

1st quarter 2002
Nordea Bank Norway

Board of Directors' Report

Nordea Bank Norway

"Nordea Bank Norway", the "Bank" and the "Group" refer to Nordea Bank Norge ASA, (company registration number 911 044 110) and its subsidiaries. Nordea Bank Norway is a wholly owned subsidiary of Nordea Bank Finland Plc. The parent company of the Nordea group is the listed company Nordea AB (publ).

In 2001 some elements of Nordea Bank Norway's activities have been sold to other companies in the Nordea group as part of a general restructuring. Further details are given in Note 1 General principles and the composition of the Group. Material changes following the sales are commented below.

Summary

Nordea Bank Norway's net profit in the first quarter of 2002 amounted to NOK 485 million (545). The profit corresponds to NOK 0.88 per share (0.99). The profit corresponds to a return on the Group's equity of 11.3 per cent (13.1).

The operating profit before loan losses and profit on long-term securities in the first quarter totalled NOK 802 million (802). The provision for losses on loans and guarantees during the quarter was negative by NOK 7 million (47).

Net loans to customers increased by about NOK 2.6 billion in the last quarter, equalling about 1.4 per cent.

At the end of the quarter the total assets were NOK 238 billion. The capital ratio at the end of the quarter was 11.3 per cent, while the core capital ratio was 8.1 per cent. The net profit as at 31 March 2002 is not included in these calculations.

Results and profitability

Total income increased by NOK 22 millions to NOK 1,806 million compared to the corresponding period last year. Adjusted for the effect of the sold activities, total income increased by NOK 210 million, equivalent to 13.2 per cent.

Net interest Income

The net interest income in the first quarter was NOK 1,195 million (1,183). Adjusted for the effect of the sold activities net interest income has increased by

approximately NOK 150 million. The net interest income as a percentage of the average total assets in the first quarter was 2.00 per cent (1.90), annualised.

The difference between the average deposit rate of interest and lending rate of interest amounted to 2.44 percentage points in the first quarter. This is somewhat lower than the 2001 average that was 2.54 percentage points, the main reason being a reduced margin on deposits.

Changes in value and profit (loss) on securities

Net change in value and profit on securities in the first quarter were NOK 113 million (93), divided as NOK 80 million (35) on shares and NOK 33 million (58) on certificates and bonds.

Net change in value and profit on foreign exchange and financial derivatives were NOK 211 million (150) in the first quarter. It is in particular the Bank's customer trading which has contributed to this good result.

Other income

Other income in the first quarter of this year was NOK 71 million lower than in the corresponding period last year. Adjusted for the effect of the sold activities, other income has decreased by approximately NOK 35 million. This was principally caused by lower commissions and fees from trading of securities and payment services.

Expenses

Total non-interest expenses were NOK 1,004 million representing an increase of NOK 22 million compared to the corresponding period last year. Adjusted for the effect of the sold activities, total non-interest expenses have increased by NOK 109 million, equivalent to 12.2 per cent. New legislation regarding VAT, effective from 1 July 2001, has caused an increase in expenses of approximately NOK 35 million in the first quarter of 2002 compared to the corresponding period last year. Further, the increase is principally related to somewhat higher depreciations, establishment of the new departments "Private Banking" and "Investering og Pensjon" in the end of last year and expenses regarding the name change. Relative to the average total assets, the costs represented 1.68 per cent (1.58) in the first quarter, annualised.

The cost development in the first quarter is as expected. The ratio of costs to income, exclusive of net changes in value and profit on securities, amounted to 59.3 per cent (58.1) in the first quarter.

Provision for losses on loans and guarantees

In the first quarter, the provision in the income statement for losses on loans and guarantees shows negative provision for losses on loans and guarantees of NOK 7 million (47).

Provision for losses on loans and guarantees is made up of NOK -10 million (-20) in the retail market, NOK 5 million (47) on small and medium-sized companies, NOK 1 million (13) on major corporate customers in Norway, and NOK -3 million (7) on lending by branches abroad.

The Bank's portfolio of total non-performing and doubtful commitments decreased from NOK 4.6 billion to NOK 4.4 billion in the last quarter. Net non-performing and doubtful commitments, representing the book value of these commitments, amounted to NOK 3.2 billion as at 31 March 2002, which is a decrease of NOK 0.1 billion during the quarter.

Taxes

Over the first three months of the year, the Group has expensed NOK 324 million as taxes.

