are key considerations for the management of larger incidents. The physical safety of bank employees and customers as also given high priority.

Personnel

Nordea aims to attract, develop and retain highly motivated, competent and dedicated employees. This is a strategic prerequisite for Nordea's success in the marketplace. The Group has a consistent human resources strategy intended to strengthen employees' will, ability and knowledge – i.e. their competence. Employee motivation and sound working conditions are prioritised in the long-term personnel development scheme.

Investigations of the composition of Nordea's personnel show a good mix of potential and experience.

In addition to a broad base of experienced employees, Nordea has an important group of employees between the ages of 25 and 35.

The need for reducing the number of employees prompted by technological breakthroughs and changed patterns of customer behaviour, can to a large extent be dealt with through natural processes of personnel turnover, like retirement.

Each employee is responsible for his or her own development. The manager is responsible for supporting and giving guidance to the employees so that the unit's goals are achieved. The group-wide Human Resources function should support the manager in issues concerning recruitment and competence development, and is also responsible for coordinating personnel administrative routines and other supporting functions.

Comprehensive organisational change

The HR function has supported the business areas and group functions in a great number of integration projects during 2002, including the integration of Postgirot Bank.

The consequences for individual employees that have resulted from the integration project have been dealt with in accordance with Nordea's principles and values.

HR Organisation

A new personnel organisation has been implemented to address the business area's need for speedy delivery of high quality HR solutions. The launching of the HR Partner organisation has provided managers with much needed assistance in daily as well as strategic HR-related issues.

A Group HR Centre has been formed to give the HR Partner organisation support as regards principles and policies, and also to develop group-wide tools and aids for a professional HR work.

An HR Shared Service Centre has been formed to provide administrative support to Group HR.

Further focus and attention to the business operations

The number of employees carrying out conventional bank services is declining. The customers are to a growing extent using technical aids to satisfy their need for payments and other bank services. This leads to a change in the content of banking operations, so that more and more assignments are transferred to advising customers and development of e-banking services. New technology also reduces the need for administrative personnel.

The need to develop skills and competencies is extensive and growing due to the changes work tasks and technological advancements. The Group gives priority to these competence development activities.

HR activities

A number of HR activities have been carried out during 2002. A common system for evaluation of performance and development has been introduced, which has led to 90% of all employees having had performance and development dialogues in the same format during the year.

The concept with HR Partners has been developed to provide better support to managers in business areas and group functions. The appointed HR Partners within the Group have been given the necessary further training.

There has been a systematic review of all senior managers in the Group to map out the potential need for replacement capacity and the need for personal development. A training programme for new managers has been developed.

Balanced scorecard has been introduced throughout the organisation. The Group's strategy is translated to individual areas of responsibility and the development is monitored quarterly, and this forms an important part of the evaluation of the individual manager's performance.

An employee satisfaction survey (ESI) is carried out annually. There is a follow-up on the outcome of the survey, and action plans are prepared for each unit within the organisation.

There has been a review of the profit-sharing systems with the aim of harmonising the sums paid out between the countries.

Social responsibility

The Nordea Group has taken a number of initiatives to secure a fair and socially responsible staff policy. Some examples:

- A mentor's programme to promote the careers of female staff
- Extensive pension commitments to employees
- Far-reaching activities to facilitate career changes for employees in connection with market-driven reorganisations

Environmental concern

In accordance with the Nordea Group's principles, Nordea Bank Sweden has committed itself to pursuing a sustainable business operation by combining economic performance with social and environmental responsibility. Concern for the environment shall guide the efforts to reduce the negative and increase the positive environmental impact of the bank's operations.

The Group will adopt an environmental policy that should serve as a guideline for how the units within the Group are to perform the environmental review of their daily operations. This is also to reduce the costs and business risks related to these issues.

The environmental policy should guide both the financial operations and the choice of contractors.

Legal proceedings

Within the framework of the bank's normal business operations, Nordea Bank is involved in a number of claims in court summonses and other disputes, most of which involve relatively limited amounts. None of these disputes is considered to have any major adverse impact on the bank or its financial position.

The case of Yggdrasil AB versus Nordea Bank Sweden, which was given special attention in previous annual reports, was resolved by a decision of the Stockholm District Court on September 1, 1998, in favour of Nordea Bank Sweden. Yggdrasil appealed against the District Court's decision, and on 28 June the Svea Court of Appeal confirmed the District Court's decision. Thereafter, Yggdrasil applied for leave of appeal, but on 10 February 2003 the court of final appeal (Högsta domstolen) rejected this application, which means that the District Court's original decision gained legal force.

Important events after the year-end

It was decided to acquire all shares in Treviso Bank AB (publ) from Nordea Investment Management Bank A/S at a price equivalent to the assets net worth. The acquisition is conditional upon the approval of the Swedish Financial Supervisory Authority.

Outlook

For 2003, growth in the four Nordic economies is expected to be low, leading to limited potential for increased revenues. An increase in short-term interest rates, which may improve interest rate margins, is not expected until late 2003, at the earliest. To a certain extent the income 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 a 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. Based on the quality of the portfolio as well as the present economic outlook for the Nordic countries, Nordea has no reason to believe that loan losses will exceed this average level in 2003.

Major subsidiaries

Nordea Finans Sverige AB (publ)

Nordea Finans is responsible for finance-company products in Sweden. The company's principle products are leasing, instalment payment arrangements, invoice factoring, contract factoring, credit cards and other consumer credits. The products are marketed through the bank's network of branch offices and, to an increasing

degree, through partners – that is, suppliers and retailers that offer financing in connection with the sale of their own products.

Total assets at year-end amounted to SEK 30bn, and operating profit for the year was SEK 506m. The number of employees at year-end was 296.

Nordea Hypotek AB (publ)

Through the bank's network of branch offices, Nordea Hypotek offers customers a competitive range of high-quality, long-term financing solutions for properties, tenant-ownership and municipalities.

Lending amounted to SEK 193bn at year-end. Housing mortgages accounted for 69% of the total. Lending to municipalities or lending on municipal or state guarantees accounted for 17%, tenant-ownership for 9% and other lending for 5%.

Operating profit amounted to SEK 2,048m. At year-end, the company had six employees.

Nordea Bank Polska S.A. and LG Petro Bank S.A.

Nordea Bank Polska and LG Petro Bank perform the bank's operations in Poland.

Nordea Bank Polska's network of branch offices covers the major cities in Poland, and e-banking was introduced in 2001. The company's total assets amounted to SEK 3bn.

LG Petro Bank is among the 20 largest banks in Poland. The bank is present in all major Polish cities through a number of branches and mortgage outlets. The company's total assets amounted at year-end to SEK 6bn.

The number of employees in both banks at year-end was 638.

Income statement

SEKm	Note	Group		Parent Company	
		2002	2001	2002	2001
Operating income					
Interest income	2	28,469	29,914	20,454	22,496
Interest expenses	2	-18,232	-20,782	-13,029	-16,076
Net interest income	2	10,237	9,132	7,425	6,420
Dividends received	3	14	55	30	314
Commission income	4	4,816	4,670	4,468	3,098
Commission expenses	5	-826	-892	-786	-774
Net result from financial operations	6	363	739	318	821
Other operating income	7	758	11,177	327	11,582
Total operating income		15,362	24,881	11,782	21,462
Operating expenses					
General administrative expenses					
Personnel expenses	8	-4,604	-4,013	-4,292	-3,399
Other administrative expenses	9	-4,950	-4,011	-4,921	-3,678
Depreciation and write-down of tangible and intangible fixed assets	10	-670	-360	-479	-160
Total operating expenses		-10,224	-8,384	-9,692	-7,237
Profit before loan losses		5,138	16,497	2,090	14,225
Loan losses, net	11	-184	-955	-99	-681
Change in value of property taken over	12	-58	7	-77	0
Write-down of shares in subsidiaries		-	-	-30	-215
Share of profit in associated companies		21	-7	-	-
Operating profit		4,917	15,542	1,884	13,329
Result from the insurance business		-	-36	-	-
Appropriations	13	-2,406	242	-1,090	1,095
Tax on profit for the year	14	-684	-1,459	-268	-960
Minority shareholding		2	1	-	-
Net profit for the year		1,829	14,290	526	13,464
Net commission income	4, 5	3,990	3,778	3,682	2,324

Balance sheet

31 December, SEKm	Note	Group		Parent Company	
		2002	2001	2002	2001
Assets					
Cash and balances at central banks	15	3,558	3,657	2,901	3,506
Treasury bills and other eligible bills	16	12,075	15,622	11,428	12,927
Loans to credit institutions	17	99,644	98,156	180,988	167,682
Lending	18	421,628	403,178	193,086	180,451
Bonds and other interest-bearing securities	21	21,796	44,936	34,043	52,858
Shares and participations	23	388	772	302	688
Shares and participations in associated companies	24	271	262	251	244
Shares and participations in Group companies	25		80	14,124	16,142
Intangible fixed assets	26	2,851	2,526	1,899	8
Tangible assets	27	1,288	3,958	658	487
Other Assets	28	39,749	36,324	41,497	35,065
Prepaid expenses and accrued income	29	3,720	4,214	2,818	3,122
Total assets		606,968	613,685	483,995	473,180
Assets pledged					
Assets pledged for own liabilities	30	26,808	28,626	24,698	21,387
Other pledged assets	30	14,372	16,512	14,372	16,512
Liabilities and shareholder's equity					
Loans from credit institutions	31	124,445	173,271	120,519	190,008
Deposits	32	224,759	221,674	221,424	171,738
Other borrowings from the public	33	1,648	12,796	1,647	211
Securities issued etc	34	141,401	106,354	35,281	22,047
Other liabilities	35	55,940	33,531	55,167	33,356
Accrued expenses and prepaid income	36	5,615	6,541	2,231	3,069
Provisions	37	4,374	5,229	1,568	402
Subordinated debt	38	25,559	22,326	25,559	22,326
Total liabilities		583,741	581,722	463,396	443,157
Untaxed reserves	39			4,903	5,850
Shareholder's equity	40				
Share capital		5,482	5,482	5,482	5,482
Restricted reserves/Statutory reserve		11,387	12,142	4,186	4,186
Reserve for unrealised gains		190	268	223	295
Profit or loss carried forward/Unrestricted reserves		4,339	-219	5,279	746
Net profit for the year		1,829	14,290	526	13,464
Total shareholders' equity		23,227	31,963	15,696	24,173
Total liabilities and shareholders' equity		606,968	613,685	483,995	473,180
Contingent liabilities	41	21,879	30,710	37,836	46,166
Commitments	42	1,915,405	2,511,948	1,895,329	2,471,735
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Cash flow statement

