Nordea Press release

Copenhagen, Helsinki, Oslo, Stockholm, 22 August 2002

Interim Report Second Quarter 2002

Stable profit excluding investment earnings

- **Operating profit before investment earnings EUR 409m, unchanged compared to first quarter**
- **Total income EUR 1,513m, up 1% on first quarter, supported by growth in loans and deposits, net interest income up 2%, and strong commission income, up 4%**
- **Total expenses EUR 1,065m, up 3% on first quarter, reflecting investments in the second wave of integration**
- **Satisfactory credit quality maintained**
- **Loan losses down to EUR 56m (EUR 63m) corresponding to 0.16% of loans, annualised**
- **Operating profit of EUR 315m**

Weak equity markets

- **Investment earnings EUR -50m**
- **Financial buffers in Life operations satisfactory**
- **Pension fund allocation of EUR 152m, which reduced pre-tax profit correspondingly**

Integration and focus on core areas

- **Sale of General Insurance expected to be completed in the third quarter**
- **LG Petro Bank bid: all approvals in place, tender offer to be launched**
- **Second wave programme consolidated into 15 main projects**

"Stable development in our core earnings and a satisfactory credit quality form a strong basis for our business. The divestment of the General Insurance activities will further increase our earnings stability. While maintaining a sharp focus on cost control we are investing in future growth and increased efficiency", says Thorleif Krarup, Group CEO of Nordea.

Operational income statement

EURm	Q2 2002	Q1 2002	Change %	Jan-June[1] 2002	Jan-June 2001	Change %	Full year[1] 2001
Net interest income	**855**	837	2	1,692	1,757	-4	3,465
Commission income	**391**	376	4	767	720	7	1,397
Trading	**137**	136	1	273	284	-4	543
Income from insurance	**93**	116	-20	209	310	-33	524
Other	**37**	29	28	66	88	-25	161
Income	**1,513**	**1,494**	**1**	**3,007**	**3,159**	**-5**	**6,090**
Personnel expenses	**-598**	-586	2	-1,184	-1,097	8	-2,188
Other expenses	**-467**	-451	4	-918	-815	13	-1,701
Expenses	**-1,065**	**-1,037**	**3**	**-2,102**	**-1,912**	**10**	**-3,889**
Profit before loan losses	**448**	**457**	**-2**	**905**	**1,247**	**-27**	**2,201**
Loan losses	**-56**	-63	-11	-119	-104	14	-373
Profit from companies accounted for under the equity method	**17**	15	13	32	31	3	95
Profit excluding investment earnings	**409**	**409**	**0**	**818**	**1,174**	**-30**	**1,923**
Treasury	**-4**	11		7	93		124
Life insurance	**-12**	0		-12	2		-7
General insurance	**-29**	-7		-36	-21		-13
Other	**-5**	0		-5	57		48
Investment earnings	**-50**	**4**		**-46**	**131**		**152**
Goodwill depreciation	**-44**	-42	5	-86	-73	18	-147
Operating profit	**315**	**371**	**-15**	**686**	**1,232**	**-44**	**1,928**
Allocation to pension foundation	**-152**	-		-152	-		-
Taxes	**-72**	-102		-174	-350		-360
Minority interests	**0**	0		0	-2		0
Net profit	**91**	**269**	**-66**	**360**	**880**	**-59**	**1,568**

Ratios and key figures

	Q2 2002	Q1 2002	Jan-June 2002	Jan-June 2001	Full year 2001
Earnings per share, EUR	0.03	0.09	0.12	0.29	0.53
Share price, EUR, end of period	5.49	6.53	5.49	6.73	5.97
Shareholders' equity per share[2], EUR	3.90	3.90	3.90	3.76	4.00
Shares outstanding[3], million	2,963	2,965	2,963	2,964	2,965
Return on equity (excluding goodwill)[4], %	5.7	13.0	9.5	21.6	19.2
Lending, EURbn	143	142	143	135	138
Deposits, EURbn	90	86	90	81	83
Shareholders' equity[2], EURbn	12	12	12	11	12
Total assets, EURbn	251	253	251	233	242
Assets under management, EURbn	100	108	100	101	105
Cost/income ratio, banking[5], %	63	64	64	55	58
Combined ratio, general insurance, %	111	113	112	103	106
Tier 1 capital ratio, %	7.4	7.2	7.4	7.0	7.3
Total capital ratio, %	8.9	9.2	8.9	9.6	9.1
Risk-weighted assets, EURbn	136	140	136	135	136

[1] Including Postgirot Bank from December 2001.

[2] End of period (after proposed dividend 2001).

[3] End of period. Average number of shares Jan-June 2002 after full dilution was 2,985 million.

[4] Excluding goodwill depreciation and excluding remaining goodwill, which has been deducted from shareholders' equity.

[5] Before loan losses and goodwill depreciation.

Quarterly development

EURm	Note	**Q2 2002**	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Net interest income		**855**	837	852	856	885
Commission income	1	**391**	376	363	314	359
Trading		**137**	136	128	131	128
Income from insurance		**93**	116	72	142	185
Other		**37**	29	37	36	52
Income		**1,513**	**1,494**	**1,452**	**1,479**	**1,609**
Personnel expenses		**-598**	-586	-562	-529	-556
Other expenses		**-467**	-451	-476	-410	-410
Expenses	2	**-1,065**	**-1,037**	**-1,038**	**-939**	**-966**
Profit before loan losses		**448**	**457**	**414**	**540**	**643**
Loan losses		**-56**	-63	-56	-213	-59
Profit from companies accounted for under the equity method		**17**	15	35	29	20
Profit excluding investment earnings		**409**	**409**	**393**	**356**	**604**
Treasury		**-4**	11	30	1	25
Life insurance		**-12**	0	45	-54	19
General insurance		**-29**	-7	43	-35	11
Other		**-5**	0	-4	-5	55
Investment earnings		**-50**	**4**	**114**	**-93**	**110**
Goodwill depreciation		**-44**	-42	-39	-35	-37
Operating profit		**315**	**371**	**468**	**228**	**677**
Allocation to pension foundation		**-152**	-	-	-	-
Taxes		**-72**	-102	55	-65	-193
Minority interests		**0**	0	0	2	-1
Net profit		**91**	**269**	**523**	**165**	**483**

Note 1 **Commission income,** EURm

Brokerage	**46**	55	76	56	60
Asset Management/Investment funds	**115**	126	115	104	116
Issue of securities	**5**	4	9	7	20
Lending	**91**	87	84	84	91
Deposits and payments	**183**	157	139	130	127
Foreign exchange	**10**	8	8	9	8
Other	**30**	22	17	6	16
Commission expenses	**-83**	-77	-79	-77	-73
Net commission income	**397**	382	369	319	365
Of which investment activities	**-6**	-6	-6	-5	-6
Commission income	**391**	**376**	**363**	**314**	**359**

Note 2 **Expenses,** EURm

Personnel[1]	**603**	589	567	535	560
Information technology[2]	**128**	114	119	104	104
Marketing	**40**	27	39	25	25
Postage, telephone and office expenses	**63**	74	68	56	63
Rents, premises and real estate expenses	**82**	82	90	82	91
Other	**156**	161	166	149	132
Expenses	**1,072**	1,047	1,049	951	975
Of which investment activities	**-7**	-10	-11	-12	-9
Expenses	**1,065**	**1,037**	**1,038**	**939**	**966**

[1] Profit related personnel expenses including profit-sharing systems were EUR 18m in Q2 2002 (Q1 2002: EUR 17m).

[2] Refers to computer operations, service expenses and consulting fees. Total IT-related costs in Q2 2002, including personnel etc were EUR 220m (Q1 2002: EUR 205m).

The Group

Result summary

In the second quarter underlying income and costs showed a stable development overall compared to the first quarter.

