Interim Report 4th quarter 2002

Nordea Bank Norge Group

Report of the Board of Directors

The year 2002 provided again a challenging operating environment. The expected pickup in overall economic growth failed to materialise. The United States' economy showed signs of a recovery, but uncertainty regarding the sustainability of the growth continued. In Japan zero-growth continued. In the wake of Germany's weak development growth in the Euro area slowed down. Overall the Nordic economies grew slightly faster than in 2001, but nevertheless the growth remained fairly slow.

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

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

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

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

Composition of the Group

Nordea Bank Norge Group (NBN) forms a part of the Nordea Group, the operations of which have been organised across national boundaries in three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life, and the support functions Group Processing and Technology, Group Corporate Centre and Group Staffs.

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

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

Changes in Group structure

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

Principal subsidiaries

Norgeskreditt AS

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

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

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

Profit and profitability

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

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

Income

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

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

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

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

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

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

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

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

Expenses

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other funding
In addition to deposits from customers and shareholder’s equity, funding is primarily in the form of loans from other financial institutions, principally within the Nordea Group, and by issuance of commercial papers, bonds and subordinated loans.

At year-end, debt securities in issue amounted to NOK 43.5bn including subordinated loans of NOK 4.0bn. Deposits from credit institutions totalled NOK 54.6bn whereof NOK 45.9 from other Nordea companies.

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

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

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

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

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

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

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

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

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

Risk management
Nordea Bank Norge is integrated with Nordea's risk management system. Group Credit and Risk Control is in charge of the drafting of rules and guidelines for risk assessment, central control and reporting for Nordea Bank Norge and for Nordea as a whole. The business areas have the main responsibility for identifying and controlling risk in their operations.

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

- Average loan loss must not exceed 0.4% of the loan and guarantee portfolio over a full business cycle.
- Investment risk (market risk related to investment activities) should not lead to an accumulated loss in investment earnings exceeding one quarter's normal income level at any time in a calendar year.
- Operating risk must be kept within manageable levels at reasonable cost.

The Board of Directors approves all main principles, instructions and exposure restrictions. The Board of Directors is informed of exposure and risk management through regular reports.

Credit risk
Credit risk is defined as the risk that the Group's counterparts do not fulfil agreed obligations and that any collateral deposited does not cover the Group's claim. Most of the credit risk to Nordea Bank Norge Group arises from lending. Credit risk also arises from other types of existing or future claims, such as bonds and other interest-bearing instruments, off-balance-sheet commitments, like guarantees, documentary credits and unutilised credit lines as well as from trading in financial instruments, such as derivative instruments. Nordea's definition of credit risk also covers country risk, transaction risk and settlement risk.

Risk limitation is primarily accomplished by maintaining quality and discipline in the credit process. Credit policy and credit instructions provide support and guidance in credit operations.

Risk management and control

The Group has a special decision-making process to establish credit limits. For most engagements a credit limit is set, establishing conditions for lending, the effect of which is to limit the credit risk.

Credit risk is also controlled through the application of limits to industry sectors.

One account manager is appointed for each customer account. This person is responsible for ensuring that the credit extended is adapted to the individual customer's repayment capacity. Credit risk is controlled through monitoring the customer's compliance with the agreement and in that any lessening of the customer's ability to pay triggers measures that restrict credit risk.

If the Bank considers it probable that a loan will not be fully paid, either by the customer, through assets pledged or by other source, the loan is considered doubtful. A provision is set up for the amounts not expected to be recovered.

Analysis of credit risks

Loans to the public

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

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

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

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

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

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

Loans and advances to credit institutions

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

Problem loans

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

General allowance for loan losses

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

Off-balance sheet commitments

The Bank's business operations include a considerable proportion of off-balance-sheet items. These include commercial products such as guarantees, documentary credits, credit commitments, etc., as well as financial commitments in the form of derivatives. The latter concern particularly agreements to exchange currencies (currency forwards), contracts to purchase and sell interest-bearing securities at a future date (interest- rate forwards) and agreements on exchange of interest payments (swaps, FRAs).