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Ordinary business				
Operating profit	4,917	15,542	1,884	13,329
Adjustments for items not included in cash flow	4,315	-10,432	3,069	-10,675
Appropriations affecting cash flow	-2,306	38	-2,223	64
Adjustments for items included in investment and/or financial operations	-14	-55	-30	-314
Income taxes paid	-1,212	-1,358	-1,071	-1,282
Cash flow from ordinary operations before changes in ordinary business assets and liabilities	5,700	3,735	1,629	1,122
Change in ordinary business assets	8,023	-1,452	77,427	-29,798
Change in ordinary business liabilities	-54,708	15,486	-93,735	-10,144
Net cash inflow/(outflow) from operating activities	-40,985	17,769	-14,679	-38,820
Investment operations				
Acquisition/sale of interest-bearing securities, financial fixed assets	10,953	25,305 ¹	11,624	35,496 ¹
Acquisition/sale of shares and participations	65	300 ²	12	302 ²
Acquisition/sale of shares in associated companies	13	-26	-7	-
Acquisition/sale of shares in Group companies	125	-	1,988	6,304
Acquisition of subsidiaries ³	-1,159	-4,197	-	-
Merger of subsidiaries ⁴	-	-	-4,549	-
Sale of subsidiaries ⁵	1,183	11,000	-	-
Acquisition/sale of tangible and intangible fixed assets	-514	-593	-205	-327
Group contributions	-	-	-	-650
Dividend	14	55	30	314
Net cash inflow/(outflow) from investment operations	10,680	31,844	8,893	41,439
Financial operations				
Change in securities issued etc.	35,047	-46,034	13,234	-1,197
Change in subordinated debt	3,233	-1,605	2,693	-1,065
Dividend	-8,500	-7,000	-8,550	-7,000
Net cash inflow/(outflow) from financial operations	29,780	-54,639	7,377	-9,262
Cash flow for the year	-525	-5,026	1,591	-6,643
Liquid assets at the beginning of the year	8,165	13,191	5,767	12,410
Liquid assets at the end of the year	7,640	8,165	7,358	5,767
Change	-525	-5,026	1,591	-6,643
Additional information				
Liquid assets include				
Cash and balances at central banks	3,558	3,657	2,901	3,506
Loans to credit institutions				
Payable on demand	4,082	4,508	4,457	2,261
	7,640	8,165	7,358	5,767
Interest payments				
Interest payments received	29,060	31,118	20,454	24,647
Interest expenses paid	18,539	21,174	13,382	16,302

¹ Including reclassification of interest-bearing securities from financial fixed assets to current assets.

² Including reclassification of shares and participations from financial fixed assets to current assets.

³ **Acquisition of subsidiaries**

Assets and liabilities acquired	
Cash and balances at central banks	230
Treasury bills and other eligible bills	543
Loans to credit institutions	931
Lending	4,041
Bonds and other interest-bearing securities	110
Shares and participations	63
Shares and participations in associated companies	9
Intangible fixed assets	577
Tangible assets	83
Other Assets	296
Prepaid expenses and accrued income	89
Total assets	6,972
Loans from credit institutions	829
Deposits	4,722
Other liabilities	50
Accrued expenses and prepaid income	140
Provisions	72
Total liabilities	5,813
Purchase price	1,159
Less liquid assets in acquired business	-230
Effect on liquid assets	929

⁵ **Sale of subsidiaries**

Cash and balances at central bank	3
Lending	331
Shares and participations	0
Tangible fixed assets	2,915
Other Assets	136
Prepaid expenses and accrued income	16
Total assets	3,401
Loans from credit institutions	1,915
Other liabilities	101
Accrued expenses and prepaid income	145
Provisions	187
Total liabilities	2,348
Sales price, purchase price received	1,180
Less liquid assets in disposed business	-3
Effect on liquid assets	1,177

⁴ **Merger of subsidiaries**

Merged assets and liabilities	
Cash and balances at central banks	10
Treasury bills and other eligible bills	2,469
Loans to credit institutions	52,700
Lending	18,792
Bonds and other interest-bearing securities	9,155
Shares and participations	11
Shares and participations in Group companies	3
Intangible fixed assets	2,201
Tangible assets	135
Other Assets	1,427
Prepaid expenses and accrued income	482
Total assets	87,385
Loans from credit institutions	18,517
Deposits	48,788
Other borrowings from the public	12,584
Other liabilities	456
Accrued expenses and prepaid income	469
Provisions	1,482
Subordinated debt	540
Total liabilities	82,836
Merged purchase price	4,549
Less liquid assets in acquired business	-10
Effect on liquid assets	4,539

Notes to the financial statements

Note 1

Accounting principles

The Annual Report has been prepared in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies and the regulations of the Swedish Financial Supervisory Authority (FFFS 2001:19). The recommendations from the Swedish Financial Accounting Standards Council are applied

Changed accounting principles

The reporting has been adapted to the amended valuation and information rules stipulated by the Swedish Financial Supervisory Authority. The amended rules, which entered into effect 2002, have not materially changed the valuation of the credit portfolio. An adjustment has been made to the recommendations of the Swedish Financial Accounting Standards Council, which came into effect in the year 2002. In other respects, the accounting principles and the bases for assessment are unchanged compared with the annual report 2001.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with recommendations from the Swedish Financial Accounting Standards Council and include the parent company Nordea Bank Sweden AB, and those companies in which the parent company has more than 50% of the voting rights (See the specification to note 25 for a list of those companies).

Shares in subsidiaries have been eliminated using the acquisition accounting method.

The earnings in companies acquired or divested are included in the consolidated income statement only for the part of the year each respective company belonged to the Group.

The current method is used when translating the financial statements of subsidiaries. This means that the assets and liabilities of subsidiaries have been translated at the year-end exchange rate, while items in income statements have been translated at the average exchange rate for the year. To achieve a hedge against currency fluctuations regarding net investments in independent foreign operations in the consolidated financial statement, the Parent company has raised loans in foreign currency. The loans are reported in the consolidated financial statement at the closing day rate. Translation differences are charged or credited directly to the shareholders' equity of the Group. Information of the opening and closing accumulated translation difference is provided in a note to shareholders' equity.

Reporting of associated companies

Shares in associated companies are accounted for under the equity method.

Reporting of business transactions

Business transactions are reported at the time that risks and rights are transferred between the parties. Trade date accounting is applied for transactions in the money and bond markets, and in the stock and currency markets.

Deposit and lending transactions, including repurchase agreements, are reported on the settlement date.

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

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

Leasing

Principally all of Nordea bank Sweden's leasing operations comprise financial leasing. In reporting financial leasing transactions, the leasing item is reported as lending to the leasee. Lease payments net of depreciation are reported as interest income.

Repos and other repurchase agreements

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

Financial fixed assets/current assets

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

Securities which are classified as financial fixed assets include shares held for strategic business purposes as well as certain interest-bearing securities which are specified from the date of acquisition and managed in a separate portfolio. These securities are carried at acquisition value/amortised cost after consideration of any permanent diminutions in fair value. Reclassification of securities between financial fixed assets and financial current assets is allowed only under extraordinary circumstances. If any such reclassifications are made, the effect on earnings is disclosed in the notes to the financial statements.

Other securities are reported as financial current assets. All securities and derivatives which are actively managed are valued at fair value, with the exception of financial instruments for which deferral hedge accounting has been applied. (See hedge accounting below). This classification includes all interest-bearing securities as well as equity securities included in trading operations.

The acquisition value of interest rate related instruments is calculated as the present value of future payment flows, discounted on the basis of the effective acquisition rate, i.e. the interest rate at which the instrument was acquired. This accrued acquisition value changes successively, so that it is equal to the instrument's nominal value on the maturity date. For instruments with coupons, this means that any premium or discount is amortised or accreted into interest income over the remaining term of the instrument; positive/negative effect on results is reported under interest income. The acquisition value of instruments of debt issued is calculated in the same manner.

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

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

Capital investment shares held pursuant to the regulations in the Banking Business Act, Chap. 2 §15a are reported at the lower of cost or fair value.

Immediate profit/loss recognition in connection with early debt redemption

According to international accounting standards, Nordea Bank Sweden applies immediate profit/loss recognition in connection with early debt redemption, i.e. purchase of own securities. These realised income items – the difference between replacement cost and the book value of the debt redeemed – reflect price changes that have already occurred in the market. The results are reported in the item "Net result from financial operations".

Debt redemption is reported only in the consolidated accounts and applies to transactions which do not qualify as hedges. A typical example is the case where the Parent Company acquires debt securities previously issued by a subsidiary. A subsequent sale of acquired bonds is treated as though the bonds had been newly issued.

Hedge accounting

Deferral hedge accounting is applied to hedge holdings of financial instruments which are not valued at fair value.

The hedging and hedged positions are reported without taking into account changes in values provided that changes in fair value for the hedging and the hedged positions essentially offset each other in terms of the amounts involved. Any additional unrealised losses are reported immediately. Deferral hedge accounting does not cover the currency risk to which the Bank is exposed through the hedge instrument or through the underlying assets and/or liabilities.

Translation of assets and liabilities denominated in foreign currencies

Receivables and liabilities denominated in foreign currencies are translated at the average of official buying and selling rates on the balance sheet date. Cash holdings in foreign currency are treated the same way as receivables.

Forward positions in foreign currencies are valued at the current rate for forward contracts with the equivalent remaining maturity.

When currency-related derivative instruments are used for currency hedging, the currency hedging and the corresponding protected item are translated at the year-end rate.

Credit portfolio

Evaluation of loan obligations, which comprise fixed assets

Loan claims are initially reported in the balance sheet at acquisition value, i.e. the loan amount granted to the borrower with an additional charge for direct transaction costs. Thereafter, the loan claims are reported on an ongoing basis at acquisition value after deductions for write-downs and, specific and groupwise provisions for loan losses.