Total income increased by 1% and was characterised by growth in net interest income and commission income, and by reduced income from insurance. Total expenses increased by 3%.

Profit excluding investment earnings amounted to EUR 409m, unchanged from the previous quarter.

Investment earnings, including a loss on the sale of General Insurance of EUR 40m, declined by EUR 54m and amounted to EUR -50m.

Operating profit amounted to EUR 315m, a reduction of EUR 56m compared to the first quarter, reflecting the reduced investment earnings.

As previously announced, pre-tax profit for the quarter was reduced by EUR 152m as a consequence of the accumulated deficit in the Swedish pension fund being reflected in the accounts.

Net profit amounted to EUR 91m, corresponding to EUR 0.03 per share. Return on equity was 5.7% (excluding goodwill). Excluding the provision for the deficit in the Swedish pension fund EPS was EUR 0.07 and return on equity was 10.3% (excluding goodwill).

Development in the second quarter

Market conditions in the second quarter have been similar to those prevailing in the first quarter this year, with an underlying largely unchanged macroeconomic situation and overall stable interest rates at a low level. The weakness in the Nordic and global equity markets accelerated in the second quarter.

Total lending increased by 2%, reflecting continued demand for credit from retail customers. Deposits from customers increased by 5%, reflecting a shift by customers towards low-risk savings products. During the last 12 months lending and deposits increased by 7% and 11%, respectively.

Income

Net interest income increased to EUR 855m (EUR 837m in the first quarter of 2002), as a result of higher lending and deposit volumes. Short-term interest rates have not increased to the extent expected at the beginning of the quarter apart from slight increases in short-term interest rates in Sweden and Norway. Lending and deposit margins consequently remained largely unchanged during the second quarter.

Nordic and international stock exchange indexes developed negatively during the quarter. The Nordic indexes fell on average 19%. Turnover volumes on the Nordic exchanges on average were reduced by 15%.

Despite the weak equity markets, commission income increased to EUR 391m (EUR 376m). Commissions from payment services showed good growth following the acquisition of Postgirot Bank as well as strong growth in electronic payment services. This more than compensated for reduced commissions from asset management. Income within investment banking operations improved somewhat. Assets under management decreased by 7% compared to the first quarter, to EUR 100bn. Despite the negative development in the equity markets and customers' shift towards low-risk savings products, there was a net inflow in the asset management business also in the second quarter.

Income from trading, mainly comprising income related to foreign exchange and derivatives trading with customers, was maintained at a high level and amounted to EUR 137m (EUR 136m).

Income from insurance, excluding investment earnings, was reduced to EUR 93m (EUR 116m). The decline follows high claims in General Insurance. In addition, the weak equity markets affected income in Life. Investment income was below the guaranteed yield to policyholders, and this was not offset in full by reduced financial buffers.

Other income, which primarily consists of property-related income, amounted to EUR 37m (EUR 29m).

Expenses

Expenses developed according to plan and were slightly increased at EUR 1,065m (EUR 1,037m). Somewhat higher personnel, as well as IT and marketing costs, reflect a higher level of activity than in the first quarter.

Expensed investments related to development projects in the second wave of integration amounted to EUR 25m (EUR 10m) in the second quarter.

Loan losses

Loan losses amounted to EUR 56m (EUR 63m). No change in the general provisions was made in the second quarter. Loan losses in the second quarter corresponded to 0.16% of total loans, annualised. For 2001 as a whole the loan loss ratio was 0.29%.

At the end of the quarter, impaired loans net amounted to EUR 875m (EUR 841m), representing 0.6% (0.6%) of total lending.

Investment earnings

Investment earnings totalled EUR -50m (EUR 4m) in the second quarter, mainly as a result of the negative development in the equity markets leading to losses on equity portfolios within both Life and General Insurance.

Investment earnings in Group Treasury amounted to EUR -4m. Gains on bond portfolios compensated for losses on equities.

The previously announced loss on the sale of the General Insurance business of EUR 40m, and a gain of EUR 30m on the divestment of ownership interests in a mortgage institution in Denmark, have been included in investment earnings (Other) in the quarter.

Pension commitments

As a result of declining equity markets during the second quarter, the deficit in the Swedish pension fund had increased to EUR 152m. Based on the magnitude of the deficit, it was, as previously announced, resolved to reflect the deficit in the second quarter accounts as opposed to reflecting it in the year-end accounts. The pre-tax profit in the second quarter was consequently reduced by EUR 152m.

Including the contribution made, aggregate assets in the Group's pension foundations exceeded pension commitments not recognised in the balance sheet by EUR 91m at the end of June.

As per 20 August the aggregate assets in the Group's pension foundations exceeded pension commitments not recognised in the balance sheet by EUR 12m, whereas there was a deficit in the Swedish pension fund of EUR 44m.

Taxes

Taxes for the quarter have been calculated assuming that the utilisation of a tax loss carry forward at the beginning of the year of approximately EUR 100m will be evenly distributed over all quarters in 2002.

Taxes amounted to EUR 72m. The high tax rate in the second quarter was affected by an additional tax cost of EUR 10m related to the merger of some international branches. The decision of the tax authorities has been appealed.

Net profit

Net profit amounted to EUR 91m (EUR 269m). The reduction of net profit was driven by the contribution related to the deficit in the Swedish pension fund and reduced investment earnings in the second quarter.

Comparison with the first half year 2001

Operating profit for the first six months was EUR 546m lower than the corresponding period last year. The reduction was due to higher investment earnings last year following several one-off gains. In addition, total income was higher last year, primarily as a result of higher deposit margins and more positive market conditions at that time. Expenses were 1% higher than last year when adjusting for Postgirot Bank.

The cost/income ratio (banking) was 64% (55%). The cost/income ratio (banking), excluding investment income, was 65% (58%). Postgirot Bank represented an increase of approximately 2%-points.

Credit quality

The composition of the loan portfolio with respect to customer groups has changed slightly compared to previous quarters. Approximately 60% of the portfolio comprises loans to companies (61% in the previous quarter), 38% loans to personal customers (37% in the previous quarter), and 2% loans to the public sector. Part of the change in the composition is attributable to a reclassification of loans from corporate clients to personal customers.

Within the personal customer sector, mortgage loans account for 77% compared to 81% in the previous quarter. Mortgage loans as such increased slightly, and the reduced percentage is a result of the above mentioned reclassification. Other lending to personal customers include consumer loans, overdraft facilities, car financing, credit cards etc.

There is no major change in the composition of the corporate loan portfolio. Commitments to the telecom sector amount to EUR 6.2bn which is a reduction from EUR 6.9bn in the previous quarter. Out of this EUR 4.1bn is outstanding exposure. The total commitment include commitments which are secured, or counter-guaranteed in full or in part, by national export guarantee agencies. Major Nordic operators and equipment manufacturers account for the majority of the telecom exposure.

The continuous focus on Nordic customers has helped maintaining the credit quality at a satisfactory level.

Life insurance operations

The poor development in Nordic and international equity markets influenced Nordea's life insurance business negatively during the quarter. Despite lower share prices, financial buffers in the individual life companies within the Group, at the end of June as well as mid-August, are at a satisfactory level in relation to guaranteed liabilities.

In order to further strengthen the Life insurance business, subordinated loans of SEK 500m and DKK 100m were placed with the Swedish and Danish businesses, respectively. The overall solvency of the life companies is at an adequate level.

As per the beginning of August, Nordea's life business had on average approximately a 20% cushion for further fall in the equity markets, with respect to required solvency.

Integration progress

At the end of the second quarter, accumulated realised merger synergies amounted to EUR 227m. The integration of Nordea's business activities continues according to plan.