The calculated taxes for the first quarter 2002 is approximately 40 per cent. The high percentage is mainly due to recording of NOK 96 million in increased taxes in the subsidiary Nordea Finans Norge following a ruling made by "Ligningsnemnda" in February 2002 which caused a change of the company's tax return regarding the income year 1999. The case concerns the right to carry forward losses after a merger with a subsidiary. The company has lodged an appeal to "Overligningsnemnda".

The Borgarting Court of Appeal delivered its judgement on 27 April 2001 in a tax case brought by the Bank against the State in respect of the right to claim relief for losses on the sale of subsidiaries within the Group. The case relates to two matters that have in total reduced the Bank's losses carried forward by NOK 536 million. The Court of Appeal upheld the ruling by the Oslo City Court that the losses for which Nordea Bank Norge ASA has claimed relief do not qualify for relief under the Company Tax Act. Nordea Bank Norway has lodged an appeal against this judgement. The appeals committee of the Supreme Court has referred the case for consideration by the Supreme Court.

As at 31 March 2002, the Group's deferred tax asset was approximately NOK 0.9 billion. None of the referred cases above are included in the booked deferred tax asset.

The balance sheet

At the end of March 2002 the Group's total assets were NOK 238 billion. This means an increase of NOK 7.6 billion in the last quarter. This increase in the balance sheet was caused mainly by an increase in deposits in the Central Bank of about NOK 9 billion and an increase by NOK 2.6 billion in lending during the quarter. The investments in securities have decreased by NOK 2.4 billion the last quarter.

Net loans to customers increased by NOK 2.6 billion in the last quarter, while there was an increase over the last 12 months of NOK 0.6 billion. Adjusted for the effect of the sold activities net loans to customers increased by NOK 11.2 billion over the last 12 months. The increase over the last quarter is comparatively evenly distributed on the various groups of customers. Deposits from customers at the end of March this year were NOK 100.8 billion, as against NOK 104.3 billion three months previously. Deposits from customers represented 54.0 per cent of net lending to customers inclusive of loans from Norgeskreditt, which is at a lower level as at 31 December 2001.

As far as the Parent Bank is concerned, customer deposits represented 63 per cent of net lending to customers.

Capital ratio

The risk-weighted asset base of the Group was NOK 202.9 billion as at 31 March 2002, which is an increase of NOK 0.3 billion in the last quarter.

Under current regulations, the capital ratio is required to be at least 8 per cent at all times. The Group's total capital amounted to NOK 22,974 million, which represents a capital ratio of 11.3 per cent. In the Parent Bank, the capital ratio was 11.4 per cent. The Group's core capital totalled NOK 16,493 million equalling 8.1 per cent. Profits as at 31 March 2002 are not included in the calculation. If the profit after the first quarter had been added to the core capital as at 31 March 2002, the increase in the Group's core capital ratio as well as its total capital ratio would have been approximately 0.2 percentage points.

Statement of Income

NOK million	Note	The Group			The Parent Bank		
		1st quarter 2002	Whole year 2001	2001	1st quarter 2002	Whole year 2001	2001
Interest income		3,865	4,690	17,771	3,444	4,329	16,477
Interest expenses		2,670	3,507	12,909	2,399	3,282	12,160
Net interest income		1,195	1,183	4,862	1,045	1,047	4,317
Dividends and profit from group companies and associated companies		19	10	100	58	152	574
Commissions and fees		317	394	1,590	317	361	1,454
Commission expenses		(88)	(83)	(329)	(88)	(79)	(316)
Net change in value and profit (loss) on securities		113	93	140	45	49	134
Net change in value and profit (loss) on foreign exchange and financial derivatives		211	150	681	211	150	681
Other non-interest income		39	37	389	24	21	265
Total non-interest income		611	601	2,571	567	654	2,792
Personnel expenses		548	549	2,244	518	504	2,062
Administrative expenses		296	284	1,379	287	273	1,297
Ordinary depreciation and write-downs		74	48	252	71	44	232
Other non-interest expenses		86	101	505	85	97	496
Total non-interest expenses		1,004	982	4,380	961	918	4,087
Operating profit before loan losses and profit on long-term securities		802	802	3,053	651	783	3,022
Provision for losses on loans and guarantees	2, 3	(7)	47	705	(11)	41	691
Profit (losses/write-downs) on long-term securities		-	-	-	-	-	-
Operating profit		809	755	2,348	662	742	2,331
Income taxes	4	324	210	(283)	177	197	(300)
Net profit		485	545	2,631	485	545	2,631
Earnings per share, fully diluted (NOK)		0.88	0.99	4.77			

