

Copenhagen, Helsinki, Oslo & Stockholm, 25 April 2001

## Interim Report January – March 2001

### Strong core earnings

- Operating profit EUR 555m, up 17% from the fourth quarter 2000
- Return on equity excluding goodwill 19.7%
- Highest profit ever excluding investment earnings
- Continuous growth in net interest income
- Net commission income only slightly lower despite turbulent equity markets
- Expenses down 10% adjusted for CBK
- Loan losses remain low at 0.14%

### Integration process continues according to plan

- Solo concept introduced in Denmark; more than 100 merchants have signed up
- ArosMaizels to be renamed Nordea Securities
- Merger process of Nordea's two banks in Poland started
- Shipping, Offshore & Oil Services division established

### Business highlights

- 2.3 million e-customers
- More than 7.0 million Internet bill payments per month, up 13% since December
- Retail Banking: Operating profit up to EUR 458m
- Corporate and Institutional Banking: Operating profit up to EUR 140m
- Assets under management: Positive net inflow, but negative market development reduced assets under management to EUR 97bn
- General Insurance: Improved technical result, but investment income negatively influenced by weak equity markets

*Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through six business areas: Retail Banking, Corporate and Institutional Banking, Asset Management, Investment Banking, Life Insurance and Pensions and General Insurance. The Nordea Group has nearly 10 million customers, 1,260 bank branches and 125 insurance service centres in 22 countries. The Nordea Group is a world leader in Internet banking, with more than 2.3 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.*

## Operational income statement<sup>1</sup>

EURm	Note	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000
Net interest income		932	811	785	779	723
Net commission income	1	365	370	333	384	377
Operating income from insurance		92	122	167	118	203
Net result from financial operations		149	73	74	91	145
Other income		51	58	48	127	108
<b>Total income</b>		<b>1,589</b>	<b>1,434</b>	<b>1,407</b>	<b>1,499</b>	<b>1,556</b>
Personnel expenses		-545	-482	-459	-460	-445
Other expenses		-419	-433	-335	-385	-352
<b>Total expenses</b>	2	<b>-964</b>	<b>-915</b>	<b>-794</b>	<b>-845</b>	<b>-797</b>
<b>Profit before loan losses</b>		<b>625</b>	<b>519</b>	<b>613</b>	<b>654</b>	<b>759</b>
Loan losses, net		-45	-22	-20	-20	-17
Profit from companies accounted for under the equity method		11	-1	31	23	9
<b>Profit before goodwill depreciation</b>		<b>591</b>	<b>496</b>	<b>624</b>	<b>657</b>	<b>751</b>
Goodwill depreciation		-36	-23	-21	-27	-22
<b>Operating profit</b>		<b>555</b>	<b>473</b>	<b>603</b>	<b>630</b>	<b>729</b>
Loss on disposal of real estate holdings		-	-	-	-	-40
Refund of surplus in pension foundation		-	8	7	9	8
Taxes		-157	-149	-182	-163	-197
Minority interests		-1	0	-1	0	-2
<b>Net profit</b>		<b>397</b>	<b>332</b>	<b>427</b>	<b>476</b>	<b>498</b>

## Ratios and key figures

Earnings per share, EUR	0.13	0.11	0.14	0.16	0.17
Share price <sup>2</sup> , EUR	6.88	8.10	8.09	7.90	5.55
Shareholders' equity per share <sup>2</sup> , EUR	3.62	3.74	3.73	3.60	3.45
Shares in issue <sup>2</sup> (millions)	2,982	2,982	2,982	2,979	2,961
Return on equity (%)	14.1	11.9	15.6	17.8	19.2
Return on equity excl goodwill <sup>3</sup> (%)	19.7	14.4	18.7	21.7	23.2
Lending <sup>2</sup> , EURbn	131	129	110	109	109
Deposits <sup>2</sup> , EURbn	77	79	67	65	66
Shareholders' equity <sup>2</sup> , EURbn	11	11	11	11	10
Total assets <sup>2</sup> , EURbn	233	224	199	192	194
Assets under management <sup>2</sup> , EURbn	97	105	107	104	102
Cost/income ratio, banking <sup>4</sup> (%)	55	60	56	52	52
Combined ratio, general insurance <sup>5</sup> (%)	106	110	107	102	122
Tier 1 capital ratio <sup>2</sup> (%)	6.6	6.8	9.0	9.0	8.5
Total capital ratio <sup>2</sup> (%)	9.2	9.4	11.0	10.8	10.6
Risk-weighted amounts (banking) <sup>2</sup> , EURbn	136	132	111	110	111

