

Interim Report 2nd quarter 2003
Nordea Bank Norge Group

Summary

World economic development remained weak in the first half of the year even if quick ending of the Iraqi war removed the threat of a recession. Growth was sluggish throughout the industrialised world with the Nordic countries forming no exception.

Weakening of the dollar in the aftermath of the Iraqi war, and the consequent strengthening of the euro, with its potentially adverse impact on European exports, added another worry on the European economic agenda. On the other hand appreciation of the euro helped to curb inflation, allowing the European Central Bank to lower its steering rates.

Following the development of the euro, the Danish krone appreciated and interest rates declined in Denmark. Interest rates declined also in Sweden, but appreciation of the Swedish krona stopped short of the euro and the Danish krone. In Norway concern about inflation gave way to worries on employment and the monetary policy was eased somewhat, resulting in lower interest rates and a weaker krone.

On equity markets the situation improved towards the end of the period. Share prices recovered from their lows in March. Trading in shares also picked up, although volumes remained lower than in the corresponding period the year before.

Within the Group initiated measures aiming at improved efficiency and lower costs were continued and new ones were launched in the second quarter. Their full impact will be felt gradually in the quarters to come.

Nordea Bank Norge's profit for the first six months of the year amounted to NOK 85m (865), corresponding to a return of equity of 1.0% (9.9). Increased loan losses are the main cause of the weak result. Net interest income increased in 2003, while it has been a decrease in other income. Total expenses have increased by 4% compared to the corresponding period in 2002, mainly as a consequence of restructuring costs. Operating profit before losses amounted to NOK 1,379m (1,408).

Nordea Bank Norge's profit for the second quarter amounted to NOK 10m (380), corresponding to a return of equity of 0.2% (8.6). Total income and total expenses have increased by approximately 5% compared to the corresponding quarter in 2002, while loan losses have increased by NOK 550m to NOK 629.

Net interest income

Net interest income increased by 9.2%, to NOK 1,305m compared to the second quarter 2002. Net interest income in percent of average total assets was 2.06% (2.04) in the second quarter on an annualised basis. The difference between the average deposit rate of interest and lending rate of interest amounted to 2.57 percentage points (2.49). This is 0.12 percentage point higher compared to the first quarter and somewhat higher than the 2002 average that was 2.53 percentage points.

Lending to customers was on average 3.8% higher than in the second quarter the previous year. Average deposits from customers were 14.2% higher than in the corresponding quarter the previous year, however 2.3% lower than in the first quarter 2003.

Throughout this report, "Nordea Bank Norge" and "the Group" refer to the parent company Nordea Bank Norge ASA, corp. reg. no 911 044 110, with its subsidiaries. The registered office of the company is in Oslo. Nordea Bank Norge is a wholly owned subsidiary of Nordea Bank Finland Abp, itself a wholly owned subsidiary of Nordea AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in three business areas, all of which operate across national boundaries: Retail Banking, Corporate and Institutional Banking (CIB) and Asset Management & Life. The consolidated interim report of Nordea AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Norge with its subsidiaries, comprising Nordea's retail and corporate banking operations in Norway. For occurred and planned changes in the legal structure see separate section on page 3.

Dividends and profit from associated companies

Dividends and profit from associated companies were NOK 25m (42). The most significant contribution was the share of profit from Eksportfinans ASA.

Commissions

Net commission income decreased by NOK 21m to NOK 229m. The decrease is not related to specific areas. Net commission income for the first six months amounted to NOK 475m, which is on the same level as the corresponding period in 2002.

Net income on securities transactions and foreign exchange dealing

Net change in value and profit (loss) on securities was NOK 68m (-52), divided between NOK 0m (-69) on equities and NOK 68m (17) on certificates and bonds. Net change in value and profit (loss) on foreign exchange and financial derivatives was NOK 71m (166).

Other income

Other non interest income amounted to NOK 34m (43).

Expenses

Total non-interest expenses were NOK 1,092m (1,038). Personnel expenses increased by NOK 184m whereof NOK 110m is related to restructuring. The number of full time equivalent positions was 3,919 (4,001) at the end of the quarter. There has been a decrease in depreciation, IT- and rental expenses. Relative to the average total assets, the costs represented 1.72% (1.77) on an annualised basis. The cost/income ratio, exclusive of net changes in value and profit (loss) on securities, amounted to 62.7% (60.3) in the first half year.

