Nordea Press release

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Year-end Report 2002

Improved results in the fourth quarter

- **Operating profit up by 12%**
- **Total income increased 4%; higher net interest and commission income**
- **Costs up 7% due to acquisition of LG Petro Bank and some restructuring costs in combination with seasonal effects**
- **Loan losses maintained at a relatively low level**
- **Net profit up 67% to EUR 323m**

Challenging market conditions in 2002

- **Total income reduced by 4% and expenses increased by 2% adjusted for Postgirot Bank**
- **Loan losses lower at EUR 261m or 0.19% of loans**
- **Earnings per share EUR 0.30 (EUR 0.53)**
- **Return on equity (excl. goodwill) 11.3% (19.2%)**
- **Proposed dividend of EUR 0.23 per share – unchanged vs 2001**

Improvements achieved– more to be done

- **Reduced earnings volatility – lower equity exposure & sale of general insurance**
- **Capital efficiency improved – maintained financial strength despite loan growth and high proposed dividend payout**
- **Stable credit quality –low loan losses & concentration on Nordic customers**
- **Some cost initiatives taken – cost improvement is top priority in 2003**

"Our 2002 results are acceptable under difficult market conditions, but still not satisfactory. However, we have started to see improvements as a consequence of the identification and focus on our short-term priorities. We have reduced the earnings volatility and income has been stable throughout the year. Risk-weighted assets were reduced despite increased lending, and even though loan losses have increased slightly in the fourth quarter, credit quality is satisfactory. Throughout the organisation, ongoing integration and continuous improvement are expected to ensure that costs will be unchanged in 2003 compared to 2002. In the present economic environment, profitability and capital efficiency come before growth, and increased cost efficiency will be the main focus area going forward", says Lars G Nordström, Group CEO of Nordea.

Operational income statement

EURm	Q4 2002	Q3 2002	Change %	Full year 2002	Full year[1] 2001	Change %
Net interest income	**885**	874	1	3,451	3,465	0
Commission income	**388**	371	5	1,535	1,432	7
Trading	**130**	127	2	530	543	-2
Other	**54**	34	59	154	165	-7
Total income	**1,457**	**1,406**	**4**	**5,670**	**5,605**	**1**
Personnel expenses	**-545**	-521	5	-2,086	-1,878	11
Other expenses	**-448**	-404	11	-1,659	-1,511	10
Total expenses	**-993**	**-925**	**7**	**-3,745**	**-3,389**	**11**
Profit before loan losses	**464**	**481**	**-4**	**1,925**	**2,216**	**-13**
Loan losses, net	**-76**	-66	15	-261	-373	-30
Equity method	**16**	4	400	52	95	-45
Profit before investment earnings and insurance	**404**	**419**	**-4**	**1,716**	**1,938**	**-11**
Investment earnings, banking	**41**	39		122	172	
Operating profit, life insurance	**44**	-13		2	-17	
Operating profit, general insurance	**0**	-4		-122	-18	
Goodwill depreciation	**-43**	-42		-171	-147	
Operating profit	**446**	**399**	**12**	**1,547**	**1,928**	**-20**
Allocation from/to pension foundation	**17**	-120	-114	-255	-	
Taxes	**-140**	-86	63	-405	-360	-13
Minority interests	**0**	0	0	0	0	
Net profit	**323**	**193**	**67**	**887**	**1,568**	**-43**

Ratios and key figures

	Q4 2002	Q3 2002	Full year 2002	Full year 2001
Earnings per share, EUR	0.10	0.07	0.30	0.53
Share price, EUR, end of period	4.20	4.05	4.20	5.97
Shareholders' equity per share[2], EUR	4.06	3.94	4.06	4.00
Shares outstanding[3], million	2,928	2,928	2,928	2,965
Return on equity (excluding goodwill)[4], %	15.3	11.1	11.3	19.2
Lending, EURbn	146	147	146	138
Deposits, EURbn	92	91	92	83
Shareholders' equity[2], EURbn	12	12	12	12
Total assets, EURbn	250	252	250	242
Assets under management, EURbn	96	93	96	105
Cost/income ratio, banking[5], %	66	64	64	58
Cost/income ratio excluding investment earnings, %	67	66	65	59
Tier 1 capital ratio, %	7.1	7.0	7.1	7.3
Total capital ratio, %	9.9	9.0	9.9	9.1
Risk-weighted assets, EURbn	135	137	135	136

[1] Including Postgirot Bank from December 2001.
[2] End of period (after proposed dividend 2002).
[3] End of period. Average number of shares Jan-Dec 2002 after full dilution was 2,955 million.
[4] Excluding goodwill depreciation and excluding remaining goodwill, which has been deducted from shareholders' equity.
[5] Before loan losses and goodwill depreciation, including investment earnings, banking, and equity method.

Quarterly development

EURm	Note	**Q4 2002**	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Net interest income		**885**	874	855	837	852
Commission income	1	**388**	371	396	380	379
Trading		**130**	127	137	136	128
Other		**54**	34	37	29	37
Total income		**1,457**	**1,406**	**1,425**	**1,382**	**1,396**
Personnel expenses		**-545**	-521	-514	-506	-482
Other expenses		**-448**	-404	-408	-399	-419
Total expenses	2	**-993**	**-925**	**-922**	**-905**	**-901**
Profit before loan losses		**464**	**481**	**503**	**477**	**495**
Loan losses, net		**-76**	-66	-56	-63	-56
Equity method		**16**	4	17	15	35
Profit before investment earnings and insurance		**404**	**419**	**464**	**429**	**474**
Investment earnings, banking		**41**	39	31	11	28
Operating profit, life insurance		**44**	-13	-26	-3	4
Operating profit, general insurance		**0**	-4	-87	-31	1
Goodwill depreciation		**-43**	-42	-44	-42	-39
Operating profit		**446**	**399**	**338**	**364**	**468**
Allocation from/to pension foundation		**17**	-120	-152	-	-
Taxes		**-140**	-86	-79	-100	55
Minority interests		**0**	0	0	0	0
Net profit		**323**	**193**	**107**	**264**	**523**
EPS		**0.10**	0.07	0.04	0.09	0.18
EPS, rolling 12 months up to period end		**0.30**	0.38	0.37	0.49	0.53

Note 1 **Commission income,** EURm

Brokerage	**35**	38	46	55	76
Asset management/Investment funds	**108**	101	115	126	115
Issue of securities	**7**	6	5	4	9
Lending	**95**	86	91	87	84
Deposits and payments	**195**	189	183	157	139
Foreign exchange	**15**	11	10	8	8
Other	**39**	33	35	26	33
Commission expenses	**-88**	-85	-83	-77	-79
Net commission income	**406**	379	402	386	385
Of which investment activities	**-18**	-8	-6	-6	-6
Commission income	**388**	**371**	**396**	**380**	**379**

Note 2 **Expenses,** EURm

Personnel[1]	**547**	523	515	507	484
Information technology[2]	**136**	111	113	103	107
Marketing	**34**	21	36	23	34
Postage, telephone and office expenses	**62**	50	52	60	54
Rents, premises and real estate expenses	**89**	79	74	71	81
Other	**130**	146	134	144	145
Expenses	**998**	930	924	908	905
Of which investment activities[3]	**-5**	-5	-2	-3	-4
Expenses	**993**	**925**	**922**	**905**	**901**

[1] Profit related personnel expenses including profit-sharing systems were EUR 24m in Q4 2002 (Q3 2002: EUR 20m).
[2] Refers to IT operations, service expenses and consulting fees. Total IT-related costs in Q4 2002, including personnel etc (excluding IT expenses in insurance operations) were EUR 216m (Q3 2002: EUR 187m), full-year 2002 EUR 758m.
[3] Including personnel expenses (Q4 EUR 2m).

The Group

Result summary fourth quarter

Operating profit was up by 12% to EUR 446m reflecting stable underlying income and a sharp improvement in profit from life insurance.

Total income increased by 4% to EUR 1,457m and was characterised by a continued growth in net interest income and higher commission income. Total expenses increased by 7% to EUR 993m.