<sup>1</sup> Profit Q1 – Q4 2000 excluding Christiania Bank og Kreditkasse (CBK). Q1 2000 pro forma including Unidanmark.

<sup>2</sup> End of period, including CBK from Q4 2000.

<sup>3</sup> Excluding goodwill depreciation and excluding remaining goodwill which has reduced shareholders' equity.

<sup>4</sup> Before loan losses and goodwill depreciation.

<sup>5</sup> Excluding provision for (run-off from) the hurricane combined ratio was 104 in Q3 2000, 97 in Q2 2000 and 107 in Q1 2000.

## Notes

Note 1	<b>Net commission income</b>	Q1	Q4	Q3	Q2	Q1
	EURm	2001	2000	2000	2000	2000
	Brokerage	79	68	55	87	93
	Asset Management/Mutual funds	113	130	122	128	125
	Issue of securities	10	16	15	24	20
	Lending	75	81	73	68	66
	Deposits and payments	129	117	103	111	101
	Currency exchange	12	16	16	17	19
	Other commission income	20	16	13	15	13
	Commission expenses	-73	-74	-64	-66	-60
	<b>Net commission income</b>	<b>365</b>	<b>370</b>	<b>333</b>	<b>384</b>	<b>377</b>

Note 2	<b>Total expenses</b>	Q1	Q4	Q3	Q2	Q1
	EURm	2001	2000	2000	2000	2000
	Personnel	545	482	459	460	445
	Information technology	95	80	49	68	73
	Marketing	29	41	21	29	21
	Postage, telephone and office expenses	57	67	49	56	51
	Rents, premises and real estate expenses	81	89	75	73	73
	Other	157	156	141	159	134
	<b>Total expenses</b>	<b>964</b>	<b>915</b>	<b>794</b>	<b>845</b>	<b>797</b>

### Profit excluding investment earnings

In the income statement below the volatile investment earnings are separated from total earnings. Net interest income is further reported exclusive of trading-related interest income and expenses. Investment earnings consist of total outcome of non-trading investment operations including operating expenses.

	Q1	Q4	Q3	Q2	Q1
EURm	2001	2000	2000	2000	2000
Net interest income	872	757	733	707	641
Net commission income	361	368	320	386	380
Trading	156	94	108	72	141
Other banking income	36	36	35	29	34
Net income from insurance	134	129	102	138	82
Expenses	-955	-907	-785	-840	-788
Profit before loan losses	604	477	513	492	490
Loan losses	-45	-22	-20	-20	-17
Equity method	11	-1	31	23	9
<b>Profit excluding investment earnings</b>	<b>570</b>	<b>454</b>	<b>524</b>	<b>495</b>	<b>482</b>
Treasury, investment portfolio <sup>1</sup>	68	34	30	105	98
Other banking	2	20	17	71	56
Life insurance	-17	-2	15	3	45
General insurance	-32	-10	38	-17	70
<b>Investment earnings</b>	<b>21</b>	<b>42</b>	<b>100</b>	<b>162</b>	<b>269</b>
Goodwill depreciation	-36	-23	-21	-27	-22
<b>Operating profit</b>	<b>555</b>	<b>473</b>	<b>603</b>	<b>630</b>	<b>729</b>

<sup>1</sup> Including reclassification of interest-bearing securities of EUR 68m in Q1, 2001

## The Group

### Result summary

Operating profit increased to EUR 555m during the first quarter of 2001, up 17% from the fourth quarter last year. Compared to the combined figures for the fourth quarter of 2000 for Nordea and Christiania Bank (CBK) operating profit rose by 15%. The acquisition of CBK contributed positively to the result already from the first quarter.