Interim Results

NOK million	3rd quarter 2000	4th quarter 2000	1st quarter 2001	2nd quarter 2001	3rd quarter 2001	4th quarter 2001	1st quarter 2002
Interest income	4,420	4,992	4,690	4,792	4,155	4,134	3,865
Interest expenses	3,283	3,757	3,507	3,540	2,970	2,892	2,670
Net interest income	1,137	1,235	1,183	1,252	1,185	1,242	1,195
Dividends and profit from associated companies	29	76	10	56	(1)	35	19
Commissions and fees	407	449	394	422	380	394	317
Commission expenses	(75)	(72)	(83)	(80)	(83)	(83)	(88)
Net change in value and profit (loss) on securities	75	55	93	61	(99)	85	113
Net change in value and profit (loss) on foreign exchange and financial derivatives	126	169	150	195	184	152	211
Other non-interest income	55	55	37	38	45	269	39
Total non-interest income	617	732	601	692	426	852	611
Personnel expenses	528	603	549	545	539	611	548
Administrative expenses	279	389	284	354	298	443	296
Ordinary depreciation and write-downs	72	53	48	48	70	86	74
Other non-interest expenses	119	147	101	131	79	194	86
Total non-interest expenses	998	1,192	982	1,078	986	1,334	1,004
Operating profit before loan losses and profit on long-term securities	756	775	802	866	625	760	802
Provision for losses on loans and guarantees	(146)	129	47	115	222	321	(7)
Profit (losses/ write-downs) on long-term securities	2	-	-	-	-	-	-
Operating profit	904	646	755	751	403	439	809
Income taxes	251	(65)	210	(547)	129	(75)	324
Net profit	653	711	545	1,298	274	514	485
Average total assets	236,122	243,080	249,105	247,804	235,344	235,125	238,979

Balance Sheet

NOK million	Note	The Group			The Parent Bank		
		31.03.02	31.03.01	31.12.01	31.03.02	31.03.01	31.12.01
Assets							
Cash and deposits with central banks		13,886	3,984	4,915	13,886	3,984	4,915
Deposits with and loans to credit institutions		9,349	22,113	9,760	13,971	27,882	16,294
Total cash and claims on credit institutions		23,235	26,097	14,675	27,857	31,866	21,209
Loans to customers	6	189,719	188,781	187,136	162,836	164,911	160,441
Specific allowance	3, 6	(1,229)	(932)	(1,271)	(1,136)	(843)	(1,187)
General allowance for loan losses	6	(1,633)	(1,593)	(1,633)	(1,524)	(1,490)	(1,524)
Net loans to customers		186,857	186,256	184,232	160,176	162,578	157,730
Repossessed assets		59	19	61	52	10	52
Certificates and bonds	5	15,919	20,490	18,372	15,715	20,017	18,022
Equities and investments	5	1,427	1,449	1,399	115	118	112
Total securities		17,346	21,939	19,771	15,830	20,135	18,134
Associated companies		599	1,046	579	599	620	579
Equities and investments in group companies		-	-	-	5,042	5,227	5,009
Deferred tax asset, goodwill and other intangible assets		927	704	1,212	894	566	1,077
Real estate and machinery		2,550	2,402	2,580	2,484	2,318	2,515
Other assets		2,005	1,725	3,185	1,816	1,797	3,389
Prepaid expenses and accrued income		4,349	4,865	4,026	4,036	4,586	3,798
Total assets		237,927	245,053	230,321	218,786	229,703	213,492
Liabilities and equity							
Deposits from credit institutions		51,618	34,732	41,594	48,901	34,011	38,885
Deposits from customers		100,817	108,931	104,332	101,478	109,496	104,922
Total deposits		152,435	143,663	145,926	150,379	143,507	143,807
Certificates and bond loans		51,921	64,424	48,044	36,545	44,888	34,681
Other liabilities		3,290	5,784	8,619	3,007	11,544	8,474
Accrued expenses and prepaid receivables		5,688	4,885	3,386	5,313	4,564	3,241
Allowances for liabilities		1,023	1,070	1,112	992	1,023	1,096
Total other liabilities		61,922	76,163	61,161	45,857	62,019	47,492
Subordinated loan capital		6,129	8,352	6,277	5,109	7,302	5,236
Share capital		3,860	3,860	3,860	3,860	3,860	3,860
Reserves		13,096	12,470	13,097	13,096	12,470	13,097
Profit for the period		485	545	-	485	545	-
Total equity		17,441	16,875	16,957	17,441	16,875	16,957
Total liabilities and equity		237,927	245,053	230,321	218,786	229,703	213,492