Profit before investment earnings and insurance amounted to EUR 404m, down 4% compared to the previous quarter.

Net profit amounted to EUR 323m, corresponding to EUR 0.10 per share. Return on equity was 15.3% (excluding goodwill). The full year earnings per share were EUR 0.30.

Development in the fourth quarter

The uncertainty regarding the global economy remained high in the fourth quarter. The ECB and the central banks in the Nordic countries all lowered their interest rates. Nordic and international stock exchange indexes improved somewhat. On average, the Nordic indexes improved by 8% and turnover volumes increased by 17%.

Lending within Retail Banking, both to personal and to corporate customers, continued to show a positive growth. In line with Group strategy to emphasise the use of syndication and debt-capital-market products rather than growing on-balance sheet lending volumes, total lending was down by 1%. Deposits from customers increased by 1%, reflecting a continued shift by customers towards low-risk savings products. During the last 12 months lending and deposits have increased by 6% and 10%, respectively.

Income

Net interest income was EUR 885m (EUR 874m). Volume growth, mainly deposits and mortgage lending to personal customers, has compensated for lower deposit margins following central bank interest rate cuts. Lending margins were stable within Retail Banking and increased somewhat for large corporate clients.

Commission income was up 5% to EUR 388m (EUR 371m). Commissions from payment services continued to increase reflecting a strong growth in transaction volumes. The number of e-customers rose to 3.3 million by the end of the year, and in December a new all-time high was registered in the number of payments via the e-bank. Commissions from asset management increased following improved equity markets. Assets under management increased by 3% compared to the third quarter, to EUR 95.9bn.

Income from trading, mainly comprising income related to foreign exchange and derivatives trading with customers, was maintained at a stable level and amounted to EUR 130m (EUR 127m).

Other income, primarily consisting of property-related income, increased to EUR 54m (EUR 34m). The increase includes a gain from a structured-finance transaction (not property-related) during the quarter.

Expenses

Expenses increased by 7% to EUR 993m. The acquisition of LG Petro Bank and some restructuring costs, in combination with seasonal effects, particularly for IT and marketing, contributed to the increase.

Personnel expenses were EUR 545m (EUR 521m). The rise is a result of increasing variable salaries, redundancy payments as well as increased running costs following the acquisition of LG Petro Bank.

Restructuring costs increased by EUR 12m including a one-off costs for abandoned premises internationally.

Loan losses

Loan losses amounted to EUR 76m (EUR 66m). Loan losses remained at a low level in all parts of the business apart from Retail Banking Norway where the commitments related to the fish farming industry resulted in a significant increase in provisions. However, previously made central provisions covered most of the increase.

Loan losses in the fourth quarter corresponded to 0.22% of total loans, annualised. For the full year 2002, the loan loss ratio was 0.19%.

Investment earnings, banking

Investment earnings, banking, totalled EUR 41m (EUR 39m) in the fourth quarter reflecting the gain from the sale of Europay AS of EUR 24m. Gains on fixed-income portfolios in Group Treasury more than outweighed losses on equities relating to a revaluation of certain private equity funds.

Life Insurance

Operating profit from Life improved to EUR 44m (EUR -13m). Net written premiums increased by EUR 257m in the quarter and the investment return improved to 2.7% (-0.8%). In addition, the third quarter result was negatively influenced by increasing liabilities following lowered discount rates. Financial buffers were strengthened to 3.1% (2.9%) of guaranteed liabilities.

Pension commitments

Improved investment return in the Swedish pension foundation more than compensated for increased liabilities resulting in a reversal of the allocation to the Swedish pension foundation of EUR 17m (EUR -120m) in the quarter.

Net profit

Net profit improved by 67% to EUR 323m (EUR 193m) following the 12% improvement in operating profit, and the allocation to the Swedish pension foundation in the third quarter.

Comparison with 2001

Operating profit for 2002 was 20% lower than last year.

Total income increased by 1% and expenses increased by 11%. The development reflects the acquisition of Postgirot Bank and underlying growth in the business volumes coupled with a pressure on margins following falling interest rates during the year and drop in equity related commission income.

Loan losses were lower than last year, mainly as a result of the general provision of EUR 100m included in the 2001 figures.

The weak equity markets in 2002 had a negative impact on investment earnings which were reduced by EUR 50m.

The operating profit from the general insurance business, which was divested in June 2002, was EUR -122m in 2002 compared to EUR -18m in 2001. The loss includes the technical result as well as the financial result and the loss of EUR 44m on the sale of the business.

Adjusted for the acquisition of Postgirot Bank, which was consolidated from 1 December 2001, total income was reduced by 4% and expenses increased 2%. Operating profit was 21% lower in 2002 when adjusting for Postgirot Bank and 15% lower when adjusting also for the disposal of the general insurance business.

The cost/income ratio was 64% (58%). Postgirot Bank represented an increase of approximately 2 percentage points.

The net profit was reduced by 43% in 2002. The allocation to the pension foundation in 2002 had a negative impact. In addition, taxes increased in 2002 to a more normal level. In 2001, the low tax rate was mainly explained by the utilisation of a loss carry forward in the former Merita Real Estate Ltd.

Credit portfolio – stable quality

At the end of the year, impaired loans, net, amounted to EUR 1,107m (EUR 846m), representing 0.8% (0.6%) of total lending.

The increase in impaired loans, net, is a result of new inflow of impaired loans during the period while at the same time sizeable final write-offs of earlier fully provided loans have been made, reducing the provision level.

As lending to personal customers increased by 14% over the year while lending to corporate customers increased only by 1% the share of corporate lending decreased to 58% (61%) while loans to personal customers increased to 40% (37%). Loans to the public sector remained unchanged at 2%.

Within the personal customer sector, mortgage loans account for 75%. Other lending to personal customers include consumer loans, overdraft facilities, car financing, credit card financing etc.

There is no major change in the composition of the corporate loan portfolio compared to one year ago.

Real estate management remains the largest industry exposure in Nordea’s credit portfolio. Real estate exposure amounted to EUR 22.4bn. Relatively large and financially strong companies dominate the portfolio, which has a high level of collateral coverage.

Shipping exposure was reduced from EUR 6.8bn to EUR 6.0bn, partly as a concequence of the weakening of the USD. The portfolio is diversified by type of vessel and is focused on large industrial players. Of the total exposure, 55% is Nordic customers and 45% is non-Nordic customers.

Telecom sector exposure was reduced in 2002 and amounted to EUR 5.4bn (EUR 7.2bn). The majority of the exposure is related to major Nordic equipment manufacturers and major Nordic telecom operators. Furthermore, 8% is regarded as low or negligible risk due to coverage by guarantees from public export credit agencies (ECAs) or by cash collateral.

Exposure to the fisheries industry amounted to EUR 2.4bn (EUR 2.1bn) of which EUR 2.0bn is outstanding. Approximately 42% of the exposure is related to fish farming, 33%, is related to fishing vessels, and 25% to fishing processing industry. The weaknesses in the fisheries portfolio has been solely related to the fish-farming industry.

The Group’s continuous concentration on Nordic customers has helped maintaining the credit quality at a satisfactory level. There are still few visible signs of a deterioration of the credit quality in the loan portfolio. The strong Norwegian currency has resulted in a loss of competitive position for Norwegian exporters causing financial pressure in part of the exporting industry despite an overall strong Norwegian economy. As increased impaired loans and loan losses are normally lagging indicators in relation to an economic downturn, Nordea is monitoring the development in the overall credit quality closely and taking pro-active steps when deemed necessary.

Capital markets exposure – reduced volatility

The disposal of the general insurance business has reduced Nordea's capital market exposure. Nordea's main remaining capital markets exposures are related to the life insurance business, Group Treasury and certain pension schemes. In general, the equity exposure in these operations has been reduced in the third and fourth quarter. The development in the capital markets to a certain extent also influences the traditional banking revenues, in particular commission income.