Loan losses

In the second quarter the net provisions for losses on loans and guarantees were NOK 629m (79). This is equivalent to 1.2% of total lending, annualised.

Weaker krone eased the situation in the fish farming industry somewhat, but not enough to offset the impact of declining prices. Thus the Group remained exposed to the industry's problems. The bulk of the loan losses are related to fish farming.

Gross non-performing and doubtful loans increased from NOK 8.1bn to NOK 8.4bn the last quarter. Net non-performing and doubtful loans, which represent the booked value of these loans, were NOK 6.0bn, which is an increase of NOK 0.1bn during the quarter.

Taxes

Profit before taxes in the second quarter amounted to NOK 10m (526) while the tax expense was NOK 0m (146). Profit before taxes for the first six months was NOK 112m (1,335) while the tax expense was NOK 27m, corresponding to a tax rate of 24%.

Balance sheet

Total assets of Nordea Bank Norge amounted to NOK 256bn (228). Loans to the public increased by NOK 10bn, equivalent to 5%, while other assets increased by NOK 14bn whereof NOK 10bn was related to unsettled certificates and bonds due to large trading volumes following the decrease of interest rates in the end of June. Deposits from customers were on the same level as at the end of June 2002.

Capital adequacy

The risk-weighted asset base of the Group was NOK 198.5bn as at June 2003 (200.9), which is a decrease of NOK 2.4bn in the last quarter.

Under current legislation, the capital ratio is required to be at least 8% at all times. The Group's total capital amounted to NOK 19,778m, which represents a capital ratio of 10.0%. Tier 1 capital ratio amounted to 8.2%. In the Parent Bank the capital ratio was 10.4% and the Tier 1 capital ratio 8.6%. Profit for the period has not been taken into account in the calculations.

Group structure

As announced in June, Nordea's legal group structure will be streamlined and simplified by establishing a single legal entity, a so-called European company that will be able to conduct business through branches in all four countries; Denmark, Finland, Norway and Sweden.

The parent company of the Nordea group, Nordea AB (publ) will become an operational banking company and will be converted into a European company continuing to be legally domiciled in Sweden.

The establishment of the single legal entity involves an internal sale of Nordea Bank Denmark, Nordea Bank Norge and Nordea Bank Sweden from Nordea Bank Finland to Nordea AB (publ), followed by the merger of Nordea AB and Nordea Bank Sweden. When it will be legally possible to create the European company, the other banks in the Group will also be merged into this company.

The sale of Nordea Bank Denmark and Nordea Bank Sweden from Nordea Bank Finland to Nordea AB (publ) was completed on 24 and 19 August 2003, respectively. The sale of Nordea Bank Norge is pending permission by the relevant authorities.

It is expected that the transformation process will be completed in 2005, pending among other things approval from relevant authorities. Transforming Nordea AB (publ) into a banking company requires a decision by an Extraordinary General Meeting, which is planned to take place in late October 2003.

During May and June 2003 the Trading Infrastructure Programme implemented the new set-up for FX/MM and OTC-derivatives trading and settlement in Markets and TTO in Nordea Bank Norge. This means that all trading in these product lines is now done with Nordea Bank Finland as the legal counterpart of the customers.

The customers still interact with their usual contacts in Norway; settlement takes place to the existing accounts of the customers in Nordea Bank Norway and the staff involved in Norway acts in this respect on behalf of Nordea Bank Finland.

As a consequence of the new legal set-up, the risk elements and the capital requirements regarding trading in these products have been transferred from Nor-

dea Bank Norway to Nordea Bank Finland. The centralisation to Nordea Bank Finland of the risk elements enable netting, which will reduce the total risk for the Group and thereby the total capital requirements for trading.

A Permanent Establishment (PE) of Nordea Bank Finland has been established in Norway, to which the profit from the Norwegian trading is transferred for taxation by the Norwegian authorities.

Outlook

There is still an expectation of growth in the global as well as the Nordic economies going forward, and the scope for revenue growth is slightly improved. This is based on reduced uncertainty with respect to an economic turnaround.