Earnings per share equalled EUR 0.13 (EUR 0.58 for the full year 2000). Return on equity was 14.1% and 19.7% excluding goodwill

Profit excluding investment earnings and goodwill rose by EUR 116m or 26% to EUR 570m. The favourable development of core earnings was due to increased net interest income and higher profit from trading activities.

Investment earnings decreased to EUR 21m and goodwill depreciation increased by EUR 13m to EUR 36m. During the first quarter of 2001 substantial unrest prevailed on the equity markets, not least in comparison with the corresponding period in 2000. This exerted an adverse influence on investment earnings as well as fund management and other equityrelated commissions. The combined equity positions in insurance and banking showed a negative result, which was partly balanced by ordinary profits from fixed-income securities. Including a one-off profit of EUR 68m, due to reclassification to current assets of the fixed-income portfolio previously held as financial fixed assets, investment earnings totalled EUR 21m. The reclassification was prompted by the cash acquisition of CBK.

### Quarterly development

Total net interest income amounted to EUR 932m. As compared to the combined figures for Nordea and CBK in the fourth quarter, this meant an increase by 2% reflecting growth in lending volume and reduced costs for the deposit guarantee in Sweden.

Net commission income was EUR 365m, down 12% adjusted for CBK, due to lower commission income from fund management and from corporate finance activities.

Operating income from insurance, including investment income, amounted to EUR 92m, a decline of 25% due to investment losses.

Net result from financial operations, comprising investment income generated by the banks as well as earnings from customer trading and forex transactions, amounted to EUR 149m including the previously mentioned reclassification gain of EUR 68m. Adjusted for CBK this meant an increase of EUR 48m from the fourth quarter.

Total expenses amounted to EUR 964m, which was slightly below the quarterly average for last year and represented a reduction of 10% from the fourth quarter, adjusted for CBK.

All in all profit before loan losses was up 20% to EUR 625m.

Loan losses increased by EUR 23m to EUR 45m, representing an annualised loan loss level of 0.14%, up from 0.08% for the full year 2000. The increase is a combination of lower recoveries, a couple of larger new provisions, and increase in country risk reserves. Doubtful loans net amounted to EUR 841m (797m at 31 Dec 2000) representing 0.6% (0.6%) of total lending.

### Comparison with the first quarter of 2000

The effect of volatile investment earnings is clearly demonstrated in the comparison with the first quarter 2000. Compared to that period, profit excluding investment earnings increased by 18% or EUR 88m whereas investment earnings deteriorated by EUR 248m. Total operating profit was reduced by 24% or EUR 174m to EUR 555m. Adjusted for CBK operating profit was reduced by 25%.

### Visible synergy effects

When the merger between MeritaNordbanken and Unidanmark was announced synergies were estimated to be EUR 200m annually before tax, with full effect within a three-year period. The integration of Nordea and CBK is expected to result in merger synergies of an additional EUR 110m annually before tax within a three-year period. Cost synergies account for EUR 190m of the combined business case of EUR 310m. A further EUR 50m of annual pre-tax synergies are expected from Retail Banking.

Last year Nordea realised annual synergies amounting to EUR 23m, mainly from the integration of international units. At the end of the first quarter 2001 realised synergies had increased to EUR 30m and for the full-year accumulated synergies of EUR 130m are expected.

A number of merger integration milestones were reached in the first quarter 2001.

- Nordea's Solo Market was introduced in Denmark and is now being marketed to Danish personal customers.
- Corporate cash management services were improved.
- The merger process of Nordea's two Polish banks started.
- The international branches of Nordea and CBK are in the process of integration.
- Improvements of services to large corporate customers continue with the launch of an industry group approach and a common Customer Relationship Management system.