Life insurance

Measures to reduce the volatility in the life business continued in the fourth quarter including lowering the equity exposure, adjusting the hedging strategy and increasing financial buffers.

The shift in the investment portfolio towards interest-rate instruments continued in the fourth quarter and equity holdings and other alternative investments, such as private equity and hedge funds, were reduced to 11% of total investments at the end of 2002, as opposed to 17% at the end of the third quarter.

In the Swedish life business, the equity holdings have been reduced to zero. In the Norwegian and Finnish businesses the equity holdings have been reduced to 6% and 13% of total investments, respectively. In the Danish business the equity holdings represent 15% of total investments, of which a major part is hedged by means of collars to the end of the first quarter. This hedging technique reduces the downside risk of falling equity markets and at the same time limits the upside potential in rising markets.

Financial buffers in the life operations within the Group were increased to 3.1% of guaranteed liabilities compared to 2.9% at the end of the third quarter.

The overall solvency of the life business strengthened in the fourth quarter. Despite the weak development in the financial markets in 2002, new capital contributed to the life business in 2002 was limited to EUR 22m in the form of equity capital and EUR 114m in subordinated loans, of which EUR 67m was issued in the fourth quarter.

Group Treasury

Group Treasury's capital market exposure is primarily related to interest rate products, mainly in the form of bonds issued by governments and mortgage institutions. Derivatives are actively used in the management of the portfolio.

The price risk involved in Group Treasury's interest-rate positions, calculated as a parallel shift assuming a change in market interest rates of 100 basis points, was EUR 99m at the end of 2002 compared to EUR 118m at the end of the third quarter.

Equities account for approximately 4% of Group Treasury's holdings. The risk related to equities, calculated as VaR, was EUR 46m at the end of 2002 compared to EUR 51m at the end of the third quarter. The VaR figure comprises all equities including listed, unlisted and private equity.

Pension commitments

Pension commitments not recognised in the balance sheet have to be covered by assets of pension foundations. At the end of the year, aggregate assets in the Group's pension foundations exceeded pension commitments not recognised in the balance sheet by EUR 46m reflecting a surplus in Finland.

The volatility in Nordea's accounts resulting from allocation to pension foundations in the second and third quarter 2002, was related to the Swedish pension foundation. In total the allocation cost amounted to EUR 255m in 2002.

At the end of the fourth quarter, the equity exposure in the pension foundations represented 22% of total investments, compared to 24% at the end of the third quarter.

Cost efficiency – more to be done

In November 2002, Nordea revised its financial targets. Nordea aims to achieve a sustainable return on equity, excluding goodwill, of more than 15% at the latest from 2004. Also, Nordea aims to have the same cost level through 2003 and 2004 as in 2002. Supporting these targets, Nordea has stated that the cost-income ratio should not exceed 55% from the beginning of 2005, assuming present business mix.

The recently established organisational unit, Group Processing and Technology, will speed up consolidation and integration and free up resources in business areas, thus enabling an even stronger customer and business focus.

Specific initiatives include capping IT development costs at 80% of the 2002 level, corresponding to a cost saving target of approximately EUR 90m in 2003.

Within Retail Banking structural changes are being implemented in Sweden and Norway, such as consolidating staff functions in one location to improve efficiency and reduce costs.

Following a strategic reassessment Nordea Securities' operations in London and New York were closed down in the fourth quarter.

Total expenses in 2002 amounted to EUR 3,745m. The target of a flat cost base will be measured against reported costs in 2002. However, should performance in 2003 improve to such an extent that it triggers a payout under the current profit-sharing and management incentive schemes, such costs are not expected to be absorbed within the target cost base. Furthermore, significant changes in Nordea's structure or business mix may cause a revision of the cost target.

Capital efficiency – improved

Risk-weighted assets were down in 2002 despite an increase in total lending of 6%. Economic capital was reduced following the reduced equity markets exposure and the continued divestment of non-core activities.

Nordea maintains a strong attention on risk management and aims at strengthening the balance sheet. Based on the current implementation of the economic profit-based performance management model, focus on the use of economic capital will be further strengthened. A clear prioritisation will be on performance, and on profitability before growth.

Initiatives in 2002 included the sale of the general insurance business and disposing of certain non-core assets in the Nordic region as well as internationally. Future initiatives to reduce the economic capital may include a reduction of non-core assets such as real estate.

Shareholders' equity and capital ratio

Shareholders' equity amounted to EUR 11.9bn at the end of the year, corresponding to a Tier 1 capital ratio of 7.1%. The total capital ratio was 9.9%.

Repurchase of own shares

Following the authorisation from the Annual General Meeting (AGM) on 24 April 2002, the Board of Directors of Nordea on 19 June 2002 decided to repurchase a maximum of 150 million of own shares (equivalent to approximately 5% of the total number of shares in the company). Up to 20 September 2002 Nordea repurchased approximately 40 million of its own shares. The shares were purchased at an average price of SEK 43.50.

In April 2001 Nordea acquired 17 million of its own shares for the purpose of achieving a hedge regarding the company's incentive program.

The total holding in Nordea of own shares is approximately 57 million. The Board of Directors will propose to the Annual General Meeting that the outstanding number of shares will be reduced by the retirement of those 57 million shares.

Nordea will aim at aligning the capital efficiently to the risk profile of its business. The total capital level going forward will reflect the capital needed for developing the business, the potential for freeing up capital in the existing business, and the desired level of dividends. Further repurchases of own shares will be carefully considered taking those elements into account. No further buy-backs should be expected prior to the AGM.

In order to maintain a financial flexibility, the Board has decided to propose to the Annual General Meeting in April 2003 to renew the 10% authorisation to repurchase own shares.

Dividend

The Board of Directors has proposed to the AGM a dividend of EUR 0.23 per share, corresponding to a pay-out ratio of 76% of the net profit. The proposed dividend is unchanged compared to last year's dividend.

The proposed record date for the dividend is 29 April 2003 and dividend payments are scheduled to be made on 7 May 2003. The ex-dividend date is 25 April 2003.

Recent developments

In January 2003, Nordea acquired the remaining 60% of the shares in Nordisk Renting. Nordea already owned 40% of Nordisk Renting and exercised its option to acquire the remaining shares. The acquisition provides greater flexibility for Nordea's engagement in Nordisk Renting which is currently being evaluated. Nordisk Renting has not been consolidated as a subsidiary in the accounts for 2002. In 2002, the total contribution from Nordisk Renting, included under "Equity method", was EUR 12m. Nordisk Renting's total assets amounted to EUR 1,851m at the end of 2002.

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

Incentive schemes

The synthetic share programme targeted at Nordea's management and key personnel expired at the end of year 2002. As total shareholder return fell short of the threshold level there was no payout under the programme.

The present profit-sharing schemes covering all employees is based on return on equity. The maximum cost for this programme is approximately EUR 72m per year. For 2002, there will be no payout under the programme.

The Board of Directors on 19 February 2003 resolved to implement a temporary profit sharing scheme for 2003 for all employees, in addition to ordinary profit sharing schemes. The incentive scheme is based on fulfilment of certain performance criteria related to economic profit and return on equity. A potential payout under the scheme will be equal for all participants, and the maximum cost for the Group is approximately EUR 29m.

The Board of Directors on 19 February furthermore resolved to implement a temporary variable salary for 2003 for Nordea’s management. The incentive scheme is based on the same performance criteria as the scheme for all employees. A potential payout under this scheme is limited to 12.5% of the participants’ salary, and the maximum cost for the Group is approximately EUR 8m.

The Nordea share

During 2002 the share price of Nordea depreciated by 30.8% on the Stockholm Stock Exchange from SEK 55.50 on 28 December 2001 to SEK 38.40 on 30 December 2002. Total shareholder return (TSR) during year 2002 was -28.1%. The calculation of TSR is based on the share price development during the year, assuming the dividend of EUR 0.23 per share is reinvested in Nordea shares.