Minor synergies related to the integration of Postgirot Bank were realised during the quarter. Realisation of further synergies is expected to accelerate in the second half of 2002.

During the quarter EUR 15m of the restructuring reserve has been utilised. The remaining reserve at the end of the second quarter amounted to EUR 73m, including EUR 43m related to the acquisition of Postgirot Bank.

Second wave of integration

After a phase of further analyses and prioritisation, the second wave integration programme has been consolidated into 15 main projects, 7 of which are under execution. These projects are within all areas of the Group and the investments and benefits are an integrated part of the ordinary business development from the various areas that are accountable.

The target of the integration programme is to create additional annual synergies of the same magnitude as the merger synergies by fully exploiting the benefits of operating as one integrated Group in a cross-border environment. The benefits will be realised progressively from 2003 with expected full year effect from 2005 and onwards.

Total investments required for the consolidated 15 projects in the second wave of integration programme are estimated at EUR 350-400m, of which 25% is expected to materialise in 2002, 50% in 2003, and the remaining 25% in 2004. Approximately half of these investments will be on top of ordinary investments as in an average operating year. Investments related to these projects in the second quarter were EUR 25m compared to EUR 10m in the first quarter.

During the second quarter it was decided to consolidate the IT production at the Nordic level. The number of technological platforms will be reduced and each platform will be consolidated into one single location. Cost reductions primarily emerge from centralising and standardising hardware and software, as well as from reduced licence costs. The effect will be gradually increasing with full-year sustainable effect in 2005 estimated at EUR 70m. The aim of this initiative is to maintain a zero growth cost level for IT production over the years to come in an environment characterised by growing volumes and more extensive usage of IT in Nordea.

In addition, it was decided to separate general support services not related to primary business activities from the business areas and establish a new centralised function, “Business Support & Procurement”. The new function will have group-wide responsibility for managing Nordea occupied real estate, internal services and purchasing. The purpose is to standardise and consolidate each service and re-engineer the internal processes to gain efficiency and uniformity. This will include e-based solutions and pave the way for external partnerships. Availability of consolidated information about vendor relations is expected to give significant cost savings coming from more professional procurement.

It was also decided to launch a groupwide HR initiative. This initiative includes the creation of a shared service centre that will increase cost efficiency. Even more important, most administrative routines will be harmonised and e-enabled which will give line managers improved access to essential HR data necessary to improve productivity and for the development of the human capital of the Group.

During the second quarter Nordea established an alliance with the German software company SAP, with the purpose of implementing standardised solutions for non-core banking systems such as finance, personnel, procurement, etc. The up-front investments related to such standardised solutions amount to EUR 24m, and will be depreciated over 3 years, starting in the third quarter this year.

Sale of General Insurance business

On 19 June Nordea and Tryg i Danmark smba (Tryg i Danmark) signed a Letter of Intent regarding the sale by Nordea of 100% of its General Insurance business (Tryg) to Tryg i Danmark, for a price equal to EUR 760m in cash. Nordea is also entitled to additional deferred contingent consideration up to a maximum of EUR 90m if either Tryg combines with another business and/or Tryg achieves certain performance targets. Contingent consideration is payable in relation to the period up to 31 December 2004.

A sale and purchase agreement was signed by the end of June. Tryg i Danmark assumed the financial responsibility for Tryg from 1 July 2002.

As part of the transaction Nordea and Tryg have entered into a strategic partnership agreement, which includes a continuation of the existing bancassurance distribution agreement and asset management agreement. The

partnership will enable cross distribution of services through the two parties' distribution networks.
The majority of the required regulatory approvals have been obtained and the transaction is expected to be completed by the end of the third quarter.

Acquisition of LG Petro Bank in Poland

In May Nordea entered into a conditional agreement with LG of Korea to purchase 54.3% of LG Petro Bank in Poland. The agreement is conditional, inter alia, on Nordea being able to launch a tender offer for all shares of LG Petro Bank under Polish securities legislation. All necessary regulatory approvals have been obtained.
Nordea soon intends to launch such tender offer and aims to complete the acquisition of at least 90% of LG Petro Bank during the autumn. The total consideration for all outstanding shares will amount to PLN 467m (EUR 128m).

Other recent developments

The debt collection subsidiary Contant Oy was sold end June. The transaction did not affect the Group accounts in second quarter. The transaction is expected to close in the third quarter, and will lead to a capital gain of EUR 22m.

Shareholders’ equity and capital ratio

Shareholders’ equity amounted to EUR 11.5bn at the end of the second quarter, corresponding to a Tier 1 capital ratio of 7.4%. The total capital ratio was 8.9%.

In July and August, Nordea issued GBP 300m and EUR 300m of subordinated debt.

The Nordea share

Share prices for Nordic as well as European financial institutions decreased by approximately 20% in the second quarter. The Nordea share traded at SEK 41.20 on 21 August, which was 25.8% lower than at the end of 2001. Total shareholder return for the first six months of 2002 was –6.5%.

Outlook

Despite the negative development in the equity markets in the second quarter, the underlying macroeconomic situation is largely unchanged from the beginning of the year. There is still an expectation of economic growth in the Nordic region in 2002.

Nordea expects a moderate growth in the business volume and thereby revenues in the second half of 2002, when taking the sale of General Insurance into account. To a certain extent this depends on the development in the capital markets.

Nordea will maintain a sharp focus on cost control. The aim is to achieve zero cost growth in 2002, compared to 2001, when adjusting for acquisitions and disposals and the impact of second wave investments beyond the ordinary annual level.

Loan loss provisions in the second half of the year are expected to be of the same magnitude as in the first half. The target over a business cycle, maximum 0.40% of loans and guarantees, remains unchanged.

The disposal of the General Insurance business will enhance Nordea’s focus on its core banking and asset accumulation franchises, and reduce the capital market exposure. This is expected to lead to increased earnings stability in the longer term.

Results by business area second quarter 2002

EURm	Business areas: Retail Banking	Corporate and Institutional Banking	Asset Management & Life: Asset Management	Asset Management & Life: Life[1]	General Insurance[1]	Group Treasury	Other	Total
Customer responsible units:								
Income	1,136	284	61	5	107	32	-112	1,513
Expenses	-675	-170	-38	-43	-125	-7	-7	-1,065
Loan losses	-21	15					-50	-56
Equity method		-2					19	17
Profit excluding investment earnings	**440**	**127**	**23**	**-38**	**-18**	**25**	**-150**	**409**
Investment earnings				-12	-29	-4	-5	-50
Goodwill							-44	-44
Operating profit 2002: Q2	**440**	**127**	**23**	**-50**	**-47**	**21**	**-199**	**315**
2002: Q1	420	132	25	4	-31	35	-214	371
2001: Q4	366	142	25	4	1	38	-108	468
2001: Q3	425	-5	17	-49	-24	21	-157	228
2001: Q2	463	94	20	42	36	35	-13	677
Return on equity, %	25	15						5.7
Cost/income ratio, banking, %	59	60	62			22		63
Combined ratio, %					111			111
Product responsible units:								
Income			124					
Expenses			-75					
Investment earnings								
Product result 2002: Q2			**49**					
2002: Q1			56					
2001: Q4			55					
2001: Q3			50					
2001: Q2			65					

[1] Income is reported as net of premiums, technical interest, claims, benefits and provisions.

Nordea's operations were organised into four business areas in the first half of 2002: Retail Banking, Corporate and Institutional Banking, Asset Management & Life and General Insurance. 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.
From 2002 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, 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 also includes the Group's total earnings on investment funds, including sales and distribution costs within the retail branch network.