- Marketing of Nordea's branches in Germany has also started in Norway
- Corporate pension schemes were launched in Finland.
- The merger of Nordea's Norwegian life insurance operations started.
- General Insurance was established in Finland and will offer general insurance products to personal customers via the Solo portal as from the end of the second quarter

**Assets under management**

Assets under management amounted to EUR 97bn compared to EUR 105bn 31 December 2000. To increase assets under management in compliance with the 20% growth target set for the whole year, a positive development of the equity markets is thus required.

**Internet-based operations developed positively**

By the end of March 2001 a total of 2.3 million customers had signed up for net banking services. The number of log-ons had increased by 12% since December 2000.

**Bid on Atle**

Nordea has accepted the official bid from Ratos AB and

3i Group plc, through their jointly owned company Woodrose Invest AB, on Atle AB. The bid is conditional on 90% acceptance. Nordea has 3,858,400 shares (7.4%) in Atle. The acceptance has not influenced the result in the first quarter of 2001.

**Shareholders' equity**

Shareholders' equity amounted to EUR 10.7bn at the end of March. The fair value of assets in the Group's pension foundations and pension fund exceeded pension commitments by EUR 0.2 bn. No refund of surplus was made during the quarter.

**The Nordea share**

The share price of the Nordic financial institutions has declined during the first quarter 2001, along with the equity markets in general.

The Nordea share was quoted ex-dividend of SEK 2.00 (equivalent to EUR 0.22) on 11 April 2001 and traded at SEK 59.00 (equivalent to EUR 6.53) on 12 April 2001. Based on this price there has been a value reduction of 17.5% compared to year-end 2000. Over the last 12 months the price of the Nordea share has increased by 11.3%.

## Results by business area January – March 2001

Profit by business area <sup>1</sup>	Business areas								
EURm	Retail Banking	Corporate and Institutional Banking	Asset Management	Investment Banking <sup>2</sup>	Life Insurance and Pensions <sup>3</sup>	General Insurance <sup>3</sup>	Treasury	Other	Total
Customer responsible units:									
Income	1,066	292	66	39	10	68	90	-42	1,589
Expenses	-592	-125	-38	-34	-24	-99	-10	-42	-964
Loan losses	-16	-30	-	-	-	-	-	1	-45
Equity method	-	3	-	-	-	-	-	8	11
Goodwill	-	-	-	-	-	-	-	-36	-36
Operating profit	458	140	28	5	-14	-31	80	-111	555
2000:									
- Q4	345	74	27	12	-3	-23	34	7	473
- Q3	423	119	25	2	22	45	34	-67	603
- Q2	351	114	29	22	9	5	99	1	630
- Q1	353	112	39	25	44	26	102	28	729
Return on equity	25%	15%			Neg.	Neg.			14.1%
Cost/income ratio	56%	43%	62%	92%			11%		55%
Combined ratio						106%			106%
Product responsible units:									
Income			145	48	24				
Expenses			-70	-38	-38				
Product result			75	10	-14				
2000:									
- Q4			68	20	-2				
- Q3			75	22	15				
- Q2			69	31	8				
- Q1			94	53	52				

<sup>1</sup> Business area reporting excludes CBK in 2000.

<sup>2</sup> Product result within Investment Banking refers to Equities excluding Corporate Finance.

<sup>3</sup> Income is reported as net of premiums, investment income, claims, benefits and provisions. Operating income from insurance EUR 92m in the Group income statement includes operating income from product earnings in Life Insurance and Pensions (EUR 24m), income from customer responsible units in General Insurance (EUR 68m), and group adjustments of EUR 0m.

Nordea's operations are organised into six business areas: Retail Banking, Corporate and Institutional Banking, Asset Management, Investment Banking, Life Insurance and Pensions, and General Insurance. The business areas operate as decentralised profit centres. The Group's financial management operations are conducted by Group Treasury.

Within Nordea, customer responsibility is fundamental. Decentralised profit responsibility essentially means that the Group's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet. Equity is allocated to the customer responsible units, and each unit's performance is evaluated in relation to its individual target for return on allocated capital. When calculating return on allocated equity 28% standard tax is applied.