Annual General Meeting

The Annual General Meeting of shareholders will be held on Thursday 24 April 2003 in Aula Magna, Stockholm University at 2.00 pm (CET) with the possibility to participate through telecommunication, in Helsinki at 3.00 pm Finnish time in Finlandia Hall and in Copenhagen at 2.00 pm (CET), in Bella Center.

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.

Results by business area fourth quarter 2002[1]

EURm	Business areas						
	Retail Banking	Corporate and Institutional Banking	Asset Management & Life[2]	Group Treasury	General Insurance[3]	Other	Total
Customer responsible units:							
Income	1,126	321	58	18		-66	1,457
Expenses	-648	-174	-41	-8		-122	-993
Loan losses	-126	-10				60	-76
Equity method		2				14	16
Profit before investment earnings and insurance	**352**	**139**	**17**	**10**	**0**	**-114**	**404**
Investment earnings, banking				17		24	41
Operating profit, life insurance			44			0	44
Operating profit, general insurance					0	0	0
Goodwill	-7	-2				-34	-43
Operating profit 2002: Q4	**345**	**137**	**61**	**27**	**0**	**-124**	**446**
2002: Q3	418	120	2	31	-4	-168	399
2002: Q2	427	121	-3	21	-87	-141	338
2002: Q1	407	125	22	35	-31	-194	364
2001: Q4	351	135	29	38	1	-86	468
Return on equity, %	18%	17%					15.3%
Cost/income ratio, banking, %	58%	54%	70%	44%			66%

[1] According to the new organisation effective as from 1 October 2002. Certain back-office processes have been transferred from the business areas into one central organisational unit, Group Processing and Technology. In addition, costs for subordinated debt and all goodwill, except for the part related to the creation of Nordea as such, has been allocated to the business areas and Group Treasury in order to better reflect performance of the respective parts of the organisation. Historical information 2002 has been restated accordingly.

[2] Operating profit, life insurance, Q4 2001 EUR 4m, Q1 2002 EUR -3m, Q2 2002 EUR -26m and Q3 2002 EUR -13m.

[3] The sale of the general insurance activities was completed during Q3 2002.

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

Within Nordea, customer responsibility is fundamental. The Group's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet. When calculating return on allocated capital standard tax is applied.

Capital allocation is based on each business unit's actual risk exposure considering credit and insurance risk, market risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. Economic profit constitutes the basis for evaluating strategic alternatives as well as for the evaluation of financial performance.

Asset Management & Life has customer responsibility within investment management and in private banking outside the joint unit with Retail Banking. In addition, the business area commands product responsibility for investment funds. The operating profit shown in the accompanying table includes the customer responsible units, while the product result, representing the Group's total earnings on investment funds, including sales and distribution costs within the retail branch network, is presented in the factbox "Key figures – Asset Management activities" within the Asset Management & Life section of this report.

In addition to the three business areas, Group Treasury, with responsibility for managing the Group's own positions in securities portfolios and group funding activities, is also included in the table. The column "Other" includes income and expenses not allocated to business areas, ie funding costs for the cash acquisition of Nordea Bank Norway, results from real estate holdings, expenses in Group functions not defined as services offered to business areas, goodwill depreciation related to the creation of Nordea, central provisioning for loan losses and profits from companies accounted for under the equity method which are not included in customer responsible units.

Retail Banking

- **Strong sales**
- **Unchanged profit before loan losses**
- **Loan losses in Retail Banking Norway**

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

Market conditions

Customer demand remained firm for most services in the fourth quarter with the exception of long-term savings products. The central bank rates were lowered in all Nordic countries. The Nordic and global equity markets stabilised somewhat.

Business development

Lending to personal customers continued to grow strongly. The loan volume increased by EUR 1.0bn to EUR 54.8bn during the fourth quarter. Compared to the end of 2001 the loan volume increased by 10%. Deposits from personal customers increased by EUR 0.6bn to EUR 39.0bn at the end of the fourth quarter. Compared to the end of 2001, the volume of deposits from personal customers was 7% higher. Volume growth has been strongest in Finland.

Lending margins were largely unchanged in the fourth quarter, while deposit margins narrowed following the interest rate decreases.

Lending to corporate customers increased by EUR 0.9bn to EUR 55.4bn at the end of December compared to the end of September. Compared to the end of 2001, lending to corporate customers increased by 2%. EUR 0.5bn is related to the acquisition of LG Petro Bank. The loan book increased in Norway, Denmark and Sweden, while Finland was almost unchanged. Deposits from corporate customers increased by EUR 1.3bn in the quarter to EUR 27.7bn. Compared to one year ago, deposits from corporate customers increased by 9%.

Lending margins for corporate customers were unchanged in the fourth quarter compared to the third quarter, while deposit margins narrowed after the interest rate decreases.

The total loan volume in the fourth quarter increased by EUR 2.0bn to EUR 110.2bn. The increase was 6% compared to the end of December last year. Around half of the total loan volume comprised mortgage lending to personal and corporate customers. The deposit volume increased by EUR 1.9bn to EUR 66.7bn in the fourth quarter and 8% compared to December 2001.

Nordea's acquisition of LG Petro Bank in Poland was completed in the fourth quarter and the integration of LG Petro Bank into Nordea's existing operations in Poland is moving forward. Nordea now ranks among the 15 largest financial service providers in Poland with a total of 50 branches and 17 mortgage outlets, covering all major Polish cities.

In December Postgirot Bank AB merged with Nordea Bank Sweden AB. The merger will enhance Nordea's potential to offer customers faster payments and to make business processes more efficient.

Nordea's savings campaign "What's your plan?" has been awarded a gold medal in the prestigious Epica Awards.

Electronic Banking

Nordea's electronic banking customer stock increased with 0.1 million customers during the fourth quarter and reached 3.3 million. Nordea had over 2,000 e-business customers at the end of 2002. Almost 700 e-payment customers are present on Nordea's Pan-Nordic electronic market place, Solo Market. Nordea's e-business services also include e-invoicing, e-identification and signature and e-salary.

E-banking activities continued to grow at a rapid pace also during the fourth quarter. The number of logons was 28.8m, corresponding to a growth of 6.0m (26%) compared to the fourth quarter 2001. The number of payments increased to 32.8m during the fourth quarter. Compared to the fourth quarter of 2001, the number of payments increased by 21%. In December Nordea's e-banking customers made 9.8m log-ons and made 11.6m payments.

Result

Total income was up 3% based on a strong increase in commission and other income. In addition, net interest income continued to be supported by strong growth in loan and deposit volumes.

Household deposits and lending continued growing in the fourth quarter, and corporate deposits grew strongly while lending to corporates still show a subdued development.

Costs increased by 4% in the fourth quarter, due to seasonal variations. The cost/income ratio for the fourth quarter was 58%, up from 57% in the third quarter. Loan losses in the fourth quarter were EUR 126m, of which EUR 109m stemmed from Retail Banking Norway and were mainly related to exposures to the fish farming industry. Return on equity was 18%.

Operating profit[1]

EURm	Total Q4 2002	Total Q3 2002	Retail Denmark Q4 2002	Retail Denmark Q3 2002	Retail Finland Q4 2002	Retail Finland Q3 2002	Retail Norway Q4 2002	Retail Norway Q3 2002	Retail Sweden Q4 2002	Retail Sweden Q3 2002	Poland & Baltic Q4 2002	Poland & Baltic Q3 2002
Net interest income	**783**	774	207	203	222	223	114	107	229	231	9	6
Net commissions & other income	**343**	321	79	74	79	93	60	47	113	99	9	4
Total income	**1,126**	**1,095**	**286**	**277**	**301**	**316**	**174**	**154**	**342**	**330**	**18**	**10**
Total expenses	**-648**	-623	-167	-154	-145	-151	-104	-102	-206	-199	-18	-10
Profit before loan losses	**478**	**472**	**119**	**123**	**156**	**165**	**70**	**52**	**136**	**131**	**0**	**0**
Loan losses	**-126**	-49	-10	-10	1	1	-109	-33	-3	-7	-4	0
Goodwill depreciation	**-7**	-6	0	0	0	0	0	0	-4	-4	-2	-1
Operating profit	**345**	**417**	**109**	**113**	**157**	**166**	**-39**	**19**	**129**	**120**	**-6**	**-1**
Cost/income ratio, %	**58**	57	58	56	48	48	60	66	60	60	102	98
Return on equity, %	**18**	23	24	24	38	40	-11	6	23	22	-20	-4

[1] According to the new organisation effective as from 1 October 2002. Figures have been restated to reflect the new organisation.