In addition to the four 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 and Swedish Postgirot Bank, costs for subordinated debt, results from real estate holdings and business-related equity holdings, expenses for Group staffs, goodwill depreciation, 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

- **Stable operating profit**
- **Profitability at a high level with return on equity of 25%**
- **Firm development in sales of products and services**
- **Bid for LG Petro Bank in Poland**

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

Market conditions

Market conditions in the second quarter have been similar to those prevailing in the first quarter this year. The central bank rates were unchanged in Finland, Denmark and Norway, while the central bank in Sweden increased rates by 0.25%-points. The weakness in the Nordic and global equity markets accelerated in the second quarter.

Customer demand remained firm in the second quarter all over the product range with the exception of long-term savings products.

Business development

Lending to personal customers continued to grow strongly. The loan volume increased by EUR 1.0bn to EUR 50.2bn during the second quarter. This is an increase of 10% compared to one year ago. Deposits from personal customers increased by EUR 0.8bn to EUR 37.1bn at the end of the second quarter, an increase of 8% compared to one year ago. Volume growth has been strongest in Norway and Denmark.

Lending margins were unchanged for personal customers over the second quarter, while deposit margins on average showed a marginal increase.

Lending to corporate customers showed a more subdued development with unchanged loan volumes at the end of June of EUR 53.2bn compared to the end of March. This was due to a decline in the loan book in Sweden. Finland, Denmark and Norway showed continued increases. The development should also be seen against the background of a strong growth in the first quarter. Compared to one year ago, the lending to corporate customers was 7% higher. Deposits from corporate customers increased by EUR 0.3bn in the quarter to EUR 25.9bn, an increase by 16% compared to one year ago.

Lending margins for corporate customers were unchanged in the second quarter compared to the first quarter, while deposit margins increased marginally.

The total loan volume in the second quarter increased by EUR 1.0bn to EUR 103bn. The increase was 8% compared to the end of June last year. Around half of the total loan volume comprised mortgage lending to personal and corporate customers. The deposit volume increased by EUR 1.0bn to EUR 63bn in the second quarter. Compared to the end of June last year, the deposit volume was 12% higher.

In the second quarter, the net sale of investment funds was still positive at a level of EUR 0.4bn, which is somewhat below the level in the preceding quarters.

Nordea signed a conditional purchase agreement with LG of Korea to purchase 54.3% of the shares in the Polish bank LG Petro. Nordea intends to launch a tender offer for all outstanding shares. LG Petro Bank, which is among Poland’s 20 largest banks, has a customer base comprising of more than 160,000 personal customers and several of Poland’s largest companies.

Electronic Banking

Nordea continued to strengthen its position in e-banking. During the second quarter Nordea passed the 3 million mark in the number of e-banking customers. By the end of June the number reached 3.1 million and 274,000 customers had signed up for equity trading on-line.

Nordea had more than two thousand corporate customers using e-business services at the end of the second quarter, of which e-payment was the most popular with over 1,800 customers. Nordea’s e-business services also include e-invoicing, e-identification, e-signature and e-salary. Almost 700 customers are present at Nordea’s Solo Market, a pan-Nordic electronic market place which connects Danish, Finnish, Norwegian and Swedish buyers and sellers.

The number of customer log-ons was 25.5m, which represented an increase of 5.7m, or 29 %, compared to second quarter 2001. The number of payments increased to 30.0m during the second quarter, an increase of 6.4m, or 27%, compared to the same period last year.

Result

Net interest income in the second quarter continued to be supported by strong growth in loan and deposit volumes. Net interest income increased in all of the Nordic countries as a result of the volume expansion and stable to higher margins.

Total income showed a strong increase from the first quarter, primarily due to a gain of EUR 30m related to the divestment of ownership interests in the Danish mortgage institution DLR. Commission income increased somewhat supported by higher payment commissions.

Costs were higher in the second quarter compared to the first. The increase in the second quarter was primarily in personnel expenses reflecting seasonal variations and an additional cost of EUR 9m related to redundancy payments in Sweden. The realisation of cost reductions enabled by e-banking and the multi-channel development, as well as centralisation of production, remains in focus.

The cost/income ratio for the second quarter was reduced to 59% from 60% in the first quarter.
Loan losses in the second quarter were still at a low level of only EUR 21m. Operating profit was EUR 440m, an increase of EUR 20m compared to the first quarter.

Return on equity was at a strong level of 25% in the second quarter, slightly up from 24% in the first quarter.

Operating profit

EURm	Total Q2 2002	Total Q1 2002	Retail Denmark Q2 2002	Retail Denmark Q1 2002	Retail Finland Q2 2002	Retail Finland Q1 2002	Retail Norway Q2 2002	Retail Norway Q1 2002	Retail Sweden Q2 2002	Retail Sweden Q1 2002	Poland & Baltic Q2 2002	Poland & Baltic Q1 2002
Net interest income	**774**	758	211	207	222	217	107	105	228	223	6	6
Net commissions & other income[1]	**362**	321	88	76	76	81	41	36	125	125	5	4
Total income	**1,136**	**1,079**	**299**	**283**	**298**	**298**	**148**	**141**	**353**	**348**	**11**	**10**
Total expenses	**-675**	-644	-174	-168	-153	-151	-100	-95	-237	-220	-9	-10
Profit before loan losses	**461**	**435**	**125**	**115**	**145**	**147**	**48**	**46**	**116**	**128**	**2**	**0**
Loan losses	**-21**	-15	-12	-14	-3	-1	-5	1	0	0	-1	-1
Operating profit	**440**	**420**	**113**	**101**	**142**	**146**	**43**	**47**	**116**	**128**	**1**	**-1**
Cost/income ratio, %	**59**	60	58	59	51	51	67	68	67	63	86	100
Return on equity, %	**25**	24	23	21	35	37	14	15	22	25	7	-6

[1] EUR 30m related to the divestment of ownership interests in the Danish mortgage institution DLR is not included in the country figures.

Volumes

EURbn	Total Q2 2002	Total Q1 2002	Retail Denmark Q2 2002	Retail Denmark Q1 2002	Retail Finland Q2 2002	Retail Finland Q1 2002	Retail Norway Q2 2002	Retail Norway Q1 2002	Retail Sweden Q2 2002	Retail Sweden Q1 2002	Poland & Baltic Q2 2002	Poland & Baltic Q1 2002
Lending	**103.5**	102.4	28.1	27.6	22.5	22.4	18.2	17.7	33.9	34.0	0.8	0.7
Deposits	**62.9**	61.9	14.1	13.9	20.5	19.9	9.5	9.4	18.3	18.3	0.5	0.5

Key figures per quarter

	Q2 2002	Q1[1] 2002	Q4 2001	Q3 2001	Q2 2001
Operating profit, EURm	**440**	420	366	425	463
Return on equity, %	**25**	24	18	22	24
Cost/income ratio, %	**59**	60	58	57	56
Customer base: personal customers, million	**9.5**	9.5	8.9	8.9	8.9
corporate customers, million	**0.9**	0.9	0.6	0.6	0.6
Number of employees (full-time equivalents)	**23,400**	23,600	22,700	22,700	22,600

[1] Postgirot Bank is included from Q1 2002.

Corporate and Institutional Banking

- **Operating profit stable**
- **Income down by 5%**
- **Custody won Euromoney award for its Nordic services**

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 weakness in the Nordic and global equity markets accelerated in the second quarter. In the current market environment, corporate clients tended to postpone their investment decisions, both in terms of acquisitions and capital expenditures.

Stock market development

	Market volume		Market index
	Q2 2002 EURbn	Q2 vs. Q1 %	Q2 2002 %
Denmark	16.9	15.8	-11.7
Finland	47.4	-10.6	-25.7
Norway	13.2	-15.9	-17.1
Sweden	72.1	-23.0	-21.2
Average		-15.0	-18.9

Business development

Corporate Division's deal flow was reasonably good. A number of prominent mandates were achieved within the cash management and debt capital market areas. Strict monitoring of the credit portfolio continued.