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

Market risk

Nordea Bank Norge Group defines market risk as potential loss in the form of reduced market value resulting from movements in financial market variables, such as interest rates, currency exchange rates, and equity and commodity prices. Market risk is divided into interest rate risk, currency risk, equity risk and commodity risk.

Market risk exposure is connected primarily to trading operations conducted by the Group on its own behalf and with the investment portfolios of the treasury operations. The Corporate and Institutional Banking business area is also subject to a lesser risk in conjunction with their customer service and market making activities.

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

Nordea Bank Norge Group's market risk is assessed using the Value at Risk method (VaR), various standardised sensitivity measures, various combined scenario simulations and stress testing.

Exposure to interest rate risk arises when there is a lack of balance in the interest rate structure between assets and liabilities and corresponding off-balance-sheet items. Overall limits on interest cost risk – that is, the types of interest rate risk that can lead to loss arising from a change in the market value of interest rate products which is unfavourable for Nordea – are based on VaR for linear risk and scenario simulations for non-linear risk. At the end of 2002, the VaR risk amounted to NOK 17.5m (19.1). The non-linear risk amounted to NOK 3.2m (6.4).

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

Exposure to currency risk arises when assets and liabilities in the same currency are of unequal amounts. Overall limits are based on VaR for linear risk and scenario simulations for non-linear risk. At the end of 2002, the VaR risk amounted to NOK 6.8m (7.2). The non-linear risk was calculated to NOK 1.0m (3.2). A 5% change in the currency positions would result in an exchange rate risk of NOK 14.8m.

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

Operational risk

Nordea Bank Norge Group defines operational risk as the risk of incurring losses, including damaged reputation, due to deficiencies or errors in internal processes and control routines or by external events and relations that affect operations.

Solid internal control and quality assurance, which is best achieved through a system for risk management, strong leadership and skilled personnel, is the key to successful operational risk management.

Since financial services are to a great extent information processing, considerable emphasis is placed on information security (that is, access control) in the processes. Preparedness planning and increased readiness to act in crisis management is key considerations for the management of larger incidents. The physical safety of the Bank's employees and customers is also given high priority.

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

Personnel

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

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

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

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

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

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

Environmental concerns

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

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

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

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

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

Legal proceedings

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

Post-balance sheet events

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

Outlook

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

A sharp attention on cost control will be maintained aiming at adjusting the cost base in order to meet Nordea's financial targets. If the revenues fall short of expectations, further measures to improve cost efficiency will be considered.

The increased uncertainty in the global economy may lead to deterioration in credit quality in the medium term. The target for average loan losses over a business cycle, maximum 0.40% of loans, remains unchanged. However, continued high losses are expected in Norway in 2003.