Volumes and margins[1]

Volumes, EURbn	Total Q4 2002	Total Q3 2002	Retail Denmark Q4 2002	Retail Denmark Q3 2002	Retail Finland Q4 2002	Retail Finland Q3 2002	Retail Norway Q4 2002	Retail Norway Q3 2002	Retail Sweden Q4 2002	Retail Sweden Q3 2002	Poland & Baltic Q4 2002	Poland & Baltic Q3 2002
Lending	**110.2**	108.2	29.6	29.3	24.7	24.5	19.1	18.6	35.4	34.9	1.4	0.9
Deposits	**66.7**	64.9	14.7	14.8	22.0	21.3	10.2	9.7	18.8	18.5	1.0	0.6

Lending margins, %		
To corporates	**1.2**	1.2
To personal customers	**1.6**	1.6
Total lending	**1.4**	1.4

Deposit margins, %		
From corporates	**1.2**	1.3
From personal customers	**2.0**	2.1
Total deposits	**1.7**	1.8

[1] Margins are excluding Poland&Baltic, volumes are quarterly averages.

Key figures per quarter[1]

	Full year 2002	**Q4 2002**	Q3 2002	Q2 2002	Q1[2] 2002	Q4 2001
Operating profit, EURm	**1,597**	**345**	417	427	408	351
Return on equity, %	**22**	**18**	23	24	23	20
Cost/income ratio, %	**58**	**58**	57	60	60	57
Customer base: personal customers, million	**9.7**	**9.7**	9.5	9.5	9.5	8.9
corporate customers, million	**1.0**	**1.0**	0.9	0.9	0.9	0.6
Number of employees (full-time equivalents)	**20,300**	**20,300**[3]	19,600	20,000	19,900	20,300

[1] According to the new organisation effective as from 1 October 2002. Figures have been restated to reflect the new organisation.
[2] Postgirot Bank is included from Q1 2002.
[3] Including LG Petro Bank

Corporate and Institutional Banking

- **Income higher with strong deal flow from Corporate Banking, Shipping and Markets**
- **Further streamlining of activities**
- **Credit quality stable**

Corporate and Institutional Banking delivers a range of products and services to corporate and institutional customers, and has customer responsibility for large corporates, shipping, offshore and oil services companies, and financial institutions. Investment banking services are offered through a separate legal entity, Nordea Securities.

Market conditions

The economic outlook continued to be uncertain. The Nordic and global equity markets improved. Secondary equity market turnover was higher than in the third quarter.

Stock market development

	Market volume		Market index
	Q4 2002 EURbn	Q4 vs. Q3 %	Q4 2002 %
Denmark	11.3	-11.8	3.9
Finland	49.3	26.4	11.2
Norway	13.6	11.4	4.2
Sweden	66.6	17.3	11.1
Average		16.6	7.6

Business development

Corporate Banking Division had a strong fourth quarter despite continued challenging business conditions. The deal flow was markedly stronger than in the third quarter including for example mandated lead arranger of EUR 1,000m facility for Telenor and co-lead manager of EUR 500m for Novo Nordisk.

For the International and Shipping Division, the fourth quarter proved to be the best in 2002 in terms of deal flow. A number of high-profiled international ship finance transactions were concluded with Nordea as a lead arranger, including Teekay Shipping (USD 180m); Stena (USD 600m), Bergesen (USD 800m) and Prosafe (USD 400m). Nordea won the Best Overall Institution for Syndicated Loans Award 2002 by Lloyd's Shipping Economist.

In Markets Division, customer activity remained strong. Besides the core FX and money market business, the main activity drivers are still the growing demand for derivatives and structured solutions. Debt capital activities also continued to progress and Nordea is now the leading arranger of syndicated loans to Swedish corporates.

In Investment Banking, equity business strengthened compared to the previous quarter, while corporate finance deal flow was low. Nordea Securities ranked third in Nordic equity market share, based on turnover. Nordea Securities’ offices in London and New York were closed and the previously announced cost reduction programme progressed according to plan.

In Custody Services, the number of transactions increased by 4% and the assets under custody increased by 5%, compared to the third quarter, to EUR 365bn. Custody Services won several mandates for the Nordic sub-custody solution in the fourth quarter.

In Cash Management the corporate e-bank, an Internet-based application giving real time access to accounts in all four Nordic home markets, went live with pilot customers.

Further progress was made in the implementation of centralised production processes. The programme to install a globalised trading infrastructure for FX and money market products is scheduled to be completed in 2003.

Result

Total income in the fourth quarter was EUR 321m, an increase of EUR 41m compared to the third quarter. Net interest income was EUR 116m, up EUR 12m from the third quarter. Credit margins continued to widen. Total lending was EUR 25.5bn compared to EUR 25.9bn in the third quarter. Other income was EUR 205m, up by EUR 29m from the previous quarter. Other income included EUR 19m from a structured finance transaction.

Total expenses in the fourth quarter were EUR 174m, up EUR 24m from the third quarter. Total expenses included restructuring expenses of EUR 23m, an increase of EUR 10m, in Nordea Securities, Trade Finance, Emerging Markets, New York branch, London branch and Markets. The decisions to further streamline operations in these areas have decreased the number of staff. The IT costs increased from the previous quarter by EUR 5m reflecting the progress of major development projects. Other costs increased by EUR 9m mainly due to increased variable salaries.

Loan losses remained at a low level of EUR 13m in the fourth quarter. Credit quality was stable. Provisions for transfer risk decreased by EUR 3m from the previous quarter explained by reduced volume in emerging markets. Operating profit improved from the third quarter and totalled EUR 137m representing a return on equity of 17%. The cost/income ratio was 54%.

Operating profit by main area[1]

	Total		Corporate Division		International and Shipping Division		Investment Banking[2]		Other		Markets[3]	
EURm	**Q4 2002**	Q3 2002	Q4 2002	Q3 2002	Q4 2002	Q3 2002	Q4 2002	Q3 2002	Q4 2002	Q3 2002	Q4 2002	Q3 2002
Net interest income	**116**	104	85	71	30	32	0	0	1	1		
Other income	**205**	176	171	127	18	19	24	27	-8	3		
Total income	**321**	**280**	**256**	**198**	**48**	**51**	**24**	**27**	**-7**	**4**	**135**	**113**
Total expenses	**-174**	-150	-119	-84	-24	-14	-30	-33	-1	-19	-58	-52
Profit before loan losses	**147**	**130**	**137**	**114**	**24**	**37**	**-6**	**-6**	**-8**	**-15**	**77**	**61**
Loan losses	**-13**	-11	3	-28	-16	-8				25		
Transfer risk	**3**	1	3	1								
Equity method	**2**	2							2	2		
Goodwill depreciation	**-2**	-2	-1	-1			0	0	-1	-1		
Operating profit	**137**	**120**	**142**	**86**	**8**	**29**	**-6**	**-6**	**-7**	**11**	**77**	**61**
Lending, EURbn	**25.5**	25.9	18.5	18.8	7.0	7.1	-	-	-	-	-	-

[1] According to the new organisation effective as from 1 October 2002. Figures have been restated to reflect the new organisation

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

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

Key figures per quarter[1]

	Full year 2002	**Q4 2002**	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Operating profit, EURm	**503**	**137**	120	121	125	135
Return on equity, %	**16**	**17**	15	16	15	15
Cost/income ratio, %	**54**	**54**	54	57	49	56
Number of employees (full-time equivalents)	**2,436**	**2,436**	2,542	2,551	2,593	2,663

[1] According to the new organisation effective as from 1 October 2002. Figures have been restated to reflect the new organisation.