The sharp attention on cost control will be maintained and expenses for the full year are expected to be well within the previously stated cost target for 2003.

The target for average loan losses over a business cycle, maximum 0.40% of loans and guarantees, remains unchanged. Weakening of the krone has improved the competitive position of Norwegian export industries, but has not compensated for the fall in the price of salmon. Uncertainty is still attached to the fish-farming portfolio, and credit losses are expected to remain relatively high in 2003.

Statement of income

| NOK million | Note | The Group | | | | | The Parent Bank | | | | |
|---|------|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|--------------|
| | | 2rd quarter | | 6 months | | Full year | 2rd quarter | | 6 months | | Full year |
| | | 2003 | 2002 | 2003 | 2002 | 2002 | 2003 | 2002 | 2003 | 2002 | 2002 |
| Interest income | | 3,693 | 3,964 | 7,654 | 7,829 | 16,434 | 3,306 | 3,575 | 6,820 | 7,019 | 14,684 |
| Interest expenses | | 2,388 | 2,769 | 5,102 | 5,439 | 11,651 | 2,168 | 2,514 | 4,616 | 4,913 | 10,517 |
| Net interest income | | 1,305 | 1,195 | 2,552 | 2,390 | 4,783 | 1,138 | 1,061 | 2,204 | 2,106 | 4,167 |
| Dividends and profit from group companies and associated companies | | 25 | 42 | 38 | 61 | 94 | 127 | 63 | 240 | 121 | 242 |
| Commissions and fees | | 317 | 342 | 652 | 659 | 1,338 | 316 | 341 | 651 | 658 | 1,337 |
| Commission expenses | | - 88 | - 92 | - 177 | - 180 | - 342 | - 87 | - 92 | - 176 | - 180 | - 342 |
| Net change in value and profit (loss) on securities | | 68 | - 52 | 118 | 61 | - 6 | 68 | 18 | 118 | 63 | 117 |
| Net change in value and profit (loss) on foreign exchange and financial derivatives | | 71 | 166 | 252 | 377 | 891 | 71 | 166 | 252 | 377 | 892 |
| Other non-interest income | | 34 | 43 | 68 | 82 | 189 | 24 | 28 | 43 | 52 | 120 |
| Total non-interest income | | 427 | 449 | 951 | 1,060 | 2,164 | 519 | 524 | 1,128 | 1,091 | 2,366 |
| Personnel expenses | | 708 | 524 | 1,287 | 1,072 | 2,241 | 679 | 496 | 1,225 | 1,014 | 2,120 |
| Administrative expenses | | 244 | 318 | 530 | 614 | 1,147 | 237 | 308 | 513 | 595 | 1,109 |
| Ordinary depreciation and write-downs | | 68 | 75 | 135 | 149 | 295 | 65 | 72 | 129 | 143 | 282 |
| Other non-interest expenses | | 72 | 121 | 172 | 207 | 489 | 70 | 120 | 165 | 205 | 482 |
| Total non-interest expenses | | 1,092 | 1,038 | 2,124 | 2,042 | 4,172 | 1,051 | 996 | 2,032 | 1,957 | 3,993 |
| Operating profit before loan losses and profit on long-term securities | | 640 | 606 | 1,379 | 1,408 | 2,775 | 606 | 589 | 1,300 | 1,240 | 2,540 |
| Provision for losses on loans and guarantees | 2, 3 | 629 | 79 | 1,266 | 72 | 1,242 | 623 | 77 | 1,258 | 66 | 1,225 |
| Profit (losses/write-downs) on long-term securities | | - 1 | - 1 | - 1 | - 1 | 165 | - 1 | - 1 | - 1 | - 1 | 190 |
| Operating profit | | 10 | 526 | 112 | 1,335 | 1,698 | - 18 | 511 | 41 | 1,173 | 1,505 |
| Income taxes | 4 | - | 146 | 27 | 470 | 670 | - 28 | 131 | - 44 | 308 | 477 |
| Net profit | | 10 | 380 | 85 | 865 | 1,028 | 10 | 380 | 85 | 865 | 1,028 |
| Earnings per share, fully diluted (NOK) (per quarter/6 months/year) | | 0.02 | 0.69 | 0.15 | 1.57 | 1.86 | | | | | |