Definition of impaired loans

A impaired loan is a claim for which it is probable that payment will not be made in accordance with the contractual terms of the loan. A loan obligation must not be considered doubtful if it is secured by a satisfactory margin that covers both the principal and interest charges, including where applicable compensation for delays.

Restructured loan obligations and reclassified impaired loans

A loan is restructured when the creditor has granted the borrower interest deferments because of deterioration of the borrower's financial situation, or if the borrower suffers other financial problems. A portion of the original loan amount, which the creditor defers in connection with the restructuring, constitutes an incurred loan loss.

Incurred loan loss

Incurred losses (charge-offs) are losses where it is deemed that the loan amount will not be paid by the borrower and/or through the realisation of pledge agreements or guarantee commitments. Incurred loan losses are written off when recovery is no longer reasonably foreseeable.

Evaluation of impaired loans

Impaired loans are evaluated according to the assessed recovery value.

The recovery value is calculated according to one of the following methods:

- The discounted value of the estimated cash flow from the borrower.
- The estimated real value of the collateral that is pledged as security for the loan and/or the real value of guarantee commitments.
- The market value identified for the loan claim.

When a claim is classified as doubtful, it is transferred to cash-based interest accounting. Accrued interest income is thus no longer included in earnings, and amounts related to earlier accruals are reversed. Accrued interest carried over from the previous year is reported as a loan loss.

For such impaired loan receivables as are valued according to the aggregate discounted value of expected future cash flow, the change in recovery value is reported as interest, if the assessment of the payments that are expected to be incoming is unchanged between two dates when assessments are made,

if however the value of this change must be reported as a loan loss, or as recovery.

Reclassification of impaired loan receivables to normal receivables

Loan receivables are judged to be normal receivables when the contractual amounts for amortisation and interest are paid on time.

Transfer risk

Transfer risk relates to such political events or other exogenous factors that may result in various forms of hindrance that may impede the transfer of payments under contract to the payment country specified by the creditor.

Provisions for loan losses related to country risks are made on the basis of country risk estimates presented by EIU (The Economist Intelligence Unit, London). Transfer risk is assessed individually for each country, based on the size of the outstanding loan receivable that is exposed to transfer risk. A provision for transfer risk is reported as a reduction of the book value of the loan receivable.

Groupwise provisions for individually appraised receivables

For groups of loan receivables, where it is deemed probable that loans losses will be incurred, but where the individual loan receivable within the group cannot yet be identified, a provision must be made in respect of the entire group of loan receivables.

Groupwise evaluation of loan receivables with similar credit risk

Homogenous groups of receivables with limited value and similar credit risk are evaluated groupwise. The evaluation is

based on the experience of incurred loan losses and the assessment of the probable loss trend for the group in question. The principle for division into groups is documented according to previous loan losses, assessment of future development and the basis applied for assessment.

Depreciation

Intangible assets

Goodwill and trademarks are depreciated in 10 years. Activated licence fees regarding computer software are depreciated in 3 years.

Equipment

Equipment is depreciated in 5 years on a straight-line basis. Personal computers are depreciated in 3 years.

Buildings

Buildings are depreciated at the maximum amount allowed for tax purposes which corresponds to the estimated useful life of the buildings. Depreciation of excess values in consolidated accounts regarding buildings is calculated at varying percentage rates, based on the remaining depreciation period for the building in question.

Pension costs

The operating profit includes pension costs which comprise actuarial based pension costs, including special wage tax, on obligations which are guaranteed by the Bank's pension foundation as well as pension premiums paid to third parties. The actuarial pension costs on obligations guaranteed by the Bank are offset in the pension adjustments which are reported under appropriations. Pension benefits paid, special wage tax on pensions and contributions made to the pension foundation are also included in the amount reported under appropriations.

Note 2

Interest income, leasing income and interest expenses

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Interest income				
Loans to credit institutions	3,476	5,091	6,932	8,767
Lending	22,813	22,156	10,961	10,602
Interest-bearing securities				
Current assets	1,990	2,527	2,377	3,019
Financial fixed assets	103	140	96	108
Other Assets	87	–	88	–
Total interest income	28,469	29,914	20,454¹	22,496¹
Interest expenses				
Loans from credit institutions	–4,980	–7,612	–4,703	–8,801
Deposits and borrowings from the public	–5,973	–4,843	–5,933	–4,793
Debt securities in issue etc.	–6,292	–6,823	–1,407	–990
Subordinated debt	–807	–1,405	–807	–1,405
Other	–180	–99	–179	–86
Total interest expenses	–18,232	–20,782	–13,029²	–16,075²
Net interest income	10,237	9,132	7,425	6,421
Cost of the depositor guarantee	120	93	120	91

¹ Of which, Group companies SEK 5,501m (SEK 5,001m).

² Of which, Group companies SEK 2,138m (SEK 1,728m).

Average interest rate on loans/deposits

	Group		Parent Company	
	2002	2001	2002	2001
Lending				
Average volume, SEKm	407,835	377,107	182,608	167,609
Average interest, %	5,59	5,88	6,00	6,32
Deposits and borrowings from the public				
Average volume, SEKm	215,649	175,777	173,984	184,716
Average interest, %	2,77	2,76	3,41	2,59

Average balance, Group

	Average balance 2002		Average balance 2001	
	SEKm	Interest, %	SEKm	Interest, %
Assets				
Loans to credit institutions	109,001	3,19	93,350	5,45
Lending	407,835	5,59	377,107	5,88
Interest-bearing securities	45,922	4,56	53,489	4,99
Total interest-bearing assets	562,758	5,04	523,946	5,71
Non-interest-bearing assets	57,337		52,501	
Total assets	620,095	4,59	576,447	5,19
Liabilities and share-holder's equity				
Loans from credit institutions	168,977	2,95	172,222	4,42
Deposits and borrowings from the public	215,649	2,77	175,777	2,76
Debt securities in issue	125,442	5,02	126,232	5,41
Subordinated debt	21,358	3,78	24,274	5,79
Other liabilities	62,804	0,28	53,348	0,19
Total liabilities	594,230	3,07	551,853	3,77
Shareholder's equity	25,865		24,594	
Total liabilities and shareholders' equity	620,095	2,94	576,447	3,61
Investment margin, %		1,65		1,58

Note 3

Dividends received

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Shares and participations	4	41	4	41
Shares and participations in associated companies	10	14	29	40
Shares and participations in Group companies	–	–	–3	233
Total	14	55	30	314

Note 4

Commission income

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Payment transmission	2,096	1,258	1,939	1,030
Lending	1,006	693	934	616
Deposits	497	244	491	219
Guarantees	85	67	82	64
Securities	708	1,801	708	792
Other	424	607	314	377
Total	4,816	4,670	4,468	3,098

Note 5

Commission expenses

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Payment transmission	-759	-756	-743	-743
Securities	-31	-132	-19	-31
Other	-36	-4	-24	-
Total	-826	-892	-786	-774

Note 6

Net result from financial operations

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Realised gains/losses				
Shares/participations and other share-related instruments	34	-1	23	-1
Interest-bearing securities and other interest-related	-138	86	-137	105
	-104	85	-114	104
Unrealised gains/losses				
Shares/participations and other share-related instruments	-289	73	-273	85
Interest-bearing securities and other interest-related instruments	180	83	173	152
	-109	156	-100	237
Foreign exchange gains/losses	576	498	532	480
Total	363	739	318	821

Note 7

Other operating income

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Divestment of shares and participations in Group companies ¹	335	10,169	45	10,913
Divestment of shares and participations	-6	518	-6	518
Divestment of properties	48	57	-	-
Reversal/provisions for legal disputes	-	34	-	34
Operating net income from properties taken over for the protection of claims	3	7	-	-
Income from property	66	81	-	-
Other	312	311	288	117
Total	758	11,177	327	11,582

¹ Deferred tax has not been calculated, as the operations will not be divested by Nordea.

Note 8

Personnel expenses

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Salaries and remuneration (specification below)	-3,011	-2,564	-2,794	-2,163
Pension costs (specification below)	-394	-340	-367	-291
Social insurance contributions	-1,020	-871	-970	-760
Allocation to profit-sharing foundation	-3	-61	-1	-57
Other	-176	-177	-160	-128.2
Total	-4,604	-4,013	-4,292	-3,399

Salaries and remuneration:

To the Boards of Directors and senior executives	-9	-28	-3	-4
To other employees	-3,002	-2,536	-2,791	-2,159
Total	-3,011	-2,564	-2,794	-2,163

Pension costs:

Secured through pension foundation

Actuarial pension costs	-226	-204	-213	-178
Pension premiums	-114	-125	-100	-113
Total	-340	-329	-313	-291

Secured through provision in the balance sheet

Provision/reversal of pension liability	35	-2	35	-
Early retirement benefits	-2	0	-2	-
Pension benefits paid	-55	-5	-55	-
Special wage tax and pension return tax	-14	-1	-14	-
Pension premiums paid	-13	-2	-13	-
Allocation from pension foundation for pension benefits paid	0	-1	0	-
Administration and credit insurance fees	-5	0	-5	-
Total	-54	-11	-54	-

Note 8

ctd.

Actuarial pension costs include an increment for special wage tax. The actual tax paid is reported among appropriations under the item "Pension adjustment".

The total pension costs for the year, with regard to the presidents, amounted to SEK 9.9m (of which Parent Company SEK 1.0m). The corresponding cost for pensions for former presidents amounted to SEK 10.9m (of which Parent Company SEK 9.2m).

The Group's total pension obligations regarding the above amounted to SEK 170.5m, of which SEK 150.6m pertain to former presidents. The corresponding obligations for the Parent Company amounted to SEK 106.0m and SEK 106.0m, respectively.

Remuneration to the Board of Directors and the President

Remuneration to non-Nordea-employed board members and the President amounted by June and April 2002 respectively, to a total of SEK 2,836,946, of which SEK 736,600 comprised performance-based salary. In addition, the President received the benefit of a company car. For the President who has his employment with Nordea AB (publ) the terms of employment are specified in the Annual Report of that company.