Asset Management & Life

- **Assets under management up 3% in fourth quarter**
- **Continued shift towards fixed income**
- **Increased focus and efficiency in Investment Management**

Asset Management & Life is responsible for the Group's activities within institutional investment management, life insurance and pensions, investment funds, private banking and in the retail savings market in general.

Market conditions

The rebound of the equity markets that began in October continued in November, but at a slower pace with the markets turning down again in December.

Business development

With inflows rising slightly and equity markets somewhat improved, assets under management increased by 3% from the end of September, reaching EUR 95.9bn at the end of fourth quarter. Net inflows were 6.3% for 2002 as a whole.

Investment Management

Investment Management continued to improve focus and cost efficiency with further changes to the organisation. The present client organisations in the Nordic region, in Europe and in North America have been integrated into one global sales organisation. Equities have also been consolidated into one global organisation, ensuring better use of resources across products.

Net inflows to Investment Management were EUR 0.1bn. AuM increased to EUR 63.8bn, up 2% compared to the third quarter.

The shift in asset allocation continued during the fourth quarter resulting in an asset structure of 33% equities and 67% fixed income, compared to 35% equities in the third quarter. In spite of this, gross margin for the quarter improved slightly, averaging 21bp compared to 20bp in the third quarter.

Investment Funds

Nordea's European fund distribution business showed another quarter of strong performance.

AuM for Nordea's total fund business was up 5% from the third quarter ending at EUR 31.9bn. Net inflows to funds totalled EUR 0.4bn in fourth quarter.

Market shares in fourth quarter 2002

	Nordic	Denmark	Finland	Norway	Sweden
Net inflow	18.7%	79.6%	20.4%	n.a.[1]	n.a[2].
AuM	19.9%	26.8%	23.8%	9.2%	17.7%

[1] Market inflow was negative in the fourth quarter
[2] Nordea inflow was negative in the fourth quarter

The average margin on funds was down by 1bp compared to the third quarter

Life

Operating profit from Life improved to EUR 44m (EUR -13m). Net written premiums increased by EUR 257m in the quarter and the investment return improved to 2.7% (-0.8%). In addition, the third quarter result was negatively influenced by increasing liabilities following lowered discount rates. Financial buffers were strengthened to 3.1% (2.9%) of guaranteed liabilities.

There is strong focus in Life on implementing a business model based on economic profit. This model, intended to ensure the long-term viability of the business, will improve risk management and focus on risk-adjusted returns.

Nordic Private Banking

During the quarter, Nordea conducted a strategic review of its subsidiary Trevise Bank, including the possibility of divestment. In January it was concluded that integrating Trevise Bank into Nordea Private Banking was the superior option in terms of value for clients and shareholders. Total AuM in Nordic Private banking ended at EUR 19.5bn, an increase from the third quarter by 5%.

European Private Banking

Nordea consolidated its position as the leading Nordic operation in Luxembourg, increasing AuM to EUR 6.7bn, up EUR 0.2bn from the previous quarter.

Result

Product result from Asset Management activities was EUR 38m compared to EUR 35m for third quarter. Strict cost control continued to be in focus during the quarter. Expenses include restructuring costs of EUR 3m, related to the organisational changes in Investment Management.

Revenues were up by EUR 4m compared to the third quarter, principally due to the improved equity markets.

Operating profit in Life was EUR 44m, up from the third quarter by EUR 57m, mainly reflecting the positive investment return in fourth quarter.

Volumes, inflow and margins

EURbn	Total Q4 2002	Total Q4 Inflow	Total Q3 2002	Denmark Q4 2002	Denmark Q3 2002	Finland Q4 2002	Finland Q3 2002	Norway Q4 2002	Norway Q3 2002	Sweden Q4 2002	Sweden Q3 2002
Investment Funds[1]	**31.9**	**0.4**	30.4	10.2	9.6	3.7	3.5	1.4	1.4	13.7	13.1
Investment Management	**63.8**	**0.1**	62.6								
of which investment funds	**28.1**	**0.0**	27.3								
of which group internal insurance[2]	**16.8**	**0.1**	16.5								
Nordic Private Banking	**19.5**	**0.5**	18.6								
European Private Banking	**6.7**	**0.1**	6.5								
Real estate	**2.0**		1.9								
Total	**95.9**	**1.1**	92.7								
Investment Funds margins, %[3]	**0.96**		0.97	0.58	0.56	1.34	1.35	0.81	0.86	1.09	1.10
Investment Management margins, %[4]	**0.21**		0.20								

[1] Including EUR 2.8bn and EUR 3.0bn outside the Nordic countries for the third and fourth quarter, respectively.
[2] Unit-linked insurance is generally included under Investment Funds.
[3] For Denmark net margins are included, whereas in the other markets, gross margin (before costs of fund management) are included.
[4] Margin calculation includes management of Nordea investment funds and group internal insurance.

Key figures per quarter – Asset Management activities

EURm	**Full year 2002**	**Q4 2002**	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Revenues	**477**	**113**	109	124	131	133
Expenses	**-197**	**-51**	-49	-49	-48	-63
Distribution expenses	**-102**	**-24**	-25	-26	-27	-15
Product result	**178**	**38**	**35**	**49**	**56**	**55**
of which profit within Retail Banking	***84***	***19***	*15*	*19*	*31*	*30*
Operating profit, customer responsible units	**80**	**17**	15	23	25	25
Cost/income ratio, % - CRUs	**66**	**70**	72	62	61	64
Assets under management, EURbn	**96**	**96**	93	100	108	105
Number of employees (full-time equivalents)	**846**	**846**	856	856	846	846

Key figures per quarter – Life activities

EURm	**Full year 2002**	**Q4 2002**	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Traditional life insurance						
Premiums written, net of reinsurance	**2,021**	**595**	381	486	559	589
Normalised investment return[1]	**1,047**	**284**	285	239	239	288
Benefits paid and change in provisions	**-2,628**	**-771**	-511	-642	-704	-889
Insurance operating expenses	**-125**	**-34**	-29	-31	-31	-29
Normalised operating margin[1]	**315**	**74**	**126**	**52**	**63**	**-41**
Fluctuations compared to normalised investment return	**-1,016**	**117**	-435	-540	-158	267
Change in discount rate for life provisions	**-243**	**-83**	-277	-94	211	-228
Actual operating margin	**-944**	**108**	**-586**	**-582**	**116**	**-2**
of which allocated to policyholders	**-28**	**0**	-6	-11	-11	-5
of which to/from financial buffers	**988**	**-51**	579	570	-110	12
Net profit from health and personal accident insurance	**-10**	**-4**	-1	-5	0	-
Operating profit	**6**	**53**	**-14**	**-28**	**-5**	**5**
Unit-linked business						
Premiums written, net of reinsurance	**470**	**127**	84	125	134	189
Operating profit	**-4**	**-9**	**1**	**2**	**2**	**-1**
Total						
Premiums written, net of reinsurance	**2,491**	**722**	465	611	693	778
Total operating profit	**2**	**44**	**-13**	**-26**	**-3**	**4**
of which allocated to Retail Banking	**80**	**38**	14	16	12	22
Bonds	**14,551**	**14,551**	12,945	11,699	11,453	11,205
Equities	**2,524**	**2,524**	3,543	4,859	5,330	5,001
Property	**2,041**	**2,041**	1,908	1,872	1,782	1,740
Unit-linked	**2,974**	**2,974**	2,827	3,144	3,533	3,378
Total investments	**22,090**	**22,090**	21,223	21,574	22,098	21,324
Investment return, % [2]	**2.7**	**2.7**	-0.8	-1.9	0.5	3.3
Technical provisions	**21,370**	**21,370**	20,585	20,901	21,249	20,534
of which financial buffers	**551**	**551**	508	1,088	1,694	1,566
Number of employees (full-time equivalents)[3]	**943**	**943**	896	787	796	802

[1] In the statutory reporting investments are valued at market price. As a consequence, short-term fluctuations in financial markets affect the operating profit. The normalised investment return reflects the expected long-term return on investments based on the applicable asset mix within Life & Pensions operations.