Interim results

| NOK million | 4th quarter 2001 | 1st quarter 2002 | 2nd quarter 2002 | 3rd quarter 2002 | 4th quarter 2002 | 1st quarter 2003 | 2nd quarter 2003 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Interest income | 4,134 | 3,865 | 3,964 | 4,160 | 4,445 | 3,961 | 3,693 |
| Interest expenses | 2,892 | 2,670 | 2,769 | 3,015 | 3,197 | 2,714 | 2,388 |
| Net interest income | 1,242 | 1,195 | 1,195 | 1,145 | 1,248 | 1,247 | 1,305 |
| Dividends and profit from associated companies | 35 | 19 | 42 | 17 | 16 | 13 | 25 |
| Commissions and fees | 394 | 317 | 342 | 318 | 361 | 335 | 317 |
| Commission expenses | - 83 | - 88 | - 92 | - 72 | - 90 | - 89 | - 88 |
| Net change in value and profit (loss) on securities | 85 | 113 | - 52 | - 91 | 24 | 50 | 68 |
| Net change in value and profit (loss) on foreign exchange and financial derivatives | 152 | 211 | 166 | 227 | 287 | 181 | 71 |
| Other non-interest income | 269 | 39 | 43 | 40 | 67 | 34 | 34 |
| Total non-interest income | 852 | 611 | 449 | 439 | 665 | 524 | 427 |
| Personnel expenses | 611 | 548 | 524 | 587 | 582 | 579 | 708 |
| Administrative expenses | 443 | 296 | 318 | 259 | 274 | 286 | 244 |
| Ordinary depreciation and write-downs | 86 | 74 | 75 | 72 | 74 | 67 | 68 |
| Other non-interest expenses | 194 | 86 | 121 | 98 | 184 | 100 | 72 |
| Total non-interest expenses | 1,334 | 1,004 | 1,038 | 1,016 | 1,114 | 1,032 | 1,092 |
| Operating profit before loan losses and profit on long-term securities | 760 | 802 | 606 | 568 | 799 | 739 | 640 |
| Provision for losses on loans and guarantees | 321 | - 7 | 79 | 273 | 897 | 637 | 629 |
| Profit (losses/write-downs) on long-term securities | - | - | - 1 | - 7 | 173 | - | - 1 |
| Operating profit | 439 | 809 | 526 | 288 | 75 | 102 | 10 |
| Income taxes | - 75 | 324 | 146 | 148 | 52 | 27 | - |
| Net profit | 514 | 485 | 380 | 140 | 23 | 75 | 10 |
| Average total assets | 235,125 | 238,979 | 234,224 | 236,251 | 246,255 | 223,440 | 253,268 |