Statement of income

NOK million	Note	The Group 4th quarter 2002	The Group 4th quarter 2001	The Group Full year 2002	The Group Full year 2001	The Group Full year 2000	The Parent Bank 4th quarter 2002	The Parent Bank 4th quarter 2001	The Parent Bank Full year 2002	The Parent Bank Full year 2001	The Parent Bank Full year 2000
Interest income		**4,445**	4,134	**16,434**	17,771	17,212	**3,915**	3,933	**14,684**	16,477	15,700
Interest expenses		**3,197**	2,892	**11,651**	12,909	12,608	**2,836**	2,843	**10,517**	12,160	11,604
Net interest income		**1,248**	**1,242**	**4,783**	**4,862**	**4,604**	**1,079**	**1,090**	**4,167**	**4,317**	**4,096**
Dividends and profit from group companies and associated companies		**16**	35	**94**	100	185	**92**	257	**242**	574	904
Commissions and fees		**361**	394	**1,338**	1,590	1,699	**360**	366	**1,337**	1,454	1,533
Commission expenses		**- 90**	- 83	**- 342**	- 329	- 271	**- 90**	- 84	**- 342**	- 316	- 275
Net change in value and profit (loss) on securities		**24**	85	**- 6**	140	122	**37**	24	**117**	134	7
Net change in value and profit (loss) on foreign exchange and financial derivatives		**287**	152	**891**	681	553	**287**	152	**892**	681	553
Other non-interest income		**67**	269	**189**	389	163	**40**	189	**120**	265	90
Total non-interest income		**665**	**852**	**2,164**	**2,571**	**2,451**	**726**	**904**	**2,366**	**2,792**	**2,812**
Personnel expenses		**582**	611	**2,241**	2,244	2,154	**549**	573	**2,120**	2,062	1,974
Administrative expenses		**274**	443	**1,147**	1,379	1,217	**267**	406	**1,109**	1,297	1,175
Ordinary depreciation and write-downs		**74**	86	**295**	252	261	**70**	78	**282**	232	240
Other non-interest expenses		**184**	194	**489**	505	447	**178**	192	**482**	496	397
Total non-interest expenses		**1,114**	**1,334**	**4,172**	**4,380**	**4,079**	**1,064**	**1,249**	**3,993**	**4,087**	**3,786**
Operating profit before loan losses and profit on long-term securities		**799**	**760**	**2,775**	**3,053**	**2,976**	**741**	**745**	**2,540**	**3,022**	**3,122**
Provision for losses on loans and guarantees	2, 3	**897**	321	**1,242**	705	26	**890**	314	**1,225**	691	175
Profit (losses/write-downs) on long-term securities		**173**	-	**165**	-	40	**181**	-	**190**	-	40
Operating profit		**75**	**439**	**1,698**	**2,348**	**2,990**	**32**	**431**	**1,505**	**2,331**	**2,987**
Income taxes	4	**52**	- 75	**670**	- 283	579	**9**	- 83	**477**	- 300	576
Net profit		**23**	**514**	**1,028**	**2,631**	**2,411**	**23**	**514**	**1,028**	**2,631**	**2,411**
Earnings per share, fully diluted (NOK) (per quarter//year)		**0.04**	**0.93**	**1.86**	**4.77**	**4.37**					

Interim results

NOK million	2nd quarter 2001	3rd quarter 2001	4th quarter 2001	1st quarter 2002	2nd quarter 2002	3rd quarter 2002	4th quarter 2002
Interest income	4,792	4,155	4,134	3,865	3,964	4,160	**4,445**
Interest expenses	3,540	2,970	2,892	2,670	2,769	3,015	**3,197**
Net interest income	**1,252**	**1,185**	**1,242**	**1,195**	**1,195**	**1,145**	**1,248**
Dividends and profit from associated companies	56	- 1	35	19	42	17	**16**
Commissions and fees	422	380	394	317	342	318	**361**
Commission expenses	- 80	- 83	- 83	- 88	- 92	- 72	**- 90**
Net change in value and profit (loss) on securities	61	- 99	85	113	- 52	- 91	**24**
Net change in value and profit (loss) on foreign exchange and financial derivatives	195	184	152	211	166	227	**287**
Other non-interest income	38	45	269	39	43	40	**67**
Total non-interest income	**692**	**426**	**852**	**611**	**449**	**439**	**665**
Personnel expenses	545	539	611	548	524	587	**582**
Administrative expenses	354	298	443	296	318	259	**274**
Ordinary depreciation and write-downs	48	70	86	74	75	72	**74**
Other non-interest expenses	131	79	194	86	121	98	**184**
Total non-interest expenses	**1,078**	**986**	**1,334**	**1,004**	**1,038**	**1,016**	**1,114**
Operating profit before loan losses and profit on long-term securities	**866**	**625**	**760**	**802**	**606**	**568**	**799**
Provision for losses on loans and guarantees	115	222	321	- 7	79	273	**897**
Profit (losses/write-downs) on long-term securities	-	-	-	-	- 1	- 7	**173**
Operating profit	**751**	**403**	**439**	**809**	**526**	**288**	**75**
Income taxes	- 547	129	- 75	324	146	148	**52**
Net profit	**1,298**	**274**	**514**	**485**	**380**	**140**	**23**
Average total assets	**247,804**	**235,344**	**235,125**	**238,979**	**234,224**	**236,251**	**246,255**