Shipping, Offshore and Oil Services Division succeeded in winning some major financing mandates in the various segments of these industries. Generally, the deal flow in the market decreased slightly. The strengthening of the euro against the US dollar resulted in a decreased total portfolio, measured in euro. In the short term, activity related to new investments in this sector is expected to remain low.

International Division's business activity remained at the same level as in previous quarters. Lending volumes have been declining, mainly due to reduced non-core lending. The aggregate risk exposure has been reduced.

In Markets Division, customer activity was vigorous throughout the quarter. Targeted sales efforts led to significant growth in customer demand for sophisticated products such as interest- and FX-derivatives, particularly among Swedish customers. Activities remained strong in the debt capital markets area where Nordea was joint lead manager in major EUR-bond transactions for the Republic of Finland, Carlsberg, and Sonera, with all three transactions successfully executed and distributed. Also, Nordea further consolidated its position as the leading arranger of syndicated loans for Nordic corporates.

Custody Services coped well with volatile equity markets, showing an increase in the transaction volume of 12% and a decrease in assets under custody of only 6% to EUR 357bn compared to the first quarter. Custody Services won the Euromoney award for excellence in the category Best at Custody in Nordic/Baltic region "… for its pan-Nordic presence and high status in custody services". In addition, Global Investor's European Clearing Survey ranked Nordea as the third most popular settlement bank in Europe for both equities and fixed income. As for quality of service, Nordea was quoted to be the best bank in Europe for equities and number three for fixed income.

Investment Banking's business flow improved during the second quarter primarily due to higher deal volume within Corporate Finance. Nordea Securities maintained its rank as number 4 in equities market share in the Nordic marketplace (reflecting each markets' relative weight) and maintained its leading Nordic market position in M&A business. Euromoney awarded Nordea Securities for excellence as best M&A house in Denmark and as best Equities house in Finland. Investments to strengthen Nordea Securities' market position continued according to plan during the second quarter. Also, in addition to cost reductions in Nordea Securities in 2002 a new profitability and performance project has been launched, aimed to reduce costs within the Equities and Support functions.

In Export & Project Finance, the number and the amount of new deals increased compared to the first quarter.

The number of international payments was up by 3%.

Result

Total income in the second quarter was EUR 284m, down by EUR 15m, or 5%, compared to the first quarter of 2002. Net interest income fell by EUR 5m reflecting the targeted reduction of on-balance-sheet lending and actions taken in non-core business run-off portfolios in New York and in Acquisition Finance. Other income declined by EUR 10m with improved development in Nordea Securities partly compensating a slight downturn in other units.

Total expenses in the second quarter were EUR 170m, up EUR 12m from the first quarter of 2002. The increase is explained by investments in Nordea Securities and IT development. Other costs remained at the same level as in the first quarter.

Loan losses excluding transfer risk added up to a positive number of EUR 8m as recoveries exceeded the amount of new provisions for future losses. Credit quality is at a satisfactory level and certain credit issues have been successfully addressed.

Provisions for transfer risk decreased by EUR 7m attributable to reduced exposures mainly in Brazil, Iran and Turkey. Operating profit totalled EUR 127m representing a return on equity of 15%. The cost/income ratio was 60%.

Implementation of Trading Infrastructure

One of Nordea's second wave initiatives is the Trading Infrastructure Programme (TIP). TIP is providing for one common internal infrastructure for the processing of foreign exchange, money market and OTC derivatives transactions. The implementation of IT systems will start in the autumn. Concurrent with the implementation of the common systems and processes, a centralisation of major parts of the back-office functions will take place. The transition process will go on in 2002 and 2003. The TIP programme, when fully implemented, will provide substantial financial benefits, as well as considerably lower operational risks. The benefits will materialise in 2004 and onwards.

Operating profit by main area

EURm	Total Q2 2002	Total Q1 2002	Corporate Division Q2 2002	Corporate Division Q1 2002	Shipping, Offshore and Oil Services Q2 2002	Shipping, Offshore and Oil Services Q1 2002	International Division[1] Q2 2002	International Division[1] Q1 2002	Investment Banking[1] Q2 2002	Investment Banking[1] Q1 2002	Other Q2 2002	Other Q1 2002	Markets[2] Q2 2002	Markets[2] Q1 2002
Net interest income	**102**	107	57	59	25	25	15	18	1	-	4	5		
Other income	**182**	192	105	107	12	15	23	26	26	16	16	28		
Total income	**284**	**299**	**162**	**166**	**37**	**40**	**38**	**44**	**26**	**16**	**20**	**33**	**112**	**120**
Total expenses	**-170**	-158	-77	-63	-9	-7	-22	-24	-35	-23	-27	-41	-51	-52
Profit before loan losses	**114**	**141**	**85**	**103**	**28**	**33**	**16**	**20**	**-9**	**-7**	**-7**	**-8**	**61**	**68**
Loan losses	**8**	-16	-12	-16	9	-6	2	4	-	-	9	2	-	-
Transfer risk	**7**	-2	-	-	-	-	7	-2	-	-	0	0	-	-
Equity method	**-2**	9	-	-	-	-	-3	7	-	-	1	2	-	-
Operating profit	**127**	**132**	**73**	**87**	**37**	**27**	**22**	**29**	**-9**	**-7**	**3**	**-4**	**61**	**68**
Lending, EURbn	**26.3**	27.2	16.6	16.2	5.8	6.4	3.6	4.1	-	-	0.3	0.5	-	-

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

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

Key figures per quarter

	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Operating profit, EURm	**127**	132	142	-5	94
Return on equity, %	**15**	14	16	0	11
Cost/income ratio, %	**60**	53	53	51	53
Number of employees (full-time equivalents)	**3,800**	3,800	3,700	3,700	3,900

Asset Management & Life

- **AuM down 7% to EUR 100bn in difficult markets**
- **Life buffers reduced, but solvency still adequate**
- **Annualised net inflow to investment funds year to date at 17% of fund assets at the beginning of the year. Total net inflow at 9%**
- **Nordea funds “Best Equity Group of the Year” in Germany**

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

Nordic and international stock exchange indexes developed negatively during the quarter. While the MSCI world equity index fell by 13% in the second quarter, the Nordic indexes fell by 19% on average.

Business development

The market environment had different effects on the various market segments. Private investors, while reluctant to invest further in equities, generally avoided disposing of their positions. Institutional clients, on the other hand, continued to reduce their equity exposure.

During the quarter, Asset Management & Life has concentrated on keeping strategic projects on track, while acknowledging the difficult operating environment by maintaining strict emphasis on cost control.

Investment Management

Inflows in this business unit were subdued as regards institutional mandates, which suffered from the pressure to reduce risk in the insurance industry and among pension funds.

Total net inflows to Investment Management during the quarter amounted to EUR 1.1bn, compared to EUR1.7bn in the previous quarter. However, given the negative performance of equity portfolios, assets under management fell to EUR 67.7bn from EUR 74.0bn at the end of the first quarter. The average gross margin in the second quarter for the business unit was 19bp, against 20bp in the first quarter.

Investment Funds

In May, Lipper, a Reuter’s subsidiary, nominated Nordea’s funds Best Equity Group in Germany and singled out two Nordea funds as best funds in their respective classes.

Overall, Nordea Investment Funds saw net inflows of EUR 1.0bn during the quarter, against EUR 2.1bn in the first quarter. Despite this slowdown, net fund inflows for the first half of 2002 correspond to 17% (annualised) of fund assets under management at the beginning of the year, well ahead of the strategic target of 12% pa. The European Fund Distribution continued to prove its importance as a source of new assets, generating net inflows of EUR 0.4bn, unchanged compared to the first quarter.