In addition to customer responsibility, Asset Management, Investment Banking and Life Insurance and Pensions also assume product responsibility, which means ensuring competitive and profitable products for the customer responsible units. Product units are monitored through the evaluation of product results, which include all income and expenses within the Group related to the respective products.

The capital allocated to the business areas is calculated according to existing BIS rules, corresponding to a Tier 1 ratio of 6.5%. For Life

Insurance and Pensions, capital is allocated corresponding to 5% of reserves and for General Insurance the capital allocated corresponds to 45% of gross premium income.

A model for allocating capital based on each business unit's actual risk exposure will be implemented during 2001. The model takes into consideration credit and insurance risks, market risks and operational risks. It optimises utilisation and distribution of capital between the different business areas.

Operating profit by business area and relating to customer responsibility is shown in the accompanying table. For business areas carrying product responsibility and where a substantial part of product earnings is allocated to other customer responsible business areas, product results are also reported. In addition to the six business areas, Group Treasury, with responsibility for managing the Group's own positions in securities portfolios and internal bank activities, is included in the table. The column "Other" includes income and expenses not allocated to business areas, ie funding costs for the cash acquisition of CBK, 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.

## Retail Banking

- **Operating profit up 33% to EUR 458m**
- **Return on equity 25%**
- **Strong sales of e-banking products**

Retail Banking includes development, marketing and distribution of a broad range of financial products related to personal customers and corporations. Retail Banking is organised in four Retail operations - Denmark, Finland, Norway and Sweden - and a regional organisation for Poland and the Baltic countries. Retail banking continues to see improvements in ROE and cost/income ratio.

### Savings

Retail Banking's total deposits amounted to EUR 60bn, with marginally lower market shares. The net inflow of savings into the Group's mutual funds was in Denmark EUR 645m, in Finland EUR 198m, in Norway EUR 62m and in Sweden EUR 95m during the first quarter.

### Lending

Retail Banking's lending at the end of March totalled EUR 95bn compared to EUR 93bn at year-end. Over the last twelve months Retail's lending increased by 10%.

### Strong sales in e-banking

Retail banking continues to see strong sales in the growing range of all e-banking products.

By 31 March 2.3 million customers had signed up as users of the Group's net banking services, and the targeted number at the beginning of 2002 is 2.7 million. At the end of March the Group had 220,000 customers who traded equities on the Internet.

Netbank activity continues to grow at a rapid pace. The number of log-ons was 6.2 million in March, an increase of 12% compared to December 2000, and the number of netbank bill payments showed a 13% growth since December to a total of 7.0 million in March.

## Major new services and events

- The Danish version of the Solo Market was launched. More than 100 merchants have signed a Solo agreement and more than 50 are accessible through the portal. Several of the companies have already chosen to offer their services in all four Nordic markets through the Solo Market.
- Corporate cash management services was enhanced through the introduction of cross border balance reporting, local payments, and group payments.
- Danish customers have been offered the opportunity to order MasterCard through the Netbank.
- The old agreement with the Swedish Post expired at the end of March and was replaced by a new agreement at a significantly lower cost.
- General Insurance has been established in Finland and will offer general insurance to personal customers via the Solo portal. The products encompass simple quality products which have been developed and adapted to the Finnish market by Tryg-Baltica. Later this year customers will also be able to buy insurance through the bank's 464 branches.
- A new customer loyalty programme was launched in Denmark which encourages customers to buy all their financial services in Nordea. The programme's fixed-price structure also marks an end to the possibility of negotiating prices.
- Around 500 large and medium-sized companies mostly from the Helsinki area have been gathered in a new organisation, The Helsinki Corporate Unit. The new unit will target about 30% of Retail Finland's company-linked businesses.
- The branch network in the Baltic countries was extended through the opening of a new office in Pärnu, Estonia.

## Results

Operating profit in the first quarter 2001, EUR 458m, was up by EUR 113m compared to the fourth quarter 2000, of which EUR 42m relates to the inclusion of Retail Norway as from 2001.