Loans to the Board of Directors and the President

At the end of the fiscal year, outstanding loans amounted to SEK 5.8m, of which SEK 1.6m was to the President.

Average number of employees in Group

Full-time equivalents	2002	2001
Nordea Bank Sweden ¹	8,423	6,742
Nordea Bank Polska ²	437	319
LG Petro Bank S.A.	201	–
Nordea Fastigheter	38	39
Nordea Finans	311	310
Nordea Hypotek	6	13
Nordea Kapitalförvaltning		171
Aros Maizels Corp Finance		36
Aros Maizels Ltd		7
Other companies	10	2
	9,426	7,639
Of whom, women	5,378	4,397
men	4,048	3,242
Of whom, employed abroad	646	340

¹ Incl Postgirot Bank.

² Incl former BWP-Unibank.

Distribution of employees and salaries outside Sweden

	Number	Salary, SEKm
Poland	638	93
Other	8	2

Note 9

Other administrative expenses

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Compensation to Sweden Post	–322	–357	–322	–344
Computer costs ¹	–1,520	–896	–1,516	–809
Rents and other costs of premises	–891	–622	–1,063	–858
Postage and telephone	–688	–398	–647	–320
Marketing costs	–318	–318	–296	–267
Property expenses	–84	–127	0	0
Other expenses	–1,127	–1,293	–1,077	–1,080
Total	–4,950	–4,011	–4,921	–3,678

¹ Refers to computer operations, service and maintenance expenses and consultant fees.

Fees and remuneration to auditors

	Group		Parent Company	
SEKm	2002	2001	2002	2001
KPMG				
Auditing assignments	–7	–5	–3	–1
Other assignments	–5	–5	–4	–4
Öhrlings, PriceWaterhouseCoopers				
Auditing assignments	–1	–1	–1	0
Other assignments	0	–1	0	–1
Lindebergs Grant Thornton AB				
Auditing assignments	–	–	–	–
Other assignments	–1	–	–1	–
Deloitte & Touche, S.A.				
Auditing assignments	–	–	–	–
Other assignments	0	–	0	–
Total	–14	–12	–9	–6

Note 10

Depreciation and write-down of tangible and intangible fixed assets

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Tangible fixed assets				
Equipment	–352	–229	–257	–158
Buildings	–32	–32	0	0
Intangible fixed assets				
Goodwill	–235	–60	–210	–
Other	–51	–39	–12	–2
Total	–670	–360	–479	–160

Note 11

Loan losses, net

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Specific provision for individually appraised receivables				
Losses incurred during the year	-836	-785	-653	-709
Amount of previous provisions used during the year	542	553	484	543
The year's write-down for possible loan losses	-603	-923	-518	-672
Recovery of previously incurred losses	147	89	58	52
Reversal of previous provisions	313	487	280	477
	-437	-579	-349	-309
Groupwise provisions for individually appraised receivables				
	46	-137	46	-137
Homogenous groups of receivables with limited value and similar credit risk, evaluated groupwise				
Losses incurred during the year	-176	-153	-164	-144
Recovery of previously incurred losses	170	144	156	131
Reversal/provision to reserves for possible loan losses	74	57	73	65
	68	48	65	52
Transfer risk				
Provision/reversal of reserves for transfer risks	139	-287	139	-287
Contingent liabilities				
	0	0	0	0
Net costs for loan losses during the year				
	-184	-955	-99	-681

Note 12

Change in value of property taken over

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Realised change in value				
Property taken over	19	7	-	-
Other property taken over	-	0	-	-
	19	7	0	0
Unrealised change in value				
Property taken over	-	-	-	-
Other property taken over	-77	-	-77	-
	-77	-	-77	0
Total	-58	7	-77	0

Note 13

Appropriations

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Appropriations				
Change in depreciation in excess of plan, equipment	-	-	-7	-29
Reversal of profit equalisation reserve	-	-	1,385	1,723
Allocation to profit equalisation reserve	-	-	-143	-841
	-	-	1,235	853
Other allocations				
Pension adjustments				
Actuarial pension costs	226	204	213	178
Pension benefits paid	-294	-270	-290	-266
Allocations/compensation	-2,012	309	-1,933	330
Special wage tax	-326	-1	-315	-
Other	0	-	-	-
	-2,406	242	-2,325	242
Total	-2,406	242	-1,090	1,095

Note 14

Tax on profit for the year

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Actual tax				
Tax on the year's taxable income	-903	-1,153	-237	-885
Adjustments of actual tax for previous years	-25	-191	-24	-32
Total	-928	-1,344	-261	-917
Deferred tax asset/liability				
Deferred tax due to temporary differences	252	-98	-7	-43
Deferred tax liability brought on by consumed part of tax value of tax deductions previously carried forward	-	-9	-	-
Tax on share of profit in associated companies	-8	-8	-	-
	244	-115	-7	-43
Total tax cost	-684	-1,459	-268	-960

Note 14

cfd. Reconciliation of actual tax rate

	Group		Parent Company	
Per cent	2002	2001	2002	2001
Tax charge	-684	-1,459	-269	-960
Tax charge 28%	-704	-4,409	-222	-4,039
Difference	-20	-2,950	47	-3,079
Depreciation of group adjusted goodwill	-66	-41	-59	-
Write-down of shares	0	1	-8	-60
Other non-deductible costs	-26	-81	-14	-41
Intra-group sale of shares in subsidiaries	94	-	13	-
Income not subject to tax rate	60	3,207	53	3,163
Use of previously not utilised deductions	-6	58	-	45
Tax pertaining to prior years	-25	-191	-25	-32
Matching credit	-	10	-	10
Tax on interest income paid in other countries	-7	-6	-7	-6
Other	-4	-7	-	-
	20	2,950	-47	3,079
Average actual tax rate	27%	9%	34%	7%

Tax items charged or credited directly to shareholders' equity

	Group		Parent Company	
	2002	2001	2002	2001
Actual tax on group contributions received	-	-	-632	-668
Actual tax on group contributions given	742	840	742	850
Total	742	840	110	182

Note 15

Cash and balances at central banks

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Current assets				
This item includes cash and balances at central banks available on demand	3,558	3,657	2,901	3,506

Note 16

Treasury bills and other eligible bills

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Current assets				
Eligible government securities	11,709	13,153	11,428	12,927
Other eligible securities	-	-	-	-
	11,709	13,153	11,428	12,927
Financial fixed assets				
Eligible government securities	366	2,469	-	-
Other eligible securities	-	-	-	-
	366	2,469	-	-
Total book value	12,075	15,622	11,428	12,927
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	5,737	9,643	5,090	9,044
1-5 year	4,896	3,967	4,896	2,966
5-10 year	1,442	1,833	1,442	738
More than 10 years	-	179	-	179
Total	12,075	15,622	11,428	12,927

Average remaining maturity, years	2,2	1,8	2,2	1,5
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Information on issuer category is provided in note 22.

Note 17

Loans to credit institutions

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Financial fixed assets				
Central Bank of Sweden	2	0	2	0
Other Swedish banks	20,268	21,733	20,484	20,948
Foreign banks	76,202	74,087	75,692	60,649
Other credit institutions	3,172	2,336	84,810	86,085
Total	99,644	98,156	180,988	167,682
Of which, Group companies	56,377	40,152	140,589	122,281
Of which, reserve for transfer risk	-159	-222	-159	-222

Maturity information

Remaining maturity (book value)				
Payable on demand	4,082	4,508	4,457	2,261
Maximum 3 months	91,627	61,597	163,005	144,967
3 months-1 year	351	31,227	5,119	10,584
1-5 year	3,536	824	7,694	9,128
More than 5 years	48	0	713	742
Total	99,644	98,156	180,988	167,682

Average remaining maturity, years	0,2	0,3	0,3	0,3
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Note 18**Lending**

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Financial fixed assets	421,628	403,178	193,086	180,451
Total	421,628	403,178	193,086	180,451
Of which, Group companies	17,086	–	17,086	1,890
Of which, reserve for transfer risk	–69	–120	–69	–120
Of which, reserve for possible loan losses	–2,327	–2,536	–1,680	–2,107
Financial leasing agreements				
Gross investment	18,635	17,716		
Financial income not accrued	5,409	5,179		
Maturity information				
Remaining maturity (book value)				
Payable on demand	4,863	7,728	4,637	139
Maximum 3 months	214,636	227,558	117,720	130,558
3 months–1 year	59,516	28,784	21,884	2,936
1–5 year	131,319	128,716	48,306	46,014
More than 5 years	11,294	10,392	539	804
Total	421,628	403,178	193,086	180,451
Average remaining maturity, years	1,2	1,2	0,9	0,9

Note 18**ctd. Geographical distribution**

SEKm	Group
	2002
Nordic countries	399,232
where of	
– Denmark	1,190
– Finland	395
– Norway	974
– Sweden	396,673
The Baltic and Poland	6,118
EU countries other	7,649
United States	1,256
Latin America	1,497
Asia	1,836
Other OECD	1,890
Other	2,150
Total	421,628

Note 19**Credit portfolio**

SEKm	2002				2001			
	Total lending	Impaired loans net	Non-performing loans gross	Provisions	Total lending	Impaired loans net	Non-performing loans gross	Provisions
Group								
Companies	251,697	1,449	1,999	1,847	248,312	1,244	1,826	2,013
Personal customers	153,510	338	794	480	140,525	390	876	523
Public sector	16,421	0	0	0	14,341	0	0	0
Total	421,628	1,787	2,793	2,327	403,178	1634	2702	2,536
Parent Company								
Companies	157,410	228	537	1,349	147,123	1,146	1,630	1,678
Personal customers	29,586	209	516	331	29,819	289	687	429
Public sector	6,090	0	0	0	3,509	0	0	0
Total	193,086	437	1,053	1,680	180,451	1435	2,317	2,107