Market shares in second quarter 2002

	Nordic	Denmark	Finland	Norway	Sweden
Net inflow	13.3%	24.0%	7.0%	16.3%	2.2%
AuM	20.0%	27.3%	24.8%	8.9%	17.9%

Assets under management in Investment Funds declined by EUR 3.6bn to EUR 34.2bn. The average gross margin on funds for the quarter was 102bp, down 3bp from the previous quarter.

Life

Net written premiums were EUR 611m, as compared to 693m in the first quarter. Investment return (excluding unit-linked) was -1.9%, which is below the first quarter in which the investment return was 0.5%.

In order to further strengthen the Life insurance business, subordinated loans of SEK 500m and DKK 100m were placed with the Swedish and Danish businesses, respectively. The overall solvency of the life companies is at an adequate level.

Falling equity markets in the second quarter reduced overall financial buffers to EUR 1.2bn, equal to 7.5% of guaranteed liabilities.

Nordic Private Banking

Nordea’s Nordic customers in the private banking segment reduced their activity further during the quarter. Net inflows during the second quarter were slightly negative. Adding negative market performance, assets under management were down by 1.8bn on the quarter, ending at EUR 20.0bn. The result of Nordic Private Banking is only partially included under Asset Management & Life, the remainder being accounted for in Retail Banking.

European Private Banking

The Luxembourg operation and its branch in Switzerland attracted net new private banking assets despite a general attitude of cautiousness among customers. Nevertheless, assets under management declined to EUR 6.6bn, down EUR 0.2bn on the quarter.

Long-Term Savings & Life

This business unit is run jointly with Retail Banking and is responsible for advisory services and sales relating to savings products delivered to the Nordic retail customers of Nordea. The result generated by these activities is included under Retail Banking.

Total retail savings held with Nordea fell slightly during the second quarter. This decrease was carried by investment funds, individual equities and pension vehicles, while holdings in savings accounts and bonds increased.

Result

Results from the asset management activities of the business area showed some resilience despite reduced activity levels. Thus, the second quarter produced a product result of EUR 49m, compared to EUR 56m in the previous quarter.

Operating profit from the Life operations was down to EUR -50m (from EUR 4m) as a consequence of the fall in equity markets. Financial buffers were reduced by EUR 458m during the quarter, absorbing the majority of the investment losses incurred.

Volumes, inflow and margins

	Total			Denmark		Finland		Norway		Sweden	
	Q2	**Q2**	Q1	Q2	Q1	Q2	Q1	Q2	Q1	Q2	Q1
EURbn	**2002**	**Inflow**	2002	2002	2002	2002	2002	2002	2002	2002	2002
Investment Funds[1]	**34.2**	**1.0**	37.8	10.6	11.0	3.8	4.2	1.4	1.5	15.3	18.0
Investment Management	**67.7**	**1.1**	74.0								
of which investment funds	**30.8**	**1.0**	34.6								
of which group internal insurance[2]	**19.5**	**0.2**	20.7								
Nordic Private Banking	**20.0**	**-0.1**	21.8								
European Private Banking	**6.6**	**0.2**	6.8								
Real estate	**1.9**		1.8								
Total	**99.6**	**1.3**	107.6								
Investment Funds margins, %[3]	**1.02**		1.05	0.62	0.65	1.45	1.46	1.00	1.03	1.14	1.18
Investment Management margins, %[4]	**0.19**		0.20								

[1] Including EUR 3.1bn and EUR 3.0bn outside the Nordic countries for the second and first 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

	Q2	Q1	Q4	Q3	Q2
EURm	**2002**	2002	2001	2001	2001
Revenues	**124**	131	133	117	133
Expenses	**-49**	-48	-63	-52	-54
Distribution expenses	**-26**	-27	-15	-15	-14
Product result	**49**	**56**	**55**	**50**	**65**
of which profit within Retail Banking	*19*	*31*	*30*	*33*	*45*
Operating profit, customer responsible units	**23**	25	25	17	20
Cost/income ratio, % - CRUs	**62**	61	64	69	67
Assets under management, EURbn	**100**	108	105	87	101
Number of employees (full-time equivalents)	**856**	846	846	842	848

Key figures per quarter – Life activities

EURm	**Q2 2002**	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Traditional life insurance					
Premiums written, net of reinsurance	**486**	559	589	367	589
Normalised investment return[1]	**239**	239	288	279	285
Benefits paid and change in provisions	**-643**	-704	-889	-555	-789
Insurance operating expenses	**-31**	-31	-29	-26	-29
Normalised operating margin[1]	**51**	**63**	**-41**	**65**	**56**
Fluctuations compared to normalised investment return	**-540**	-158	267	-776	56
Actual operating margin	**-489**	**-95**	**226**	**-711**	**112**
of which allocated to policyholders	**-11**	-11	-5	-1	-22
of which to/from financial buffers	**453**	108	-216	659	-50
Net profit from health and personal accident insurance	**-5**	0	-	-	-
Operating profit	**-52**	**2**	**5**	**-53**	**40**
Unit-linked business					
Premiums written, net of reinsurance	**125**	134	189	91	157
Operating profit	**2**	**2**	**-1**	**4**	**2**
Total					
Premiums written, net of reinsurance	**611**	693	778	458	746
Total operating profit	**-50**	**4**	**4**	**-49**	**42**
of which allocated to Retail Banking	***16***	*12*	*22*	*11*	*22*
Bonds	**11,699**	11,453	11,205	10,813	10,636
Equities	**4,859**	5,330	5,001	4,384	5,455
Property	**1,872**	1,782	1,740	1,663	1,502
Unit-linked	**3,144**	3,533	3,378	2,952	3,353
Total investments	**21,574**	22,098	21,324	19,812	20,946
Investment return, %[2]	**-1.9**	0.5	3.3	-3.1	1.7
Technical provisions	**20,917**	21,242	20,534	19,120	20,027
Financial buffers	**1,238**	1,696	1,776	1,563	2,185
Number of employees (full-time equivalents)	**787**	796	802	827	835

[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] Exclusive of unit-linked business.

General Insurance

- **All General Insurance business sold**
- **Takeover of Zurich's activities in Denmark and Norway**

General Insurance comprises the activities within direct general insurance and reinsurance.

The reorganisation of the general insurance activities in order to sell General Insurance has taken place and with effect from 1 July all general insurance activities have been transferred to Tryg i Danmark.

Market conditions

The new Danish Act on damages and compensation for personal injuries has resulted in significant premium increases in Denmark, mainly within third-party motor insurance.

Business development

Tryg Forsikring and Vesta have entered into an agreement with Zurich Services Group on the takeover of a considerable part of Zurich's general insurance activities in Denmark and Norway. The parties have also agreed that Tryg Forsikring and Vesta should make available their insurance services in Denmark and Norway to Zurich's international customers.

General Insurance's activities in Finland have grown significantly since the beginning of the year. Around 20,000 policies have been sold, the target being 40,000 policies before the end of the year. The customer group in Finland comprises personal customers only. At present six different types of insurance are available.

In addition to the strategic partnership agreement between Tryg Forsikring and Nordea following the sale of the General Insurance business, Tryg Forsikring has entered into an agreement with Nordea on the sale of healthcare insurance for company pension customers. Tryg Forsikring is thus now the preferred supplier of healthcare insurance.

General Insurance has established a pan-Nordic emergency centre, which gives unfortunate travellers access to expert advice around the clock. The services of the emergency centre are available to General Insurance's customers in Denmark, Norway and Finland who have taken out travel insurance.

Result

The substantial increase in premiums continued in the second quarter. Premiums thus went up by 9% compared to the first quarter. Premium growth primarily stems from the Norwegian business.