Nordea Bank Norge ASA
Oslo, 25 April 2002

Thorleif Krarup
Chairman

Lars G. Nordström

Carl-Johan Granvik

Liv Irene Haug

Carl Erik Krefting

Hege Marie Norheim

Markku Pohjola

Baard Syrrist
CEO

Key Figures

NOK million	30.09.00	31.12.00	31.03.01	30.06.01	30.09.01	31.12.01	31.03.02
Total assets	239,555	236,184	245,053	236,923	244,572	230,321	237,927
Net loans to customers	180,026	181,100	186,256	183,063	185,537	184,232	186,857
Net loans to customers as percentage of total assets	75.2	76.7	76.0	77.3	75.9	80.0	78.5
Deposits from customers	103,727	106,468	108,931	104,566	103,629	104,332	100,817
Deposits from customers as percentage of total assets	43.3	45.1	44.5	44.1	42.4	45.3	42.4
Deposit ratio (customer deposits to net loans to customers)	57.6	58.8	58.5	57.1	55.9	56.6	54.0
Total non-performing commitments	2,457	2,184	2,373	1,812	2,289	2,162	2,160
Net non-performing commitments	1,500	1,334	1,675	1,084	1,421	1,273	1,265
Risk-weighted assets	210,300	209,600	216,100	210,200	211,100	203,200	202,900
Book equity per share (NOK)	30.34	29.62*	30.61*	32.96	33.45	30.75*	31.63
Earnings per share (per quarter) (NOK)	1.18	1.29	0.99	2.35	0.50	0.93	0.88
Cost/income ratio (excluding net change in value and profit (loss) on securities) (per quarter)	59.4	62.3	58.1	57.2	57.7	66.4	59.3
Numbers of employees (full-time positions)	4,089	4,063	4,065	4,035	4,093	4,096	4,081

* Excluding allocations of dividend, not yet paid at the time, of NOK 2.00 per share as at 4Q00 and 1Q01, and NOK 3.63 as at 4Q01.

Notes to the Accounts

Note 1 General principles and the composition of the Group

The quarterly accounts have been set out in accordance with the same principles as the 2001 annual accounts. Unless stated otherwise, the notes show Group figures.

As part of the restructuring of the Nordea group, some elements of Nordea Bank Norway's activities have been sold to other companies in the Group in 2001.

The branch offices of Nordea Bank Norway in London and Singapore were sold to Nordea Bank Finland on 31 May and 30 November 2001 respectively.

On 11 October 2001 the Norwegian Banking, Insurance and Securities Commission approved the sale of the Bank's shares in Norske Liv AS and K-Fondsforsikring AS to Vesta Liv Holding AS.

On 31 December 2001 the Bank's shares in Nordea Fondene AS (formerly K-Fondene) were sold to Nordea Fondene Norge Holding AS and its shares in Nordea Investment Management ASA were sold to Nordea Investment Management Norge Holding AS. Both of the purchasing companies are owned by Nordea Asset Management AB, and this company also acquired Nordea Pension Services AS on 1 November 2001. These sales have not yet been formally approved by the Norwegian Banking, Insurance and Securities Commission.

Adjusted for the sale of these activities total income and total non-interest expenses was NOK 1,596 million and NOK 895 million, respectively. This represents a reduction of NOK 188 million and NOK 87 million as compared to the reported accounts per first quarter 2001. Net loans to customers in the sold activities at the end of first quarter 2001 were NOK 10.6 billion.

Note 2 Provision for losses on loans and guarantees

Loan loss provision by industry

	1st quarter 2002		2001	
	NOK million	Percentage of total loans *	NOK million	Percentage of total loans
Retail market	(11)	(0.1)	(53)	(0.1)
Primary industries (agriculture/fisheries)	-	-	(1)	-
Mining, oil extraction and drilling	-	-	(2)	(0.1)
Manufacturing industry	(10)	(0.3)	117	0.7
Power and water supply, building and construction	5	0.4	54	0.8
Wholesale and retail trade	-	-	60	0.8
Hotels and restaurants	1	0.3	23	1.1
Shipping and aviation	2	-	54	0.2
Real estate	1	-	8	-
Commercial services	4	0.1	307	1.3
Other	1	0.1	88	2.6
Total	(7)	-	655	0.4
Change in general allowance	-	-	50	-
Net loan loss provision	(7)	-	705	0.4