Note 19

ctd. Impaired loans

	2002	2001
Group		
Impaired loans, gross	4,114	4,170
Reserves for impaired loans	-2,327	-2,536
of which		
– specific	-1,917	-2,007
– by category	-319	-392
– general	-91	-137
Impaired loans, net	1,787	1,634
Reserve in % of impaired loans, gross	57%	61%
Impaired loans, net/lending %	0,4%	0,4%
Property taken over	44	212
– of which buildings and land	–	82
– of which shares and participations	44	130
Non-performing loans with interest reported on an accrual basis	244	258
Parent Company		
Impaired loans, gross	2,117	3,542
Reserves for impaired loans	-1,680	-2,107
of which		
– specific	-1,331	-1,639
– by category	-258	-331
– general	-91	-137
Impaired loans, net	437	1,435
Reserve in % of impaired loans, gross	79%	59%
Impaired loans, net/lending %	0,2%	0,8%
Property taken over	43	128
– of which buildings and land	–	–
– of which shares and participations	43	128
Non-performing loans with interest reported on an accrual basis	–	–

Note 20

Property taken over for protection of claims

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Current assets				
Book value on property taken over				
Buildings and land	–	82	–	–
Shares and participations	44	130	43	128
Total	44	212	43	128
Net return				
Buildings and land				
Rental income	9	13	–	–
Operating costs	-6	-7	–	–
Operating net income	3	6	–	–
As a percentage of average book value				
Buildings and land	7,3	7,0	–	–

Note 21

Bonds and other interest-bearing securities

	Group		Parent Company	
SEKm	2002	2001	2002	2001
Current assets				
Issued by other borrowers	21,645	36,588	34,043	52,858
	21,645	36,588	34,043	52,858
Financial fixed assets				
Issued by other borrowers	151	8,348	–	–
	151	8,348	0	0
Total book value	21,796	44,936	34,043	52,858
Of which, listed securities	20,480	41,640	32,727	51,272
Of which, unlisted securities	1,316	3,296	1,316	1,586
Of which, Group companies, subordinated	1,316	1,586	1,316	2,126
other	188	208	12,595	15,942
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	9,906	19,306	17,661	24,471
1–5 year	10,413	23,557	14,860	25,272
5–10 year	1,438	2,073	1,522	3,115
More than 10 years	39	–	–	–
Total	21,796	44,936	34,043	52,858
Average remaining maturity, years	1,9	1,9	1,7	1,5

Note 22

Total holdings of interest-bearing securities, notes 16 and 21

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Current assets				
Treasury bills and other eligible bills	11,709	13,153	11,428	12,927
Bonds and other interest-bearing securities	21,645	36,588	34,043	52,858
Total	33,354	49,741	45,471	65,785
Financial fixed assets				
Treasury bills and other eligible bills	366	2,469	–	–
Bonds and other interest-bearing securities	151	8,348	–	–
Total	517	10,817	–	–
Total book value	33,871	60,558	45,471	65,785
Total face value ¹	33,592	60,244	45,006	65,347
¹ Face value is the settlement amount on the maturity date.				
Difference between book and face value:				
Book value higher than face value	468	553	654	637
Book value lower than face value	–189	–241	–189	–199
Net	279	314	465	438
Maturity information				
Remaining fixed-interest period (book value)				
Maximum 1 year	15,643	28,949	22,751	33,515
1–5 year	13,309	27,524	19,756	28,238
5–10 year	2,880	3,906	2,964	3,853
More than 10 years	39	179	–	179
Total	33,871	60,558	45,471	65,785
Average remaining maturity, years	2,0	1,9	1,8	1,5

Note 22

cfd. Issuer categories

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Current assets				
Book value				
Swedish state	6,547	12,777	6,547	12,772
Swedish municipalities	340	155	340	155
Swedish mortgage institutions	14,398	26,758	26,805	42,491
Other Swedish issuers				
Non-financial companies	3,784	3,931	3,784	3,931
Financial companies	–	1,719	–	2,259
Foreign governments	4,822	742	4,541	521
Other foreign issuers	3,463	3,659	3,454	3,656
Total	33,354	49,741	45,471	65,785
Fair value				
Swedish state	6,547	12,777	6,547	12,771
Swedish municipalities	340	155	340	156
Swedish mortgage institutions	14,398	26,758	26,805	42,491
Other Swedish issuers				
Non-financial companies	3,784	3,931	3,784	3,931
Financial companies	–	1,719	–	2,259
Foreign governments	4,822	742	4,541	521
Other foreign issuers	3,463	3,659	3,454	3,656
Total	33,354	49,741	45,471	65,785
Amortised cost				
Swedish state	6,480	12,777	6,480	12,772
Swedish municipalities	336	156	336	156
Swedish mortgage institutions	14,298	26,673	26,572	42,330
Other Swedish issuers				
Non-financial companies	3,764	4,239	3,764	4,238
Financial companies	–	1,407	–	1,947
Foreign governments	4,753	728	4,479	514
Other foreign issuers	2,139	3,657	2,130	3,654
Total	31,770	49,637	43,761	65,611

Note 22

ctd.

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Financial fixed assets				
Book value/amortised cost				
Swedish state	–	2,142	–	–
Swedish municipalities	–	327	–	–
Swedish mortgage institutions	–	2,352	–	–
Other Swedish issuers				
Non-financial companies	–	2,568	–	–
Financial companies	366	1,632	–	–
Foreign governments	151	1,796	–	–
Total	517	10,817	–	–
Fair value				
Swedish state	–	2,264	–	–
Swedish municipalities	–	332	–	–
Swedish mortgage institutions	–	2,370	–	–
Other Swedish issuers				
Non-financial companies	–	2,573	–	–
Financial companies	366	1,637	–	–
Foreign governments	151	1,811	–	–
Total	517	10,987	–	–

Note 23

Shares and participations

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Current assets				
Shares inventory in brokerage business	0	0	0	0
Taken over for the protection of claims	44	130	43	128
Other	294	590	209	512 ¹
Total	338	720	252	640
Fixed assets				
Other shares and participations ¹	50	52	50	48
Total	388	772	302	688
Of which, listed securities	196	455	118	392
unlisted securities	192	317	184	296
Total	388	772	302	688

¹ For a specification, see page 39.

Note 24

Shares and participations in associated companies¹

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Fixed assets				
Other	271	262	251	244
Total	271	262	251	244

Of which, unlisted securities 271 262 251 244

¹ For a specification, see page 39.

Note 25

Shares and participations in Group companies¹

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Fixed assets				
Opening acquisition value	80	80	16,385	13,052
Purchases/mergers during the year	–	–	3,837	5,123
Sales/mergers during the year	–80	–	–5,825	–1,790
Write-down of shares	–	–	–30	–215
Accumulated depreciation	–	–	–243	–28
Total	–	80	14,124	16,142

Of which, unlisted securities – 80 14,124 16,142

¹ For a specification, see page 40.

Note 26

Intangible fixed assets

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Fixed assets				
Goodwill	2,509	2,266	1,844	–
Other	342	260	55	8
Total	2,851	2,526	1,899	8
Goodwill				
Opening acquisition value	2,396	222	–	–
Through merger	–	–	2,072	–
Purchases during the year	488	2,254	–	–
Sales during the year	–	–80	–	–
Accumulated depreciation according to plan	–130	–63	–	–
Through merger	–	–	–18	–
Depreciation according to plan for the year	–235	–67	–210	–
Translation difference	–10	–	–	–
Planned residual value/book value	2,509	2,266	1,844	–

Note 26

ctd. Other

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Opening acquisition value	364	339	10	10
Purchases during the year	137	25	59	–
Translation difference	–6	–	–	–
Accumulated depreciation according to plan	–104	–65	–2	–
Depreciation according to plan for the year	–51	–39	–12	–2
Translation difference	2	–	–	–
Planned residual value/ book value	342	260	55	8

Note 27

Tangible assets

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Current assets	–	82	–	–
Fixed assets	1,288	3,876	658	487
Total	1,288	3,958	658	487

Current assets

Buildings and land¹

Taken over for protection of claims

	–	82	–	–
	–	82	–	–

Fixed assets

Equipment

Opening acquisition value	3,041	2,547	2,521	2,228
Through merger	–	–	466	–
Purchases during the year	885	641	329	356
Divestments/disposals during the year	–620	–147	–95	–63
Translation difference	–9	–	–	–
Accumulated depreciation according to plan in previous years	–2,218	–2,062	–2,047	–1,911
Through merger	–	–	–310	–
Accumulated depreciation on divested/disposed equipment during the year	415	72	47	20
Depreciation according to plan for the year	–352	–228	–257	–157
Translation difference	2	–	–	–
Planned residual value	1,144	823	654	473
Accumulated excess depreciation in prior years			–50	–21
Through merger			–10	–
Depreciation for the year in excess of/below plan			–7	–29
Book value, net	1,144	823	587	423

¹ See note 20 for Property taken over for protection of claims.

The Parent Company leased equipment at an acquisition value of SEK 189m (204), with SEK 94m (84) in accumulated depreciation according to plan from the subsidiary Nordea Finans AB.

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Buildings and land, own premises				
Opening acquisition value	3,403	3,276	14	0
Purchases during the year	186	317	0	14
Divestments during the year	–3,402	–190	–9	–
Translation difference	–24	–	–	–
Accumulated depreciation according to plan in prior years	–350	–333	–1	0
Accumulated depreciation on buildings sold during the year	360	15	0	–
Depreciation according to plan for the year	–32	–32	0	0
Translation difference	3	–	–	–
Planned residual value/ book value	144	3,053	4	14
Tax value	30	2,864	3	7

Note 28

Other Assets

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Derivative instruments				
Interest-related	13,410	11,028	13,515	11,174
Currency-related	21,027	13,242	20,916	11,974
Claims on securities settlement proceeds ¹	1,520	318	1,520	113
Deferred tax	–	–	301	190
Tax assets	797	226	825	221
Other	2,995	11,510	4,420	11,393
Total	39,749	36,324	41,497	35,065

¹ Claims on securities settlement proceeds, gross

	5,044	1,119	3,721	914
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Note 29

Prepaid expenses and accrued income

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Accrued interest income ¹	3,150	3,741	2,427	2,912
Other accrued income	403	183	301	34
Prepaid expenses	167	290	90	176
Total	3,720	4,214	2,818	3,122

¹ Of which interest receivables due, not paid

	392	318	217	268
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Note 30

Assets pledged

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Assets pledged for own liabilities				
Property mortgages	–	0	–	–
Leasing agreements	2,110	2,194	–	–
Securities etc	24,698	26,432	24,698	21,387
Total	26,808	28,626	24,698	21,387
The above pledges pertain to the following liability items				
Loans from credit institutions	22,961	28,277	20,881	21,038
Other borrowings from the public	1,272	211	1,272	211
Total	24,233	28,488	22,153	21,249
Other pledged assets	14,372	16,512	14,372	16,512

Note 31

Loans from credit institutions

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Central Bank of Sweden	3,178	14,433	3,178	14,414
Other Swedish banks	5,655	7,171	5,655	38,122
Foreign banks	108,980	145,464	104,202	132,341
Other credit institutions	6,632	6,203	7,484	5,131
Total	124,445	173,271	120,519	190,008

Of which, Group companies 80,908 106,292 161,402 139,575

Maturity information

Remaining maturity (book value)

Payable on demand	5,622	18,531	6,506	2,288
Maximum 3 months	89,932	121,867	87,937	154,782
3 months–1 year	26,056	30,509	25,956	32,779
1–5 year	683	135	49	82
More than 5 years	2,152	2,229	71	77
Total	124,445	173,271	120,519	190,008

Average remaining maturity, years 0,3 0,3 0,2 0,2

Note 32

Deposits

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Total	224,759	221,674	221,424	171,738

Of which, Group companies 4,326 703 4,323 703

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. The funds are payable on demand. Individual pension savings (IPS) are also included.