For comparable entities, ie including CBK in the fourth quarter 2000, operating profit increased 17% in the first quarter. Total income decreased by 2%, because commission income was lower due to the weakening of stock markets, while expenses were down by 8%. The cost/income ratio for the first quarter 2001 was 56%. Loan losses are still at a very low level.

Return on equity in the first quarter was 25%.

### Retail Banking by market in the first quarter of 2001

EURm	Retail Banking	Retail Finland	Retail Sweden	Retail Denmark	Retail Norway	Poland & Baltic
Net interest income	774	245	212	217	94	6
Net commissions and other income	292	76	113	64	37	2
<b>Total income</b>	<b>1,066</b>	<b>321</b>	<b>325</b>	<b>281</b>	<b>131</b>	<b>8</b>
<b>Total expenses</b>	<b>-592</b>	<b>-146</b>	<b>-185</b>	<b>-170</b>	<b>-85</b>	<b>-6</b>
Profit before loan losses	474	175	140	111	46	2
Loan losses	-16	-4	1	-9	-4	0
<b>Operating profit</b>	<b>458</b>	<b>171</b>	<b>141</b>	<b>102</b>	<b>42</b>	<b>2</b>
Cost/income ratio (%)	56	45	57	61	65	76

<b>Retail Banking</b>	Q1	Q4	Q3	Q2	Q1
EURm	2001	2000	2000	2000	2000
Operating profit	458	345	423	351	353
Return on equity (%)	25	20	27	24	26
Cost/income ratio (%)	56	58	53	58	57
Customer base: personal customers, million	8.9				
corporate customers, million	0.6				
Number of employees (full-time equivalents)	22,200				
(CBK is not included in the 2000 figures)					



## Corporate and Institutional Banking

- **Shipping, Offshore & Oil Services division established**
- **Increased quarterly profit including CBK units**

Corporate and Institutional Banking delivers a range of financial products and services to all corporate customer segments of the Group. It also has customer responsibility for well-defined customer segments, such as large corporates, shipping, offshore and oil services companies, and financial institutions.

Based on Christiania Bank's position in shipping and offshore financing, a new division has been established, Shipping, Offshore & Oil Services. The division has a Nordic organisation and also an international presence through the Group's branches in London, New York, and Singapore.

Generally, the experiences gained from the merger between MeritaNordbanken and Unibank have facilitated the integration between Nordea and CBK. The latter's operations in Corporate and Institutional Banking have now been organisationally integrated with Nordea. CBK's branch offices in Stockholm and Copenhagen and the MeritaNordbanken branch office in Oslo are being closed during the spring. The international branch offices of Nordea and CBK in London, New York and Singapore are in the process of integrating, with full integration scheduled to be completed by the end of this year.

Markets is, for efficiency reasons, closing down the trading operation in London.

### Business developments

The business climate for corporate and institutional banking has changed substantially during the first quarter of 2001 due to the more negative outlook for the economy. Activity continues to be relatively strong in many sectors, while the business environment in others has deteriorated.

Efforts to improve the services to large corporate customers have continued. Industry groups have been launched to improve internal industry expertise and thus enhance the value added to customers. A Customer Relationship Management (CRM) system used in

Denmark has been installed in Finland, with Sweden and Norway to follow shortly.

A recent independent customer survey shows that Nordea Corporate Division has a very strong market position with an increased number of customers for whom Nordea is the main bank. Nordea is the only bank in the Nordic region with noticeably higher quality index. According to the survey Nordea is a clear market leader in the large corporate sector in Finland and Denmark.

The Markets division is now fully operational across all four Nordic home markets in one common, coherent business organisation. The activity in Debt Capital Markets continued to be strong and included a mandate for the Viking securitisation programme from Finnish paper producer Myllykoski and debt issuance activities for, among others, Elisa Communications, Sydkraft, Bærum Municipality and Novozymes.

Business in international branches has developed favourably. A number of new customer relationships has been established in Germany.