* Annualised

Note 3 Charge-offs and changes in allowances

	1st quarter 2002	2001
Specific allowance, beginning of period	1,271	1,065
New loan loss provisions	28	549
Purchased commitments	18	-
Change in previous allowances	(15)	(1)
Charge-offs	(67)	(340)
Exchange rate differences	(6)	(2)
Specific allowance, end of period	1,229	1,271
Of which specific allowance on guarantees	-	-
Specific allowance on loans, end of period	1,229	1,271

Net losses on loans and guarantees during the period

New specific loan loss provisions	28	549
Charge-offs that affect the result	1	178
Change in previous allowances	(15)	(1)
Net loss (profit) on repossessed assets etc.	-	(2)
Recoveries on commitments previously written off	(21)	(69)
Change in general allowance	-	50
Provision for losses on loans and guarantees	(7)	705

Note 4 Income taxes

The tax charge for the period includes payable taxes and changes in deferred taxes.

The calculated taxes for the first quarter 2002 is approximately 40 per cent. The high percentage is mainly due to recording of NOK 96 million in increased taxes in the subsidiary Nordea Finans Norge following a ruling made by "Ligningsnemnda" in February 2002 which caused a change of the company's tax return regarding the income year 1999. The case concerns the right to carry forward losses after a merger with a subsidiary. The company has lodged an appeal to "Overligningsnemnda".

Note 5 Securities

	31.03.02		31.03.01		31.12.01	
	Cost	Book value/ market value	Cost	Book value/ market value	Cost	Book value/ market value
Trading portfolio						
Certificates and bonds	5,876	5,872	6,406	6,447	8,239	8,261
Equities and investments	702	802	92	83	742	776
Total trading portfolio	6,578	6,674	6,498	6,530	8,981	9,037
Short positions *						
Certificates and bonds	107	107	-	-	384	383
Equities and investments	50	50	170	170	5	5
Other current and fixed assets		Book value		Book value		Book value
Certificates and bonds		10,047		14,043		10,111
Equities and investments		625		1,366		623
Total other current and fixed assets		10,672		15,409		10,734
Unrealised gains on other current and fixed assets						
Certificates and bonds		47		55		84
Equities and investments **		-		33		-

* Included in Other liabilities

** Unrealised gains on unquoted stocks not included

Following an adjustment of the Group's investment strategy a new appraisal of financial assets and the classification of these was undertaken during the third quarter 2001. The effect of this was that all listed shares of Nordea Equity Holdings' equities that were earlier classified as a banking portfolio, now are classified as a trading portfolio. Therefore, equities and investments classified as other current and fixed assets include only non-listed equities and investments.

Note 6 Analysis of the loan portfolio

	Total NOK million		Allowances				Net NOK million	
	31.03.02	31.12.01	NOK million		%		31.03.02	31.12.01
			31.03.02	31.12.01	31.03.02	31.12.01		
Non-performing commitments	2,160	2,162	895	889	41	41	1,265	1,273
Doubtful commitments	2,280	2,400	334	382	15	16	1,946	2,018
Total	4,440	4,562	1,229	1,271	28	28	3,211	3,291
Of which guarantees etc.	(749)	(900)	-	-	-	-	(749)	(900)
Other loans	186,028	183,474	1,633	1,633	0.9	0.9	184,395	181,841
Total	189,719	187,136	2,862	2,904	2	2	186,857	184,232

Non-performing commitments were distributed as follows

	Total non-performing NOK million		Allowances				Net non-performing NOK million	
	31.03.02	31.12.01	NOK million		%		31.03.02	31.12.01
			31.03.02	31.12.01	31.03.02	31.12.01		
Corporate commitments	1,681	1,681	733	726	44	43	948	955
Retail commitments	479	481	162	163	34	34	317	318
Total	2,160	2,162	895	889	41	41	1,265	1,273

Note 7 Capital ratio

	NOK billion	
Risk-weighted assets as at	31.03.02	31.03.01
Total assets	169.0	184.2
Total off-balance sheet items	26.0	24.4
Total market and foreign exchange risk	7.9	7.5
Risk-weighted assets	202.9	216.1

	NOK million		%	
Capital ratio as at	31.03.02	31.03.01	31.03.02	31.03.01
Core capital	16,493	15,498	8.1	7.2
Supplementary capital	6,518	6,738	3.2	3.1
Deductions	(37)	(44)	-	-
Total capital	22,974	22,192	11.3	10.3

The capital ratio requirement is 8 per cent.