Note 33

Other borrowings from the public

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Total	1,648	12,796	1,647	211

Maturity information

(Remaining maturity book value)

Payable on demand	–	561	–	–
Maximum 3 months	1,645	12,230	1,644	211
3 months–1 year	3	5	3	–
1–5 year	–	–	–	–
More than 5 years	–	–	–	–
Total	1,648	12,796	1,647	211

Average remaining maturity, years 0,1 0,1 0,1 0,1

Note 34

Securities issued etc

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Debt securities in issue				
Certificates of deposit	13,464	3,208	11,837	1,518
Retail bonds	2,997	918	2,356	–
Other bonds	123,174	100,196	19,322	18,497
	139,635	104,322	33,515	20,015

Other

Cashier's cheques etc	1,766	2,032	1,766	2,032
Total	141,401	106,354	35,281	22,047

Maturity information debt securities in issue

Remaining maturity (book value)

Maximum 1 year	56,349	26,557	17,611	5,895
1–5 year	82,672	77,111	15,904	13,929
5–10 year	614	654	0	191
More than 10 years	–	0	–	0
Total	139,635	104,322	33,515	20,015

Average remaining maturity, years 1,5 1,7 1,5 1,2

Maturity information, other

Payable on demand	1,766	2,032	1,766	2,032
Total debt securities in issue	141,401	106,354	35,281	22,047

Note 35

Other liabilities

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Derivative instruments				
Interest-related	13,182	11,136	13,395	11,404
Currency-related	23,306	11,326	23,292	11,204
Liabilities on securities settlement proceeds ¹	1,177	380	167	380
Sold, not held, securities	3,274	781	3,716	780
Customer withholding tax	397	316	395	316
Postal and bank giro	1,340	1,490	1,340	1,410
Accounts payable	690	899	433	513
Tax liabilities	–	121	–	–
Dividend income, anticipated	–	–	–	–
Other	12,574	7,082	12,429	7,349
Total	55,940	33,531	55,167	33,356

¹ Liabilities on securities settlement proceeds, gross

	4,700	1,181	2,367	1,181
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Note 36

Accrued expenses and prepaid income

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Accrued interest expenses	4,196	4,503	1,369	1,722
Other accrued expenses	87	1,475	5	1,203
Prepaid income	1,332	563	857	144
Total	5,615	6,541	2,231	3,069

Note 37

Provisions

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Deferred tax	2,746	3,156	–	–
Reserve for restructuring expenses	255	409	195	9
Transfer risks, guarantees	266	393	266	393
Pensions	1,107	1,177	1,107	–
Other provisions	–	94	–	–
Total	4,374	5,229	1,568	402

SEKm	Fund assets fair value		Pension liabilities	
	2002	2001	2002	2001
Nordea Bank Sweden Pension Foundation	6,324	5,677	6,324	5,672
Of which, related to the Parent Company	6,136	5,436	6,136	5,432

The Bank's pension liabilities are covered mainly by allocations to the Pension Foundation. The increased contribution is on account of Postgirot Bank. A small percentage is covered by insurance policies.

Note 38

Subordinated debt¹

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Dated subordinated debenture loans	22,441	17,522	22,441	17,522
Undated subordinated debenture loans	3,118	4,804	3,118	4,804
Total	25,559	22,326	25,559	22,326

¹ For a specification, see page 40.

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before perpetual debenture loans. Within each respective category, the loans entitle lenders to equal payment rights. During 2002, the interest expenses on subordinated debenture loans totalled SEK 742m (1,404) in the Group and SEK 742m (1,405) in the Parent Company.

Note 39

Untaxed reserves

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Accumulated excess depreciations				
Equipment			57	50
Through merger			10	–
Profit equalisation reserve				
Profit equalisation reserve			4,558	5,800
Through merger			278	–
Total			4,903	5,850

Not 40

Shareholder's equity

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Restricted				
Share capital 182,741,935 shares with a par value of SEK 30 each	5,482	5,482	5,482	5,482
Restricted reserves/ Statutory reserve	11,387	12,142	4,186	4,186
Reserve for unrealised gains ¹	190	268	223	295
	17,059	17,892	9,891	9,963
Unrestricted				
Profit or loss carried forward/Unrestricted reserves	4,339	-219	5,279	746
Net profit for the year	1,829	14,290	526	13,464
	6,168	14,071	5,805	14,210
Total	23,227	31,963	15,696	24,173
¹ Of which pertaining to:				
Interest-related instruments	710	397	768	461
Equity-related instruments	-179	109	-191	83
Currency-related instruments	-267	-134	-267	-134
Allocations (deferred tax)/ tax liabilities	-74	-104	-87	-115
Accumulated reserve for unrealised gains	190	268	223	295
Withdrawal/allocation to restricted reserves/reserve for unrealised gains	-78	160	-72	205

Movements in shareholders' equity, 2002

Group, SEKm	Share capital	Restricted reserves	Reserve for unrealised gains	Un-restricted reserves	Net profit for the year	Total
Balance at the beginning of the year according to adopted balance sheet	5,482	12,142	268	14,071		31,963
Dividend				-8,500		-8,500
Change in reserve for unrealised gains for the year			-78	78		0
Transfer between restricted and unrestricted reserves		-598		598		0
Group contributions paid, net after tax				-1,908		-1,908
Translation difference		-157				-157
Net profit for the year					1,829	1,829
Balance at year-end	5,482	11,387	190	4,339	1,829	23,227

The translation difference for the year has been reduced by SEK 39m through currency hedging. SEK 99m refers to opening balance.

Parent Company, SEKm	Share capital	Statutory reserve	Reserve for unrealised gains	Retained earnings	Net profit for the year	Total
Balance at the beginning of the year according to adopted balance sheet	5,482	4,186	295	14,210		24,173
Merger difference				-170		-170
Dividend				-8,550		-8,550
Change in reserve for unrealised gains for the year			-72	72		0
Group contributions received, net after tax				1,625		1,625
Group contributions paid, net after tax				-1,908		-1,908
Net profit for the year					526	526
Balance at year-end	5,482	4,186	223	5,279	526	15,696

Note 41**Contingent liabilities**

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Guarantees				
Loan guarantees	2,194	7,301	18,296	23,734
Other guarantees	14,161	16,156	14,024	15,589
	16,355	23,457	32,320	39,323
Other				
Unutilised irrevocable letters of credit	5,415	6,967	5,407	6,650
Other contingent liabilities	109	286	109	193
Total	21,879	30,710	37,836	46,166
Of which, Group companies associated companies	241	80	16,663	16,766
	488	558	488	558

Note 42**Commitments**

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Interest-, equity- and currency-related contracts	1,764,748	2,348,411	1,746,010	2,329,325
Other commitments				
Credit commitments	73,574	87,776	69,133	67,395
Unutilised portion of approved overdraft facility	76,352	73,324	79,455	72,578
Other	731	2,437	731	2,437
	150,657	163,537	149,319	142,410
Total	1,915,405	2,511,948	1,895,329	2,471,735

Note 43**Capital adequacy**

SEKm	Group		Parent Company	
	2002	2001	2002	2001
Capital base, after proposed distribution of earnings				
Tier 1 capital ¹	23,515	24,049	19,931	22,826
Supplementary capital ²	11,761	13,692	10,436	13,240
Less unconsolidated share-holdings and subordinated debenture holdings in other financial institutions	-242	-608	-242	-608
Total capital base	35,034	37,133	30,125	35,458
Risk-weighted amount for credit and market risks				
Credit risks as specified below	325,957	347,419	213,773	229,956
Market risks as specified below	9,812	11,271	9,812	11,271
Total risk-weighted amount	335,769	358,690	223,585	241,227
Tier 1 capital ratio, %	7,0	6,7	8,9	9,5
Total capital ratio, %	10,4	10,4	13,5	14,7
¹ Of which tier 1 capital addition	3,067	3,137	2,600	2,977
² Of which perpetual subordinated loans	3	1,668	471	1,827
Specification of risk-weighted amounts, market risks				
Interest rate risks				
Specific risks	1,500	2,162	1,500	2,162
General risks	2,907	3,456	2,907	3,456
Share price risks	-	-	-	-
Settlement risks	3	1	3	1
Counterparty risks	5,402	5,652	5,402	5,652
Currency risks	-	-	-	-
Total	9,812	11,271	9,812	11,271

Note 43

ctd. Specification of risk-weighted amounts, credit risks

Risk-weighing by category ¹	Items in balance sheet		Off-balance sheet items			Total risk weighted amount
	Reported	Risk weighted	Nominal	Adjusted	Risk weighted	
Group 2002						
A 0%	106,525	0	118,359	2,894	0	0
B 20%	65,573	13,115	66,233	6,940	1,388	14,503
C 50%	145,878	72,939	2,441	1,355	677	73,616
D 100%	209,695	209,695	55,037	28,143	28,143	237,838
Total	527,671	295,749	242,070	39,332	30,208	325,957
Parent Company 2002						
A 0%	172,385	0	111,410	2,905	0	0
B 20%	62,000	12,400	39,124	6,168	1,234	13,634
C 50%	15,049	7,524	1,599	934	467	7,991
D 100%	149,762	149,762	68,365	42,386	42,386	192,148
Total	399,196	169,686	220,498	52,393	44,087	213,773

¹ Risk categories include:

A Claim on, or guarantee by a government/central bank within the OECD or a Swedish local government.