Balance sheet

| | | The Group | | | The Parent Bank | | |
|--|------|----------------|----------------|----------------|-----------------|----------------|----------------|
| NOK million | Note | 30.06.03 | 30.06.02 | 31.12.02 | 30.06.03 | 30.06.02 | 31.12.02 |
| Assets | | | | | | | |
| Cash and deposits with central banks | | 14,646 | 6,984 | 12,312 | 14,646 | 6,984 | 12,312 |
| Deposits with and loans to credit institutions | | 4,387 | 6,601 | 5,929 | 13,962 | 11,808 | 11,776 |
| Total cash and claims on credit institutions | | 19,033 | 13,585 | 18,241 | 28,608 | 18,792 | 24,088 |
| Loans to customers | 6 | 201,357 | 190,493 | 194,703 | 174,704 | 164,124 | 168,653 |
| Specific allowance | 3, 6 | -2,422 | -1,091 | -2,153 | -2,346 | - 997 | -2,084 |
| General allowance for loan losses | 6 | -1,638 | -1,633 | -1,633 | -1,525 | -1,524 | -1,525 |
| Net loans to customers | | 197,297 | 187,769 | 190,917 | 170,833 | 161,603 | 165,044 |
| Reposessed assets | | 33 | 53 | 33 | 28 | 47 | 27 |
| Certificates and bonds | 5 | 16,804 | 16,150 | 18,529 | 16,969 | 15,829 | 18,335 |
| Equities and investments | 5 | 313 | 1,144 | 295 | 100 | 75 | 61 |
| Total securities | | 17,117 | 17,294 | 18,824 | 17,069 | 15,904 | 18,396 |
| Associated companies | | 620 | 584 | 608 | 620 | 584 | 608 |
| Equities and investments in group companies | | - | - | - | 5,341 | 5,078 | 5,124 |
| Deferred tax asset, goodwill and other intangible assets | | 829 | 746 | 780 | 758 | 723 | 704 |
| Real estate and machinery | | 2,379 | 2,527 | 2,448 | 2,316 | 2,461 | 2,384 |
| Other assets | | 14,847 | 1,096 | 5,333 | 14,539 | 1,127 | 5,663 |
| Prepaid expenses and accrued income | | 3,870 | 4,234 | 3,991 | 3,534 | 4,021 | 3,757 |
| Total assets | | 256,025 | 227,888 | 241,175 | 243,646 | 210,340 | 225,795 |
| Liabilities and equity | | | | | | | |
| Deposits from credit institutions | | 63,191 | 46,966 | 54,589 | 59,556 | 41,878 | 50,529 |
| Deposits from customers | | 107,271 | 106,162 | 110,978 | 108,504 | 106,862 | 112,408 |
| Total deposits | | 170,462 | 153,128 | 165,567 | 168,060 | 148,740 | 162,937 |
| Certificates and bond loans | | 43,186 | 41,129 | 39,455 | 33,730 | 28,939 | 27,360 |
| Other liabilities | | 17,078 | 1,099 | 8,295 | 16,784 | 957 | 8,300 |
| Accrued expenses and prepaid receivables | | 3,731 | 9,163 | 5,516 | 3,554 | 8,489 | 4,905 |
| Allowances for liabilities | | 1,187 | 1,069 | 1,145 | 1,139 | 1,055 | 1,099 |
| Total other liabilities | | 65,182 | 52,460 | 54,411 | 55,207 | 39,440 | 41,664 |
| Subordinated loan capital | | 3,124 | 4,466 | 4,045 | 3,122 | 4,326 | 4,042 |
| Share capital | | 3,860 | 3,860 | 3,860 | 3,860 | 3,860 | 3,860 |
| Reserves | | 13,312 | 13,109 | 13,292 | 13,312 | 13,109 | 13,292 |
| Profit for the period | | 85 | 865 | - | 85 | 865 | - |
| Total equity | 7 | 17,257 | 17,834 | 17,152 | 17,257 | 17,834 | 17,152 |
| Total liabilities and equity | | 256,025 | 227,888 | 241,175 | 243,646 | 210,340 | 225,795 |

Nordea Bank Norge ASA
Oslo, 13 August 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 | 31.12.01 | 31.03.02 | 30.06.02 | 30.09.02 | 31.12.02 | 31.03.03 | 30.06.03 |
|---|----------|----------|----------|----------|----------|----------|----------|
| Total assets | 230,321 | 237,927 | 227,888 | 248,879 | 241,175 | 249,787 | 256,025 |
| Net loans to customers | 184,232 | 186,857 | 187,769 | 190,572 | 190,917 | 193,645 | 197,297 |
| Net loans to customers as percentage of total assets | 80.0 | 78.5 | 82.4 | 76.6 | 79.2 | 77.5 | 77.1 |
| Deposits from customers | 104,332 | 100,817 | 106,162 | 101,902 | 110,978 | 109,422 | 107,271 |
| Deposits from customers as percentage of total assets | 45.3 | 42.4 | 46.6 | 40.9 | 46.0 | 43.8 | 41.9 |
| Deposit ratio (customer deposits to net loans to customers) | 56.6 | 54.0 | 56.5 | 53.5 | 58.1 | 56.5 | 54.4 |
| Total non-performing commitments | 2,162 | 2,160 | 2,402 | 2,567 | 5,062 | 2,937 | 3,747 |
| Net non-performing commitments | 1,273 | 1,265 | 1,644 | 1,638 | 3,493 | 1,423 | 1,855 |
| Risk-weighted assets | 203,200 | 202,900 | 200,900 | 202,100 | 198,900 | 200,900 | 198,500 |
| Book equity per share (NOK) * | 30.75 | 31.63 | 32.35 | 32.60 | 31.11 | 31.28 | 31.30 |
| Earnings per share (per quarter) (NOK) | 0.93 | 0.88 | 0.69 | 0.25 | 0.04 | 0.14 | 0.02 |
| Cost/income ratio (excluding net change in value and profit (loss) on securities per quarter) | 66.4 | 59.3 | 61.2 | 60.7 | 59.0 | 60.0 | 65.6 |
| Numbers of employees (full-time positions) | 4,096 | 4,081 | 4,001 | 4,003 | 4,007 | 3,979 | 3,919 |