Due to seasonal fluctuations and unfavourable weather conditions, the claims ratio in the second quarter, as in the first quarter, was on a high and unsatisfactory level. Furthermore, in Denmark the claims ratio was affected by several large claims and in Norway as well as in TBi the claims ratio was affected by run-off losses.

Expenses remain at the same level as in the first quarter, resulting in an expense ratio of 29%.

Investment earnings were affected by losses in the equity portfolio. The total return is 2.4% (annualised), which corresponds to the benchmark level.

Key figures per quarter

EURm	**Q2 2002**	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Gross earned premiums	**548**	505	494	470	453
Technical result	**-18**	-24	-42	11	25
Investment earnings	**-29**	-7	43	-35	11
Operating profit	**-47**	**-31**	**1**	**-24**	**36**
Combined ratio, %	**111**	113	114	105	100
Core operating ratio, %[1]	**-4**	-6	-10	3	7
Operating ratio, %[2]	**-11**	-8	0	-6	10
Return on equity, %	**-23**	-15	8	-18	26
Bonds	**1,955**	1,860	1,790	1,628	1,518
Equities	**342**	455	437	372	444
Property	**439**	434	430	426	407
Investments	**2,736**	**2,749**	**2,657**	**2,426**	**2,369**
Investment return, % p.a.[3]	**2.4**	4.8	2.9	-2.8	4.8
Number of employees (full-time equivalents)	**4,400**	4,430	4,290	4,280	4,220

[1] Technical result/premiums on own account.

[2] Operating profit/premiums on own account.

[3] Before interest allocation to technical result.

Group Treasury

- **Operating profit of EUR 21m**
- **Issuance of subordinated debt**

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 Federal Reserve and ECB kept official interest rates unchanged during the quarter. In the Nordic area the Swedish Riksbank increased official rates from 4.00% to 4.25%. European government bond rates fell 30-40 basis points during the quarter.

Nordic and international stock exchange indexes developed negatively during the quarter. While the MSCI world equity index fell by 13% in the second quarter, the Nordic indexes fell by 19% on average.

Business development

The market risk exposure in Group Treasury continued to be relatively low, as in the first quarter.

At the end of June, 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 119m compared to EUR 108m at the end of the first quarter.

The risk related to equities, calculated as VaR, was EUR 60m compared to EUR 72m at the end of the first quarter. The VaR figure comprises all equities including listed, unlisted and private equity.

In July, Nordea priced its first ever sterling-denominated perpetual transaction of Subordinated Upper Tier II debt of GBP 300m which was well received despite a very volatile environment. The purpose of the transaction was to strengthen the capital base and to diversify the bank's investor base through a fixed rate sterling bond that attracted the major UK accounts. In addition, Nordea issued EUR 300m of subordinated Lower Tier II debt in July and August.

Result

Operating profit was EUR 21m in the second quarter compared to EUR 35m in the first quarter.

Investment earnings showed a loss of EUR 4m in the quarter compared to a gain of EUR 11m in the first quarter. Gains on the fixed-income portfolio amounted to EUR 28m in the second quarter compared to a loss of EUR 6m in the first quarter. Income from equity investments showed a loss of EUR 32m in the quarter compared to a gain of EUR 17m in the first quarter.

The operating profit in Group Funding totalled EUR 25m.

Operating profit by main area

EURm	Total Q2 2002	Total Q1 2002	Investment and Risk Trading: Fixed-income portfolios Q2 2002	Fixed-income portfolios Q1 2002	Equity portfolios Q2 2002	Equity portfolios Q1 2002	Group Funding Q2 2002	Group Funding Q1 2002
Income			31	-5	-31	18	32	30
Expenses			-3	-1	-1	-1	-7	-6
Profit excluding investment earnings	**25**	**24**					**25**	**24**
Investment earnings	**-4**	11	28	-6	-32	17		
Operating profit	**21**	**35**						

Key figures per quarter

	Q2 2002	Q1 2002	Q4 2001	Q3 2001	Q2 2001
Operating profit, EURm	**21**	35	38	21	35
Cost/income ratio, %	**22**	23	17	23	22
Bonds, EURm	**13,496**	15,124	13,378	11,942	11,725
Equities, EURm	**616**	682	574	622	713
Investments	**14,112**	**15,806**	**13,952**	**12,564**	**12,438**
Number of employees (full-time equivalents)	**104**	106	101	103	106

Thursday 22 August 2002

Thorleif Krarup
Group Chief Executive Officer

- A conference call with management will be arranged on 22 August 2002 at 6.00 pm, CET. (Please dial +44 (0)20 8 240 8248, password Nordea, 10 minutes in advance.)
- This interim 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 Capital Markets Day will be arranged on 23 September in London.
The interim report for the third quarter 2002 will be published on 22 October.

Review report of the auditors

We have reviewed this interim report in accordance with the recommendation issued by the FAR (Swedish Institute of Authorised Public Accountants). A review is significantly limited in relation to an audit. Nothing has emerged to indicate that the interim report does not comply with the requirements stipulated in the Securities and Clearing Operations Act and the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 22 August 2002
KPMG

Appointed by the
Financial Supervisory Authority

Caj Nackstad
Authorised Public Accountant

Olle Gunnarsson
Authorised Public Accountant

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	Q2 2002	Q2 2001	Jan-June 2002	Jan-June 2001
Interest income		2,598	2,909	5,107	5,966
Interest expenses		-1,667	-1,968	-3,282	-4,093
Net interest income		931	941	1,825	1,873
Dividends received		22	21	27	44
Net commission income		405	376	791	741
Net result from financial operations	1	60	27	142	176
Other operating income		40	153	69	181
Total operating income		**1,458**	**1,518**	**2,854**	**3,015**
General administrative expenses:					
Personnel expenses		-512	-473	-1,013	-948
Other expenses		-366	-340	-724	-663
Depreciation according to plan		-79	-68	-157	-133
Total operating expenses		**-957**	**-881**	**-1,894**	**-1,744**
Profit before loan losses		**501**	**637**	**960**	**1,271**
Loan losses, net	2	-55	-60	-118	-106
Change in value of property taken over for protection of claims	2	-1	1	-1	2
Profit from companies accounted for under the equity method		17	20	32	31
Operating profit, banking		**462**	**598**	**873**	**1,198**
Operating profit, insurance	3	**-144**	**70**	**-179**	**17**
Total operating profit		**318**	**668**	**694**	**1,215**
Pension adjustments		-155	9	-160	17
Taxes		-72	-193	-174	-350
Minority interests		0	-1	0	-2
Net profit		**91**	**483**	**360**	**880**
Earnings per share (after full dilution), EUR		0.03	0.16	0.12	0.29

Notes

Note 1	Net result from financial operations, EURm	Jan-June 2002	Jan-June 2001
	Shares/participations and other share-related instruments	-17	44
	Interest-bearing securities and other interest-related instruments	25	33
	Other	3	1
	Foreign exchange gains/losses	131	98
	Total	**142**	**176**

Note 2	Loan losses, net, EURm	Jan-June 2002	Jan-June 2001
	Individually appraised receivables		
	Losses incurred during the period	121	265
	Previous provisions utilised	-91	-232
	Provisions for possible loan losses	292	312
	Recovery of previously incurred losses	-48	-47
	Reversal of previous provisions	-161	-216
		113	82
	Receivables appraised by category		
	Losses incurred during the period	9	9
	Recovery of previously incurred losses	-7	-7
	Reversal/provision to reserves for possible loan losses	-3	9
		-1	11
	General reserve		
	Reversal/provision to general reserve	11	-
	Transfer risk	-5	13
	Contingent liabilities	0	0
	Total loan losses, net	**118**	**106**
	Change in value of property taken over for protection of claims	1	-2
	Loan losses, operational income statement	**119**	**104**