B Claim on, or guarantee by local governments or banks/financial institutions within the OECD, as well as short-term receivables from other banks/financial institutions.

C Claim backed by mortgages on residential property.

D Other assets.

Class C is the highest risk category for interest- and currency-related derivatives.

Note 44

Derivative instruments

SEKm		Nom amount	Reported in balance sheet		Not reported in balance sheet	
			Book value		Fair value	
			Positive	Negative	Positive	Negative
Group						
Interest-related contracts						
Interest-rate swaps		620,746	13,159	-12,885	1,302	-733
FRA		216,566	107	-106	-	-
Interest-rate futures		14,807	8	-73	-	-
Options written		34,094	-	-118	-	-
Options held		21,264	136	-	1	-
Total,	2002	907,477	13,410	-13,182	1,303	-733
	2001	1,342,726	11,028	-11,136	856	-394
Of which cleared	2002	205,607	70	-136		
Equity-related contracts						
Options written		2,498	-	-	-	-159
Options held		2,585	-	-	245	-
Total	2002	5,083	-	-	245	-159
	2001	2,347	-	-	172	-91
Currency-related contracts						
Currency-interest rate swaps		65,726	1,189	-1,827	631	-9
Currency forwards		739,137	19,480	-21,064	128	-370
Options written		24,470	-	-415	-	-
Options held		22,855	358	-	-	-
Total	2002	852,188	21,027	-23,306	759	-379
	2001	1,003,338	13,242	-11,326	618	-624
Total instrument	2002	1,764,748	34,437	-36,488	2,307	-1,271
	2001	2,348,411	24,270	-22,462	1,646	-1,109

Note 44

ctd. Derivative instruments

SEKm		Nom amount	Reported in balance sheet		Not reported in balance sheet	
			Book value		Fair value	
			Positive	Negative	Positive	Negative
Parent Company						
Interest-related contracts						
Interest-rate swaps		610,154	13,263	-13,097	1,046	-427
FRA		216,566	107	-106	-	-
Interest-rate futures		14,807	8	-73	-	-
Options written		34,269	-	0	-	-
Options held		21,214	137	-119	-	-
Total	2002	897,010	13,515	-13,395	1,046	-427
	2001	1,336,871	11,174	-11,404	619	-229
Of which cleared	2002	205,607	70	-136		
Equity-related contracts						
Options written		2,498	-	-	-	-159
Options held		2,585	-	-	245	-
Total	2002	5,083	-	-	245	-159
	2001	2,347	-	-	172	-91
Currency-related contracts						
Currency-interest rate swaps		57,882	1,066	-1,814	619	0
Currency forwards		738,711	19,492	-21,063	128	-370
Options written		24,470	-	-415	-	-
Options held		22,855	358	-	-	-
Total	2002	843,918	20,916	-23,292	747	-370
	2001	990,108	11,974	-11,204	613	-482
Total instrument	2002	1,746,011	34,431	-36,687	2,038	-956
	2001	2,329,325	23,148	-22,608	1,404	-802

The majority of the Group's derivative holdings are reported in the balance sheet and adjusted to fair value with positive fair value adjustments being reported as Other assets and negative fair value adjustments as Other liabilities. Gains and losses are deferred for derivatives which are used for hedging. Deferred gains and losses for derivatives not reported in the balance sheet have offsetting differences between the fair value and the book value for the respective items which are recorded in the balance sheet.

Note 45

Assets and liabilities at fair value

Group 31 Dec, SEKm	2002		2001	
	Book value	Adjust- ment to fair value	Book value	Adjust- ment to fair value
Assets				
Cash	3,558		3,657	
Loans to credit institutions, fixed assets				
Fixed interest rate	52,765	182	31,410	40
Other	46,879		66,746	
Lending, fixed assets				
Fixed interest rate	130,997	2,281	119,862	859
Other	290,631		283,316	
Interest-bearing securities				
Current assets	33,354		49,741	
Fixed assets	517		10,817	304
Shares and participations				
Current assets	338	-87	720	-80
Fixed assets	50		394	
Shares and participations associated companies	271			
Intangible assets	2,851		2,526	
Tangible assets				
Current assets	-		82	
Fixed assets	1,288		3,876	2,105
Other assets, current assets				
Derivatives	34,437		24,270	
Other	5,312		12,054	
Prepaid expenses and accrued income	3,720		4,214	
Total assets	606,968	2376	613,685	3,228

Note 45

ctd. Assets and liabilities at fair value

Group 31 Dec, SEKm	2002		2001	
	Book value	Adjust- ment to fair value	Book value	Adjust- ment to fair value
Liabilities				
Loans from credit institutions	124,445	78	173,271	185
Deposits	224,749	35	221,674	-5
Other borrowing from the public	1,648		12,796	
Securities issued etc.	141,401	346	106,354	505
Subordinated liabilities	25,559	1,266	22,326	142
Other liabilities				
Derivatives	36,488		22,462	
Other	19,452		11,069	
Accrued expenses and prepaid income	5,615		6,541	
Provisions for taxes and pensions	4,419		5,229	
Total liabilities	583,786	1,725	581,722	827
Hedging derivatives				
Positive values		2,307		1,646
Negative values		-1,271		-1,109
Net adjustment to fair value		1,688		2,938

In Nordea Bank Sweden's balance sheet, financial positions are valued at fair value, with two exceptions. The exceptions are: securities classified as financial fixed assets and instruments included in hedge accounting.

The summary above shows the book value and adjustment to fair value at 31 December 2002. In revaluation of lending, deposits and borrowing, adjustment is made for the value of the fixed interest term, that is the change in value as a result of changes in the market interest rate. The discount rates used are based on the market rate for each term.

Securities are revalued at the market price or estimated market price. Properties are valued at estimated market price.

Note 45

ctd. Assets and liabilities at fair value

By applying the above valuation method, the gross effects of applying hedge accounting and revaluation of financial fixed assets are shown. In summary, the positive net adjustment can be related to the following items:

	2002	2001
Interest-bearing securities, fixed asset portfolio	–	304
Real estate holdings	–	2,105
Shareholdings	–87	–80
Matching differences	–688	–290
Fixed-interest lending	2,463	899
Surplus value, net	1,688	2,938

Note 46

Assets and liabilities in foreign currencies

31 December 2002, SEKm	EUR	DKK	NOK	GBP	USD	Other	Total
Group							
Assets							
Loans to credit institutions	8,963	2,726	4,896	735	11,685	995	30,000
Lending	27,908	2,166	1,614	1,504	18,444	5,595	57,231
Interest-bearing securities	4,438	0	0	211	1,706	924	7,279
Other assets	4,541	77	155	164	5,319	1,531	11,787
Total assets	48,850	4,969	6,665	2,614	37,154	9,045	106,297
Liabilities							
Loans from credit institutions	31,818	1,406	1,089	2,700	42,278	2,823	82,114
Deposits/borrowings from the public	2,975	330	675	437	4,862	5,653	14,932
Interest-bearing securities	21,318	0			25,285	733	47,336
Other liabilities	5,998	125	1,214	288	2,434	284	10,343
Total liabilities	62,109	1,861	2,978	3,425	74,859	9,493	154,725
Positions not reported in the balance sheet	16,285	–3,311	–3,527	469	37,492	698	48,106
Net position, foreign currencies	26	–203	160	–342	–213	250	–322
Parent Company							
Assets							
Loans to credit institutions	10,706	2,980	4,915	859	15,842	776	36,078
Lending	24,133	1,947	1,580	1,109	14,247	1,238	44,254
Interest-bearing securities	4,421	0	0	211	1,706	133	6,471
Other assets	1,201	73	152	123	736	70	2,355
Total assets	40,461	5,000	6,647	2,302	32,531	2,217	89,158
Liabilities							
Loans from credit institutions	29,879	1,391	1,085	2,441	42,123	1,856	78,775
Deposits/borrowings from the public	2,644	313	662	429	4,313	294	8,655
Interest-bearing securities	19,350	0	0	0	20,811	555	40,716
Other liabilities	5,919	125	1,215	287	2,834	137	10,517
Total liabilities	57,792	1,829	2,962	3,157	70,081	2,842	138,663
Positions not reported in the balance sheet	17,085	–3,315	–3,532	469	36,882	829	48,418
Net position, foreign currencies	–246	–144	153	–386	–668	204	–1,087

Note 47

Geographical distribution of operating income

Nordea Bank Sweden's operations focus heavily on the Swedish market, but the position as the leading Nordic bank in Poland has been strengthened. Operating income in Poland amounted to 1.4% of total operating income.

Other foreign operations, which are entirely focussed on providing service to domestic customers, are conducted through representative offices, agents and a network of correspondent banks.

Note 48

Postgirot Bank AB up to the merger

SEKm	2002-01-01 2002-11-30
Statutory Income statement	
Operating income	
Interest income	2,393
Interest expenses	-1,032
Net interest income	1,361
Commission income	1,296
Commission expenses	-84
Net result from financial operations	61
Other operating income	233
Total income	2,867
Operating expenses	
General administrative expenses	
Personnel expenses	-328
Other administrative expenses	-1,649
Depreciation and write-down of tangible and intangible fixed assets	-97
Total operating expenses	-2,074
Profit before loan losses	793
Loan losses, net	-12
Change in value of property taken over	-5
Operating profit	776
Tax on profit for the year	1
Net profit for the year	777

Note 48

ctd. Postgirot Bank AB

SEKm	2002-11-30
Balance sheet	
Assets	
Cash and balances at central banks	4
Loans to credit institutions	43,221
Lending	8,485
Shares and participations	6
Shares and participations in Group companies	503
Intangible fixed assets	116
Tangible assets	87
Other assets	591
Prepaid expenses and accrued income	163
Total assets	53,176
Liabilities and shareholder's equity	
Loans from credit institutions	10,135
Deposits	36,201
Other borrowings from the public	183
Other liabilities	882
Accrued expenses and prepaid income	486
Provisions	1,108
Subordinated debt	540
Total liabilities	49,535
Untaxed reserves	282
Shareholder's equity	
Share capital	300
Restricted reserves/Statutory reserve	1,040
Profit or loss carried forward/Unrestricted reserves	1,242
Net profit for the year	777
Total shareholders' equity	3,359
Total liabilities and shareholders' equity	53,176

Notes:

On 20 December 2002 Postgirot Bank AB merged with Nordea Bank Sweden AB. At this point in time there was no accrued income statement or balance sheet.