Balance sheet

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

Nordea Bank Norge ASA
Oslo, 13 February 2003

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

Key figures

NOK million	30.06.01	30.09.01	31.12.01	31.03.02	30.06.02	30.09.02	31.12.02
Total assets	236,923	244,572	230,321	237,927	227,888	248,879	**241,175**
Net loans to customers	183,063	185,537	184,232	186,857	187,769	190,572	**190,917**
Net loans to customers as percentage of total assets	77.3	75.9	80.0	78.5	82.4	76.6	**79.2**
Deposits from customers	104,566	103,629	104,332	100,817	106,162	101,902	**110,978**
Deposits from customers as percentage of total assets	44.1	42.4	45.3	42.4	46.6	40.9	**46.0**
Deposit ratio (customer deposits to net loans to customers)	57.1	55.9	56.6	54.0	56.5	53.5	**58.1**
Total non-performing commitments	1,812	2,289	2,162	2,160	2,402	2,567	**5,062**
Net non-performing commitments	1,084	1,421	1,273	1,265	1,644	1,638	**3,493**
Risk-weighted assets	210,200	211,100	203,200	202,900	200,900	202,100	**198,900**
Book equity per share (NOK) *	32.96	33.45	30.75	31.63	32.35	32.60	**31.11**
Earnings per share (per quarter) (NOK)	2.35	0.50	0.93	0.88	0.69	0.25	**0.04**
Cost/income ratio (excluding net change in value and profit (loss) on securities per quarter)	57.2	57.7	66.4	59.3	61.2	60.7	**60.0**
Numbers of employees (full-time positions)	4,035	4,093	4,096	4,081	4,001	4,003	**4,007**

* Excluding allocations of dividend, not yet paid at the time, of NOK 3.63 as at 4Q01 and NOK 1.45 as at 4Q02.

Notes to the statement of income and the balance sheet

Note 1 General principles and 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 Norge's activities have been sold to other companies in the Group in 2001 and in the first half year of 2002.

The branch offices of Nordea Bank Norge in London and Singapore were sold to Nordea Bank Finland on 31 May and 30 November 2001, respectively. The activities in New York, including parts of the loan portfolio, have been sold to Nordea Bank Finland in New York.

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 Norge AS (formerly K-Fondene) were sold to Nordea Fondene Norge Holding AS and its shares in Nordea Investment Management ASA (formerly K-Kapitalforvaltning) were sold to Nordea Investment Management Norge Holding AS. Nordea Asset Management AB owns both of the purchasing companies and this company also acquired the shares in Nordea Pension Services AS on 1 November 2001.

On 1 April 2002 Nordea Securities, which was a department in Nordea Bank Norge ASA, was sold to a Norwegian branch of Nordea Securities AB.

The Banking, Insurance and Securities Commission approved these sales on 28 August 2002.

Adjusted for the sale of these activities total income and total non-interest expenses per the end of the fourth quarter 2001 were NOK 6,842 million and NOK 3,923 million, respectively. This represents a reduction of NOK 591 million and NOK 457 million as compared to the reported accounts per the fourth quarter 2001.

Note 2 Provision for losses on loans and guarantees

Loan loss provision by industry

	4th quarter 2002		Full year 2002	
	NOK million	Percentage of total loans*)	NOK million	Percentage of total loans
Retail market	2	-	- 31	-
Primary industries (agriculture/fisheries)	547	20.1	576	5.3
Mining, oil extraction and drilling	18	2.6	17	0.6
Manufacturing industry	33	0.9	84	0.6
Power and water supply, building and construction	11	0.7	21	0.3
Wholesale and retail trade	16	0.9	42	0.6
Hotels and restaurants	1	0.3	- 4	-0.2
Shipping and aviation	17	0.3	49	0.2
Real estate	190	2.1	212	0.6
Commercial services	55	0.9	270	1.1
Other	7	1.0	6	0.2
Total	897	1.8	1,242	0.6
Change in general allowance	-		-	
Net loan loss provision	**897**	**1.8**	**1,242**	**0.6**