[2] Excluding unit-linked business.

[3] The increase in number of employees in third and fourth quarter 2002 is a consequence of the split of shared functions previously included in General Insurance.

Group Treasury

- **Gains on bond portfolio**
- **Losses on equity holdings following consolidation of portfolios**

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

Market conditions

The global economy continued to be weak in the fourth quarter. In the financial markets equity prices stabilised somewhat. Global bond markets recovered throughout the quarter and yield curves steepened following the rate cuts from central banks.

Business development

The activities related to the consolidation of equity portfolios continued in the fourth quarter. Some of the larger listed and unlisted holdings were sold. Following a reduction in private equity funds, the Group at the end of 2002 had EUR 210m invested in private equity with additional EUR 118m in commitments.

In November Nordea re-introduced its presence in the US institutional market by issuing a USD 800m subordinated bond.

In its financing operations Nordea has benefited from a strong and broad demand for its different short-term funding programmes.

At the end of December, the price risk involved in Group Treasury's interest-rate positions, calculated as a parallel shift assuming a change in market interest rates of 100 basis points, was EUR 99m compared to EUR 118m at the end of the third quarter.

The risk related to equities, calculated as VaR, was EUR 46m compared to EUR 51m at the end of the third quarter. The VaR figure comprises all equities including listed, unlisted and private equity.

Result

Operating profit was EUR 27m in the fourth quarter compared to EUR 31m in the third quarter.

Investment earnings showed a gain of EUR 17m in the quarter compared to a gain of EUR 14m in the third quarter.

Gains on the fixed-income portfolio amounted to EUR 23m in the fourth quarter compared to a gain of EUR 61m in the third quarter. Income from equity investments showed a loss of EUR 6m in the fourth quarter compared to a loss of EUR 47m in the third quarter. Losses on equities relate to a revaluation of certain private equity funds.

The operating profit in Group Funding totalled EUR 10m.

Operating profit by main area

	Total		Group Investment				Group Funding	
			Fixed-income portfolios		Equity portfolios			
EURm	**Q4 2002**	Q3 2002	Q4 2002	Q3 2002	Q4 2002	Q3 2002	Q4 2002	Q3 2002
Income			25	64	-4	-46	18	26
Expenses			-2	-3	-2	-1	-8	-9
Profit excluding investment earnings	**10**	**17**					**10**	**17**
Investment earnings	**17**	14	23	61	-6	-47		
Operating profit	**27**	**31**						

Key figures per quarter

	Full year 2002	**Q4 2002**	Q3 2002	Q2 2002	Q1 2002	Q4 2001
Operating profit, EURm	**114**	**27**	31	21	35	38
Cost/income ratio, %	**28**	**44**	35	22	23	17
Bonds, EURm	**12,061**	**12,061**	14,154	13,496	15,124	13,378
Equities, EURm	**476**	**476**	499	616	682	574
Investments, EURm	**12,537**	**12,537**	14,653	14,112	15,806	13,952
Number of employees (full-time equivalents)	**96**	**96**	98	104	106	101

Wednesday 19 February 2003

Lars G Nordström
Group Chief Executive Officer

- A conference call with management will be arranged on 19 February 2003 at 5.00 pm, CET. (Please dial + 44 (0) 20 7162 0183, password Nordea, 10 minutes in advance.)
- This year-end report is available on the Internet.
- A slide presentation is available on the Internet.

For further information:

Arne Liljedahl, Group CFO/EVP	+46 8 614 7996	
Sigurd Carlsen, Head of Investor Relations	+46 8 614 7852	(or +46 70 204 9878)
Erik Evrén, Head of Group Media Relations	+46 8 614 8611	(or +46 70 946 5389)

Financial calendar:

The Annual General Meeting will be held 24 April
The interim report first quarter 2003 will be published 7 May
The interim report second quarter 2003 will be published 20 August
The interim report third quarter 2003 will be published 29 October

The Nordea annual report will be available on www.nordea.com around 3 March.

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

Statutory income statement

EURm	Note	Q4 2002	Q4 2001	2002	2001
Interest income		2,601	2,630	10,382	11,308
Interest expenses		-1,643	-1,718	-6,628	-7,620
Net interest income		958	912	3,754	3,688
Dividends received		3	4	36	49
Net commission income		403	385	1,573	1,453
Net result from financial operations	1	76	91	253	349
Other operating income		63	37	190	250
Total operating income		**1,503**	**1,429**	**5,806**	**5,789**
General administrative expenses:					
Personnel expenses		-531	-493	-2,065	-1,912
Other expenses		-399	-359	-1,481	-1,341
Depreciation according to plan		-90	-93	-330	-290
Total operating expenses		**-1,020**	**-945**	**-3,876**	**-3,543**
Profit before loan losses		**483**	**484**	**1,930**	**2,246**
Loan losses, net	2	-78	-47	-250	-362
Change in value of property taken over for protection of claims	2	2	-9	-11	-11
Profit from companies accounted for under the equity method		16	35	52	95
Operating profit, banking		**423**	**463**	**1,721**	**1,968**
Operating profit, insurance	3	**38**	**-3**	**-148**	**-67**
Total operating profit		**461**	**460**	**1,573**	**1,901**
Pension adjustments		2	8	-281	27
Taxes		-140	55	-405	-360
Minority interests		0	0	0	0
Net profit		**323**	**523**	**887**	**1,568**
Earnings per share (after full dilution), EUR		0.10	0.18	0.30	0.53

Statutory balance sheet, end of period

EURm	Note	2002	2001
Loans and advances to credit institutions		23,496	21,370
Lending	4	145,740	137,570
Interest-bearing securities		28,166	33,281
Shares		596	824
Shares in group and associated undertakings		538	478
Intangible assets		2,461	2,551
Tangible assets		1,840	1,986
Other assets, banking[1]		25,248	19,849
Assets, insurance[1]		21,534	23,640
Total assets		**249,619**	**241,549**
[1]Of which investments, customers and policyholders bear the whole risk.		5,872	6,212
Deposits by credit institutions		25,962	30,243
Deposits		91,663	86,396
Other borrowings from the public		2,514	4,686
Debt securities in issue		61,858	61,175
Other liabilities, banking		29,370	18,961
Liabilities, insurance		20,218	22,305
Subordinated liabilities		6,127	5,927
Minority interests		10	37
Shareholders' equity	5	11,897	11,819
Total liabilities and shareholders' equity		**249,619**	**241,549**

Cash flow statement

EURm	2002	2001
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	1,892	1,787
Changes in ordinary business assets and liabilities	-3,181	-6,503
Net cash inflow/(outflow) from operating activities	-1,289	-4,716
Net cash inflow/(outflow) from capital expenditure and financial investments	1,402	3,933
Net cash inflow/(outflow) from financing	48	3,275
Increase/(decrease) in cash[1]	161	2,492
Cash and cash equivalents at beginning of period	8,323	5,831
Cash and cash equivalents at end of period	8,484	8,323
[1] Of which		
Acquisition of Postgirot Bank AB	-	-449
Increase/decrease in cash	-	1

Other notes

Capital adequacy	6
Derivatives	7

Notes

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

	2002	2001
Realised gains/losses		
Shares/participations and other share-related instruments	26	17
Interest-bearing securities and other interest-related instruments	-9	71
Debt redemption		
	17	88
Unrealised gains/losses		
Shares/participations and other share-related instruments	-40	42
Interest-bearing securities and other interest-related instruments	42	35
	2	77
Other	10	2
Foreign exchange gains/losses	224	182
Total	**253**	**349**[1]

[1] Including a gain from a reclassification of financial fixed assets of EUR 68m in Q1 2001.