* Excluding allocations of dividend, not yet paid at the time, of NOK 3.63 per share 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 2002 annual accounts. Unless stated otherwise, the notes show Group figures.

Note 2 Provision for losses on loans and guarantees

Loan loss provision by industry

| | 2rd quarter 2003 | | 6 months 2003 | |
|---|------------------|-----------------------------|---------------|------------------------------|
| | NOK million | Percentage of total loans*) | NOK million | Percentage of total loans *) |
| Retail market | 12 | 0.1 | 15 | - |
| Primary industries (agriculture/fisheries) | 268 | 9.6 | 424 | 7.6 |
| Mining, oil extraction and drilling | 2 | 0.2 | 73 | 4.1 |
| Manufacturing industry | 325 | 9.3 | 440 | 6.3 |
| Power and water supply, building and construction | - | - | 1 | - |
| Wholesale and retail trade | -9 | -0.5 | - 2 | -0.1 |
| Hotels and restaurants | 1 | 0.3 | - 2 | -0.2 |
| Shipping and aviation | 1 | - | 2 | - |
| Real estate | 2 | - | 2 | - |
| Commercial services | 24 | 0.4 | 301 | 2.4 |
| Other | 3 | 0.2 | 12 | 0.5 |
| Total | 629 | 1.2 | 1,266 | 1.3 |
| Change in general allowance | - | | - | |
| Net loan loss provision | 629 | 1.2 | 1,266 | 1.3 |

*) Annualised

Note 3 Charge-offs and changes in allowances

| NOK million | 2rd quarter 2003 | 6 months 2003 |
|---|------------------|---------------|
| Specific allowance, beginning of period | 2,270 | 2,153 |
| New loan loss provisions | 253 | 666 |
| Purchased commitments | - | - |
| Sold commitments | 38 | 38 |
| Change in previous allowances | 125 | - 154 |
| Charge-offs | - 266 | - 294 |
| Exchange rate differences | 2 | 13 |
| Specific allowance, end of period | 2,422 | 2,422 |
| Of which specific allowance on guarantees | - | - |
| Specific allowance on loans, end of period | 2,422 | 2,422 |

Net losses on loans and guarantees during the period

| | | |
|---|------------|--------------|
| New specific loan loss provisions | 253 | 666 |
| Charge-offs that affect the result | 5 | 2 |
| Change in previous allowances | 125 | - 154 |
| Net loss (profit) on repossessed assets etc. | 260 | 781 |
| Recoveries on commitments previously written off | - 14 | - 29 |
| Change in general allowance | - | - |
| Provision for losses on loans and guarantees | 629 | 1,266 |

Note 4 Taxes

The tax charge for the period includes payable taxes and changes in deferred taxes. The calculated taxes for the first six months are NOK 27 million corresponding to approximately 24 per cent of profit before taxes.

Following a ruling made by Central Taxation Office for Large-Sized Enterprises 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. In March 2003 "Ligningsnemda" reached the same conclusion, but increased the income with further NOK 62 million. Due to this approximately NOK 17 million in increased taxes were expensed in the first quarter of 2003. 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 case was served with a summons to Oslo City Court (Oslo Tingrett) on 23 May 2003.