Note 3	**Operating profit, insurance,** EURm	Jan-June 2002	Jan-June 2001
	General Insurance		
	Earned premiums, net of reinsurance	841	733
	Technical interest	64	58
	Claims incurred, net of reinsurance	-698	-572
	Insurance operating expenses, net of reinsurance	-249	-193
	Technical result	-42	26
	Investment activities		
	Interest etc	70	68
	Realised and unrealised investment gains	-35	-23
	Investment expenses	-4	-3
	Technical interest transferred to insurance activities	-67	-63
	Total profit on investment activities	-36	-21
	Profit before tax, General Insurance	**-78**	**5**
	Life insurance and pensions		
	Premiums written, net of reinsurance	1,236	1,355
	Benefits paid and change in provisions	-923	-1,522
	Change in bonus equalisation provisions	261	416
	Insurance operating expenses, net of reinsurance	-79	-74
	Net profit from health and personal accident insurance	-4	-
	Investment activities		
	Income from land and buildings	69	47
	Interest etc	323	378
	Realised and unrealised investment gains	-962	-615
	Investment expenses	-10	-10
	Pension yield tax etc	44	53
	Profit before tax, life insurance and pensions	**-45**	**28**
	Operating profit before group adjustments	**-123**	**33**
	Sale of General Insurance	-40	-
	Group adjustments (goodwill depreciation)	-16	-16
	Operating profit, insurance	**-179**	**17**

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

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.

Exchange rates applied

EUR 1 = SEK	Jan-June 2002	Jan-June 2001	Jan - Dec 2001
Income statement (average)	9.1375	9.0526	9.2684
Balance sheet (at end of period)	9.1015	9.2125	9.3012
EUR 1 = DKK			
Income statement (average)	7.4321	7.4601	7.4515
Balance sheet (at end of period)	7.4292	7.4444	7.4365
EUR 1 = NOK			
Income statement (average)	7.6663	8.0981	8.0516
Balance sheet (at end of period)	7.4305	7.8865	7.9515

Statutory balance sheet, end of period

EURbn	June 2002	Dec 2001
Loans and advances to credit institutions	22	24
Lending	143	138
Interest-bearing securities	29	33
Shares	1	1
Shares in group and associated undertakings	1	1
Intangible assets	3	3
Land and buildings	2	2
Other assets, banking[1]	26	16
Assets, insurance[1]	24	24
Total assets	**251**	**242**
Deposits by credit institutions	30	30
Deposits	90	83
Other borrowings from the public	2	5
Debt securities in issue	60	61
Other liabilities, banking	28	23
Liabilities, insurance	23	22
Subordinated liabilities	6	6
Minority interests	0	0
Shareholders’ equity	12	12
Total liabilities and shareholders' equity	**251**	**242**
[1]Of which investments, customers and policyholders bear the whole risk.	6	6

Movements in shareholders' equity, EURm	Jan-June 2002	Jan-June 2001
Shareholders’ equity at 1 January	11,819	11,105
Dividend	-682	-675
Conversion of convertible loans	14	-
Own shares[1]	-20	-98
Currency translation adjustment	41	-76
Net profit for the period	360	880
At end of period	11,532	11,136

[1] Number of own shares at the end of June 22.6m (end of Dec 2001 17.9m), of which 5.2m owned by Tryg (end of Dec 2001 0.5m). Average number of own shares Jan-June 17.5m.

Capital adequacy	June 2002	Dec 2001
Tier 1 capital, EURm	10,075	9,900
Capital base, EURm	12,101	12,353
Risk-weighted assets, (banking), EURbn	136	136
Tier 1 capital ratio, %	7.4	7.3
Total capital ratio, %	8.9	9.1

Notes

Derivatives

EURm 30 June 2002	Interest rate derivatives Market value	 Book value	Equity derivatives Market value	 Book value	Foreign exchange derivatives Market value	 Book value
Positive values	5,271	5,082	291	204	9,744	9,468
Negative values	5,594	5,430	200	165	11,624	10,714

Cash flow statement, EURm	Jan-June 2002	Jan-June 2001
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	1,701	1,109
Changes in ordinary business assets and liabilities	-339	-4,745
Net cash inflow/(outflow) from operating activities	1,362	-3,636
Net cash inflow/(outflow) from capital expenditure and financial investments	286	4,252
Net cash inflow/(outflow) from financing	-1,541	-931
Increase/(decrease) in cash	107	-315
Cash and cash equivalents at beginning of period	8,323	5,831
Cash and cash equivalents at end of period	8,430	5,516

Loan portfolio, EURm	30 June 2002			31 December 2001		
		Impaired			Impaired	
	Total lending	Net	Provisions	Total lending	Net	Provisions
Companies	85,407	653	1,926	84,088	655	1,866
Personal	55,051	222	379	50,716	200	393
Public sector	2,990	0	0	2,766	0	0
Total	**143,448**	**875**	**2,305**	**137,570**	**855**	**2,259**

Impaired loans, EURm	June 2002	Mar 2002	Dec 2001	Sep 2001	June 2001
Impaired loans, gross	3,180	3,132	3,114 [1]	3,120	3,040
Provisions	-2,305	-2,291	-2,259	-2,267	-2,122
of which specific	-1,836	-1,829	-1,803	..	..
appraised by category	-79	-82	-92	..	..
general	-390	-380	-364	..	..
Impaired loans, net	**875**	**841**	**855** [1]	**853**	**918**
Provisions/impaired loans, gross, %	72	73	73	73	70
Impaired loans, net/lending, %	0.6	0.6	0.6	0.6	0.7
Property taken over for protection of claims					
Land and buildings	12	13	13	17	12
Shares and participations	34	38	35	33	19
Other	1	1	1	1	8
Total	**47**	**52**	**49**	**51**	**39**

[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).

Nordea AB (publ)

EURm		Jan-June 2002	Jan-June 2001
Income statement			
Operating income		7	-
Operating expenses:			
Personnel expenses		-12	-1
Other operating expenses		-35	-16
Operating loss		**-40**	**-17**
Net result from financial operations:			
Interest income		21	13
Interest expenses		-24	-8
Commission expenses		0	0
Other financial items		-27	14
Result after financial operations		**-70**	**2**
Pension adjustment		-2	-
Result before tax		**-72**	**2**
Tax for the year		-	-
Net result for the year		**-72**	**2**

Balance sheet, end of period	June 2002	Dec 2001	June 2001
Assets:			
Shares in subsidiaries	9,358	9,307	7,796
Long-term receivables[1]	238	183	132
Current assets	155	1,850	293
Total assets	**9,751**	**11,340**	**8,221**
Shareholders’ equity and liabilities:			
Shareholders’ equity	8,987	9,727	8,100
Untaxed reserves	68	67	-
Provisions	9	8	1
Subordinated liabilities	97	111	113
Other liabilities[1]	590	1,427	7
Total shareholders’ equity and liabilities	**9,751**	**11,340**	**8,221**

Movements in shareholders' equity, EURm	Jan-June 2002	Jan-June 2001
Shareholders’ equity at 1 January	9,727	8,892
Repurchase of own shares	-	-119
Dividend	-682	-675
Conversion of convertible loans[2]	14	-
Net result for the period	-72	2
At end of period	8,987	8,100

[1]An updated debenture loan (SEK 500m) issued by Nordea Life Assurance I Sweden AB (publ) was acquired in June 2002. The acquisition was financed by Nordea Bank Sweden AB (publ).

[2]The share capital in Nordea AB (publ) has been raised by EUR 953,184.08 and 2,405,087 shares have been issued as a result of conversion of bonds issued according to the company's convertible bond loan 1999/2042. Following the increase, the share capital in Nordea AB (publ) amounts to EUR 1,183,036,379.46 divided between 2,985,071,177 shares.