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

	2002	2001
Individually appraised receivables		
Losses incurred during the year	-515	-532
Amount of previous provisions used during the year	439	448
The year's provisions for possible loan losses	-611	-845
Recovery of previously incurred losses	100	108
Reversal of previous provisions	328	489
The year's costs for individually appraised receivables, net	-259	-332
Receivables appraised by category		
Write-downs on losses incurred	-19	-17
Recovery of previously incurred losses	19	15
Reversal/provision for possible loan losses	-5	-14
The year's costs for receivables appraised by category, net	-5	-16
General reserve		
Reversal/provision to general reserve	5	-
Country risks		
Provision/reversal, country risk	10	-12
Contingent liabilities		
The year's costs for redemption of guarantees and other contingent liabilities	-1	-2
Total loan losses, net	**-250**	**-362**
Change in value of property taken over for protection of claims	-11	-11
Loan losses, operational income statement	**-261**	**-373**

Note 3 **Operating profit, insurance,** EURm

	2002	2001
General insurance		
Earned premiums, net of reinsurance	841	1,520
Technical interest	64	111
Claims incurred, net of reinsurance	-698	-1,241
Insurance operating expenses, net of reinsurance	-249	-395
Technical result	-42	-5
Investment activities		
Interest etc	70	134
Realised and unrealised investment gains	-35	-18
Investment expenses	-4	-9
Technical interest transferred to insurance activities	-67	-120
Total profit on investment activities	-36	-13
Profit before tax, general insurance	**-78**	**-18**
Life insurance and pensions		
Premiums written, net of reinsurance	2,359	2,511
Claims incurred and benefits paid and change in provisions	-2,466	-3,238
Change in bonus equalisation provisions	786	1,053
Insurance operating expenses, net of reinsurance	-157	-146
Net profit from health and personal accident insurance	-10	-
Investment activities		
Interest etc	750	849
Realised and unrealised investment gains	-1,275	-1,132
Investment expenses	-17	-19
Pension yield tax etc	32	105
Profit before tax, life insurance and pensions	**2**	**-17**
Operating profit before group adjustments	**-76**	**-35**
Sale of General Insurance	-44	-
Group adjustments (goodwill depreciation)	-28	-32
Operating profit, insurance	**-148**	**-67**

Note 4 **Lending**

Loan portfolio, EURm	31 December 2002			31 December 2001		
	Total lending	Impaired loans, net	Provisions	Total lending	Impaired loans, net	Provisions
Companies	85,089	890	1,764	84,088	655	1,866
Personal customers	57,929	213	383	50,716	200	393
Public sector	2,722	4	6	2,766	0	0
Total	**145,740**	**1,107**	**2,153**	**137,570**	**855**	**2,259**

Impaired loans, EURm	Dec 2002	Sep 2002	June 2002	Mar 2002	Dec 2001
Impaired loans, gross	3,260	3,136	3,180	3,132	3,114 [1]
Provisions	-2,153	-2,290	-2,305	-2,291	-2,259
of which specific	-1,698	-1,834	-1,836	-1,829	-1,803
appraised by category	-64	-79	-79	-82	-92
general	-391	-377	-390	-380	-364
Impaired loans, net	**1,107**	**846**	**875**	**841**	**855** [1]
Provisions/impaired loans, gross, %	66	73	72	73	73
Impaired loans, net/lending, %	0.8	0.6	0.6	0.6	0.6
Property taken over for protection of claims					
Land and buildings	2	3	12	13	13
Shares and participations	26	22	34	38	35
Other	1	1	1	1	1
Total	**29**	**26**	**47**	**52**	**49**

[1] According to FSA rules, loans with interest deferments are classified as impaired. The figures for Dec 2001 are restated compared to the year-end report 2001 including EUR 28m of such loans (previously reported as problem loans).

Note 5

Movements in shareholders' equity, EURm	2002	2001
At beginning of year	11,819	11,105
Dividend	-682	-675
Conversion of convertible loans	14	2
Own shares[1]	-177	-41
Currency translation adjustment	36	-140
Net profit for the year	887	1,568
At end of year	**11,897**	**11,819**

[1] Number of own shares at the end of December 2002 57.1m (end of Dec 2001 17.9m). Avarage number of own shares Jan-Dec 2002 29.8m.

Note 6

Capital adequacy	2002	2001
Tier 1 capital, EURm	9,612	9,900
Capital base, EURm	13,364	12,353
Risk-weighted assets, (banking), EURbn	135	136
Tier 1 capital ratio, %	7.1	7.3
Total capital ratio, %	9.9	9.1

Note 7 **Derivatives**	Interest rate derivatives		Equity derivatives		Foreign exchange derivatives	
EURm 31 December 2002	Market value	Book value	Market value	Book value	Market value	Book value
Positive values	10,098	9,817	305	204	9,106	8,627
Negative values	10,158	9,944	269	177	10,376	9,745

Accounting principles

With effect from 1 January 2002 reporting has been adapted to the amended valuation and information rules stipulated by the Financial Supervisory Authority regarding loan claims. Through the acquisition of Nordea Bank Norway (December 2000), a general provision for loan losses was introduced in the Nordea Group. The provision refers to loans not yet identified as impaired. At the end of 2001 the general provision amounted to EUR 235m of which EUR 36m remained from the general provision made in the third quarter of 2001 (EUR 100m). After analysing and defining Nordea's loan loss reserves during the first quarter 2002 according to the new rules, the reserves at the end of 2001 (EUR 2,259m) (excluding transfer risks EUR 155m) were reclassified as follows:

EURm	
Specific	1,803
Appraised by category	92
General	364
Total	2,259

As a consequence of the sale of the general insurance business, the life insurance business is accounted for on one line. Historic figures for both Life and General Insurance are restated accordingly. In addition, a change of group accounting principles for life operations has been implemented from the third quarter. A portfolio view per legal entity in the calculation of lower of cost or market value is now used. Historic figures for 2002 have been restated.

In all other respects, the adaptation has been applied pursuant to the Swedish Accounting Standards Council's recommendations that became effective 2002. Neither of these recommendations has in any way influenced the financial reporting. In all other respects the accounting principles and the basis for calculations are unchanged in comparison to the annual report for 2001.

EUR 1 = SEK	2002	2001
Income statement (average)	9.1381	9.2684
Balance sheet (at end of period)	9.1528	9.3012
EUR 1 = DKK		
Income statement (average)	7.4301	7.4515
Balance sheet (at end of period)	7.4288	7.4365
EUR 1 = NOK		
Income statement (average)	7.5123	8.0516
Balance sheet (at end of period)	7.2756	7.9515

Nordea AB (publ)

EURm	2002	2001
Income statement		
Operating income	15	2
Operating expenses:		
Personnel expenses	-29	-14
Depreciation	0	-
Other operating expenses	-53	-36
Operating loss	**-67**	**-48**
Net result from financial operations:		
Dividend income, received	-	400
Dividend income, anticipated	903	1,000
Group contributions	289	412
Interest income	40	22
Write-down of financial fixed assets	-370	-
Interest expenses	-47	-24
Commission expenses	-1	-3
Other financial items	-27	14
Profit/loss after financial operations	**720**	**1,773**
Allocation to profit equalisation reserve	-60	-67
Pension adjustment	-3	0
Profit before tax	**657**	**1,706**
Tax for the year	-40	-62
Net profit for the year	**617**	**1,644**
Balance sheet, end of period		
Assets:		
Intangible fixed assets	0	-
Shares in subsidiaries	9,087	9,307
Long-term receivables	851	183
Current assets	1,437	1,850
Total assets	**11,375**	**11,340**
Shareholders’ equity and liabilities:		
Shareholders’ equity	9,511	9,727
Untaxed reserves	128	67
Provisions	11	8
Subordinated liabilities	-	111
Other liabilities	1,725	1,427
Total shareholders’ equity and liabilities	**11,375**	**11,340**
Movements in shareholders' equity, EURm		
At beginning of year	9,727	8,892
Repurchase of own shares	-190	-119
Dividend	-682	-675
Conversion of convertible loans	14	2
Group contribution	25	-17
Net profit for the year	617	1,644
At end of year	**9,511**	**9,727**