**) Annualised*

Note 3 Charge-offs and changes in allowances

NOK million	4th quarter 2002	Full year 2002
Specific allowance, beginning of period	1,325	1,271
New loan loss provisions	877	1,314
Purchased commitments	-	17
Sold commitments	-	- 130
Change in previous allowances	39	- 27
Charge-offs	- 85	- 278
Exchange rate differences	- 3	- 14
Specific allowance, end of period	2,153	2,153
Of which specific allowance on guarantees	-	-
Specific allowance on loans, end of period	**2,153**	**2,153**
Net losses on loans and guarantees during the period		
New specific loan loss provisions	877	1,314
Charge-offs that affect the result	27	31
Change in previous allowances	39	- 27
Net loss (profit) on repossessed assets etc.	- 1	19
Recoveries on commitments previously written off	- 45	- 95
Change in general allowance	-	-
Provision for losses on loans and guarantees	**897**	**1,242**

Note 4 Taxes

The tax charge for the period includes payable taxes and changes in deferred taxes. The calculated taxes for the fourth quarter 2002 are NOK 52 million. The calculated taxes for 2002 are NOK 670 million corresponding to 39% of profit before taxes. The high percentage is mainly due to three rulings made by the Norwegian tax authorities in 2002 regarding the tax assessment of previous years.

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

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

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

Note 5 Securities

	31.12.02		31.12.01	
Trading portfolio	**Cost**	**Book value/ market value**	**Cost**	**Book value/ market value**
Certificates and bonds	8,865	8,911	8,239	8,261
Equities and investments	3	3	742	776
Total trading portfolio	**8,868**	**8,914**	**8,981**	**9,037**
Short positions *)				
Certificates and bonds	877	887	384	383
Equities and investments	-	-	5	5
Other current and fixed assets		**Book value**		**Book value**
Certificates and bonds		9,618		10,111
Equities and investments		292		623
Total other current and fixed assets		**9,910**		**10,734**
Unrealised gains on other current and fixed assets				
Certificates and bonds		130		84
Equities and investments **)		-		-

**) Included in Other liabilities*
***) Unrealised gains on unquoted stocks not included*

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

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

On 30 September 2002 it was agreed to sell 100% of the shares in Europay Norge AS to SEB Kort for NOK 1 billion. Six Norwegian banks shared ownership of Europay Norge AS of which Nordea Bank Norge owned 18.75%. Nordea Bank Norge has realised an accounting gain of approximately NOK 175 million in the fourth quarter of 2002.

Note 6 Analysis of the loan portfolio

	Total		Allowances				Net	
	NOK million		NOK million		%		NOK million	
	31.12.02	30.09.02	31.12.02	30.09.02	31.12.02	30.09.02	31.12.02	30.09.02
Non-performing commitments	5,062	2,567	1,569	929	31	36	3,493	1,638
Doubtful commitments	2,485	2,586	584	396	24	15	1,901	2,190
Total	7,547	5,153	2,153	1,325	29	26	5,394	3,828
Of which guarantees etc.	-1,139	-1,671	-	-	-	-	-1,139	-1,671
Other loans	188,295	190,048	1,633	1,633	0.9	0.9	186,662	188,415
Total	**194,703**	**193,530**	**3,786**	**2,958**	**2**	**2**	**190,917**	**190,572**

Non-performing commitments were distributed as follows

	Total non-performing		Allowances				Net non-performing	
	NOK million		NOK million		%		NOK million	
	31.12.02	30.09.02	31.12.02	30.09.02	31.12.02	30.09.02	31.12.02	30.09.02
Corporate commitments	4,577	2,078	1,403	763	31	37	3,174	1,315
Retail commitments	485	489	166	166	34	34	319	323
Total	**5,062**	**2,567**	**1,569**	**929**	**31**	**36**	**3,493**	**1,638**

Note 7 Capital ratio

	NOK billion	
Risk-weighted assets as at	**31.12.02**	**31.12.01**
Total assets	168.0	167.4
Total off-balance sheet items	22.2	28.1
Total market and foreign exchange risk	8.7	7.7
Risk-weighted assets	**198.9**	**203.2**

	NOK million		%	
Capital ratio as at	**31.12.02**	**31.12.01**	**31.12.02**	**31.12.01**
Core capital	16,351	15,719	8.2	7.7
Supplementary capital	4,411	6,580	2.2	3.3
Deductions	-13	- 36	-	-
Total capital	**20,749**	**22,263**	**10.4**	**11.0**

The capital ratio requirement is 8 per cent.