The latest accrued income statement and balance sheet refers to the period upto and including 30 November 2002.

Specifications to the notes

Specification to Note 23:

Shares and participations

31 December 2002, SEKm	Number of shares	Par value, in millions of each currency		Book value	Market value	Voting power of holding, % ¹
Current assets						
Other shares						
Holdings of the Parent Company						
Älvkraft Intressenter AB	33,000	SEK	3.3	3.3		4.8
Countermine Technologies	100,000	SEK	0.1	0.5		5.4
OM Gruppen AB	2,838,021	SEK	5.7	118.1	118.1	3.4
TurnIT B ²	458,895	SEK	2.3	87.3	0.8	2.3
Total				209.2		
Fixed assets						
Other shares and participations						
Holdings of the Parent Company						
Tenant-owner rights		SEK		39.6		
SWIFT Brussels	310	BEF	0.9	1.5		0.0
Köpenhamns Fondbörs A/	1,228	DKK	0.1	0.1		
Eurogiro Network AB	2,000	DKK	0.2	0.4		12.0
Europay International	48	EUR	0.0	0.2		
Adela Investment Co S.A. Luxembourg	1,092	USD	0.1	0.0		0.2
Inedal HB		SEK	1.2	7.4		16.0
Other companies				0.8		
Total				50.0		

¹ Any change in share capital is shown in parentheses.

² Is subject to hedge agreement.

Specification to Note 24:

Shares and participations in associated companies

31 December 2002, SEKm	Number of shares	Par value, in millions of each currency		Book value		Voting power of holding, % ¹
				Group	Parent Company	
Fixed assets						
Accounted for under the equity method						
BGC Holding AB	27,008	SEK	0.0	29.6	1.4	27.0
Värdepapperscentralen AB	443,700	SEK	44.4	215.1	231.3	24.7
Inwestycje Kapitalowe SA	152,440	PLN	9.1	-3.8		100.0
LG Leasing Polska Sp z.o.o	5,000	PLN	5.0	11.4		100.0
Other						
Privatgirot AB	220	SEK	0.2	0.3	0.3	22.0
Bankomatcentralen AB	2,400	SEK	0.2	0.3	0.3	48.0
Upplysningscentralen UC AB	2,609	SEK	0.3	0.3	0.3	26.1
Sambox i Skåne HB		SEK	0.8	0.8	0.8	50.0
Sambox Väst AB	250	SEK	0.3	0.3	0.3	50.0
Centralen för elektroniska korttransaktioner CEKAB	390	SEK	0.2	0.2	0.2	39.0
Sv bankers AB för elektroniska dok	50	SEK	0.1	0.1	0.1	50.0
VPX Matching AB (former OffX Crossing AB)	62,500	SEK	6.3	11.5	11.5	25.0
DocHotel AB	5,250	SEK	0.5	4.6	4.6	25.0
Total				270.7	251.1	

¹ Any change in share capital is shown in parentheses.

Specification to Note 25:

Shares and participations in Group companies

31 December 2002, SEKm	Number of shares	Par value, in millions of each currency		Book value	Voting power of holding, %
Fixed assets					
Shares, credit institutions					
Swedish credit institutions					
Nordea Hypotek AB (publ)	100,000	SEK	100.0	8,736.9	100.0
Nordea Finans Sverige AB (publ)	1,000,000	SEK	100.0	1,024.1	100.0
Postgirot Holding AB (publ)	1,000	SEK	0.1	1,741.0	100.0
Total				11,502.0	
Foreign credit institutions					
PKProperties Int'l Corp	100,000	USD	0.2	0.5	100.0
Nordbanken North America Inc	20	USD	0.0	0.0	100.0
Nordea Brasil S/C Ltda.	300	BRR	0.0	0.0	100.0
LG Petro Bank S.A.	22,256,499	PLN		1,137.6	99.7
LG Petro Bank S.A.		SEK		21.2	
Nordea Bank Polska S.A.	16,433,252	PLN		745.4	97.0
Nordea Bank Polska S.A.		SEK		13.8	
Total				1,918.5	
Total shares, credit institutions				13,420.5	
Other shares					
Fastighets AB Stämjärnet	1,000,000	SEK	100.0	100.1	100.0
Nordea Bemanning AB/ AB Dormitator	510	SEK	0.5	0.5	51.0
Norra Nordbanken VBO AB	20,000	SEK	20.0	19.7	100.0
Norra Nordbanken Administration AB	1,000	SEK	1.0	1.2	100.0
Nordbanken Reklam AB	5,000	SEK	0.5	0.6	100.0
AB Företagskredit	200	SEK	0.2	0.2	100.0
Solo-Torget AB	100	SEK	0.1	0.1	100.0
Nordbanken Leva AB	10,000	SEK	1.0	9.5	100.0
EMM Marketplace AB	10,000	SEK	1.0	503.0	100.0
Nordea Reinsurance S.A.	59,999	EUR	1.3	10.9	100.0
ArosMaizels Corp Finance AB (former MNB Maizels AB)	50,000	SEK	5.0	17.7	100.0
ArosMaizels Ltd (former MNB Maizels Ltd)	200,000	GBP	0.2	40.1	100.0
Total, other shares				703.6	

Statutory information on registration number, location of registered office and shareholders' equity is available on request from Group Finance.

Specification to Note 38:

Subordinated debt

Maturity, 31 December 2002	Issued amount in millions of each currency ¹		Interest rate, % ¹	Amount outstanding, SEKm
Issued by the Parent Company				
Dated subordinated debenture loans				
1993/03	SEK	22	9.00	17
1994/09	SEK	467	0.00	155
1995/05	SEK	94	0.00	143
Total				315
1996/06	USD	100	7.25	877
1999/09	USD	500	7.25	4,383
2000/10	USD	500	Floating	4,367
2000/10	EUR	600	6.00	5,482
2002/12	USD	800	5.25	7,017
Total				22,126
Total dated subordinated loans				22,441
Undated subordinated debenture loans				
Issue year				
1997	DEM	10	7.56	47
1999 ²	USD	350	8.95	3,071
Total undated subordinated loans				3,118
Total, Parent Company				25,559
Total, Group				25,559

¹ Refers to original issue. The currency exposure and interest rate on certain loans have been changed by using currency and interest rate swaps.

² Tier 1 capital contributions.

Proposed distribution of earnings

The following earnings are at the disposal of the Annual General Meeting of shareholders:

SEKm

Retained earnings	5,279
Net profit for the year	526
Total	5,805

The Board of Directors and the President propose that these earnings be distributed as follows:

SEKm

To be carried forward	5,805
Total	5,805

The Group's distributable earnings amount to SEK 6,168m. No allocation to restricted reserves is required. Following the proposed distribution, the Group's non-restricted shareholder's equity amounts to SEK 6,168m.

Stockholm, 26 February 2003

Lars G Nordström
Chairman

Markku Pohjola
Vice Chairman

Christian Clausen

Bertel Finskas

Carl-Johan Granvik

Kari Jordan

Tom Ruud

Peter Schütze

Stevan Sulja

Arne Liljedahl
President

Audit report

To the general meeting of the shareholders of Nordea Bank Sweden AB (publ), corporate registration number 502010-5523

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nordea Bank Sweden AB (publ) for the year 2002. These accounts and the administration of the company are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. In our work we have been assisted by the internal audit department. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director, as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company

in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, Banking Business Act, the Annual Accounts Act of Credit Institutions and Securities Companies or the Articles of Association. We believe that our audit provides a reasonable basis of our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit for the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 26 February 2003

KPMG Bohlins AB

Hans Åkervall
Authorized Public Accountant

Appointed by the
Financial Supervisory Authority

Olle Gunnarsson
Authorized Public Accountant

Board of Directors and Auditors

Elected at the 2002 Extraordinary General Meeting

Lars G Nordström

Born 1943. Chairman of Nordea Bank Sweden AB and CEO of the Nordea Group. Chairman since 2002. Member since 1997.

Markku Pohjola

Born 1948. Vice Chairman of Nordea Bank Sweden and Head of Group Processing and Technology, deputy CEO. Member since 1997.

Arne Liljedahl

Born 1950. President of Nordea Bank Sweden, Group CFO, chef för Group Corporate Centre. Member since 1995.

Christian Clausen

Born 1955. Head of Asset Management & Life. Member since 2002.

Carl-Johan Granvik

Born 1949. Head of Credit and Risk Control in Nordea. Member since 1997.

Kari Jordan

Born 1956. Head of Retail Banking. Member since 2002.

Tom Ruud

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

Peter Schütze

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

Deputy

Hans Jacobson

Born 1955. Head of Retail Sweden. Deputy since 2002.

Jacob Grinbaum

Born 1949. Head of Group Treasury. Deputy since 2002.

Appointed by employees

Full member

Bertel Finskas

Born 1948. Bank officer. Member since 1991.

Stevan Sulja

Born 1954. Deputy since 2002.

Deputy

Kerstin Freander-Burnäs

Born 1947. Deputy since 2003.

Britt-Marie Årenberg

Born 1942. Customer responsible Companies. Deputy since 2003.

Auditors

The Bank's auditors are elected at the Annual General Meeting or appointed by the Swedish Financial Supervisory Authority.

Elected at the 2002 Annual General Meeting

KPMG Bohlins AB

Chief auditor

Hans Åkervall

Stockholm, born 1953. Authorized Public Accountant.

Appointed by the Financial Supervisory Authority

Olle Gunnarsson

Kungsbacka, born 1940. Authorized Public Accountant.

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