On 9 October 2002 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

| | 30.06.03 | | 30.06.02 | | 31.12.02 | |
|--------------------------------|--------------|-----------------------------|--------------|-----------------------------|--------------|-----------------------------|
| Trading portfolio | Cost | Book value/ market value | Cost | Book value/ market value | Cost | Book value/ market value |
| Certificates and bonds | 6,917 | 6,998 | 6,844 | 6,843 | 8,865 | 8,911 |
| Equities and investments | 3 | 3 | 539 | 544 | 3 | 3 |
| Total trading portfolio | 6,920 | 7,001 | 7,383 | 7,387 | 8,868 | 8,914 |

Short positions *)

| | | | | | | |
|--------------------------|-------|-------|-----|-----|-----|-----|
| Certificates and bonds | 1,236 | 1,231 | 494 | 494 | 877 | 887 |
| Equities and investments | - | - | - | - | - | - |

| Other current and fixed assets | Book value | Book value | Book value |
|---|---------------|--------------|--------------|
| Certificates and bonds | 9,806 | 9,307 | 9,618 |
| Equities and investments | 310 | 600 | 292 |
| Total other current and fixed assets | 10,116 | 9,907 | 9,910 |

Unrealised gains on other current and fixed assets

| | | | |
|------------------------------|-----|----|-----|
| Certificates and bonds | 200 | 26 | 130 |
| 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 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.

Note 6 Analysis of the loan portfolio

| | Total NOK million | | Allowances | | | | Net NOK million | |
|----------------------------|----------------------|----------------|--------------|--------------|---------------|---------------|--------------------|----------------|
| | 30.06.03 | 31.03.03 | 30.06.03 | 31.03.03 | % 30.06.03 | % 31.03.03 | 30.06.03 | 31.03.03 |
| Non-performing commitments | 3,747 | 2,937 | 1,892 | 1,514 | 50 | 52 | 1,855 | 1,423 |
| Doubtful commitments | 4,649 | 5,186 | 530 | 756 | 11 | 15 | 4,119 | 4,430 |
| Total | 8,396 | 8,123 | 2,422 | 2,270 | 29 | 28 | 5,974 | 5,853 |
| Of which guarantees etc. | - 961 | - 984 | - | - | - | - | - 961 | - 984 |
| Other loans | 193,922 | 190,414 | 1,638 | 1,638 | 0.8 | 0.9 | 192,284 | 188,776 |
| Total | 201,357 | 197,553 | 4,060 | 3,908 | 2 | 2 | 197,297 | 193,645 |

Non-performing commitments were distributed as follows

| | Total non-performing NOK million | | Allowances | | | | Net non-performing NOK million | |
|-----------------------|-------------------------------------|--------------|--------------|--------------|---------------|---------------|-----------------------------------|--------------|
| | 30.06.03 | 31.03.03 | 30.06.03 | 31.03.03 | % 30.06.03 | % 31.03.03 | 30.06.03 | 31.03.03 |
| Corporate commitments | 3,199 | 2,403 | 1,689 | 1,332 | 53 | 55 | 1,510 | 1,071 |
| Retail commitments | 548 | 534 | 203 | 182 | 37 | 34 | 345 | 352 |
| Total | 3,747 | 2,937 | 1,892 | 1,514 | 50 | 52 | 1,855 | 1,423 |

Note 7 Equity

| NOK million | 2003 | 2002 |
|---|---------------|---------------|
| Equity as at 1 January | 17,152 | 16,957 |
| Profit for the period | 85 | 865 |
| Difference between provision and actual group contribution to companies outside NBN group | 20 | 15 |
| Exchange rate differences | - | - 3 |
| Equity as at 30 June | 17,257 | 17,834 |

Note 8 Capital ratio

| | NOK billion | |
|--|-----------------|------------------|
| Risk-weighted assets as at | 30.06.03 | 30.06. 02 |
| Total assets | 172.6 | 167.9 |
| Total off-balance sheet items | 20.9 | 23.3 |
| Total market and foreign exchange risk | 5.0 | 9.7 |
| Risk-weighted assets | 198.5 | 200.9 |

| | NOK million | | % | |
|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Capital ratio as at | 30.06.03 | 30.06.02 | 30.06.03 | 30.06.02 |
| Core capital | 16,318 | 16,870 | 8.2 | 8.4 |
| Supplementary capital | 3,473 | 4,808 | 1.8 | 2.4 |
| Deductions | -13 | - 36 | - | - |
| Total capital | 19,778 | 21,642 | 10.0 | 10.8 |

The capital ratio requirement is 8 per cent.