In custody, the value of the Nordic approach has been confirmed by a contract with a new broker/dealer customer covering sub-custody in all four Nordic markets.

### Results

Operating profit was EUR 140m, an increase of EUR 66m compared to the fourth quarter 2000, of which EUR 46m refers to the inclusion of CBK as from 2001. Return on equity reached 15%. The cost/income-ratio was 43%. Good earnings in Markets strengthened the result, while custody income has decreased compared to late 2000 levels due to falling share prices.

Net loan losses amount to EUR 30m. They consist of provisions for new losses of EUR 56m and recoveries of EUR 32m. Furthermore, country risk provisions have increased by EUR 6m, primarily due to the downgrading of Turkey.

Lending volumes remained at a stable level of EUR 30bn.

<b>Corporate and Institutional Banking</b>	Q1	Q4	Q3	Q2	Q1
EURm	2001	2000	2000	2000	2000
Operating profit	140	74	119	114	112
Return on equity (%)	15	9	15	15	15
Cost/income ratio (%)	43	48	49	50	51
Number of employees (full-time equivalents)	3,000				
(CBK is not included in the 2000 figures)					

## Asset Management

- **Negative trend in equity markets during first quarter**
- **Assets under management down EUR 8bn since year-end despite robust inflow of new assets**
- **Profits restrained by market pressure on assets under management**
- **Award for investment excellence: “A firm to watch in 2001” from Euromoney Global Investor**

Asset Management includes Group activities within institutional investment management, private banking and mutual funds. A joint unit with Retail Banking targets the retail market for investment, savings and life insurance products.

Nordea Asset Management holds a leading position in the Nordic area. A negative trend in equity markets began at the end of fourth quarter and continued into the first quarter of 2001. This put downward pressure on assets under management and moved the emphasis in the retail market towards lower-margin, fixed-income products. However, these effects have been mitigated by continued net inflows from both existing and new clients.

### Investment Management

Investment Management experienced continued demand for its institutional management services, with net inflow of new assets totalling EUR 1.7bn. In February, Investment Management won the award for “A firm to watch in 2001” from Euromoney Global Investor and was runner-up in the category “Best Manager, European Equities”. The award was given for the quality of the investment processes used and for the consistent strategy followed over time. Assets under management in Investment Management were EUR 71.6bn at the end of the first quarter, down from EUR 75.0bn at the year-end 2000.

### Mutual Funds

In varying degrees, all the Nordic markets saw softer demand for mutual funds. However, sales of Nordea funds through intermediaries in the European market continued to increase. The Group's Nordic market shares for mutual funds were maintained in the first quarter and 7 new funds were launched. Assets under management in Mutual Funds amounted to EUR 33bn, down 3bn from year-end 2000, in spite of net inflows of EUR 1.1bn.

Market shares in the core markets at end of first quarter:

Sweden	Finland	Denmark	Norway	Nordic
19.5% <sup>1</sup>	28.8%	26.4%	9.3%	20.4%
1) Q4 2000 (Q1 2001 na)				

### European Private Banking

European Private Banking maintained a steady inflow of new clients in the first quarter. Assets under management in European Private Banking at the end of the first quarter were EUR 5.8bn compared to EUR 6.2bn for the year-end 2000.

### Nordic Private Banking

Nordic Private Banking also saw a continued inflow of new capital. However, due to the considerable weight of Nordic technology stocks in some portfolios, assets under management declined significantly. Assets under management in Nordic Private Banking (excluding mutual funds, life insurance and deposits) fell to EUR 15.9bn from EUR 20.6bn at year-end.

### Integration with CBK

The activities of K-Kapitalforvaltning and K-fondene have been fully integrated into the Nordea Group.

### Results

Operating profit was in line with the previous quarter. Despite the drop in the market, earnings were maintained by transaction-based income. The product result was slightly up when including operations within CBK.

Asset Management EURm	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000
Operating profit, customer responsible units	28	27	25	29	39
Cost/income ratio (%)	62	58	57	56	43
Product result	75	68	75	69	94
Assets under management, EURbn	97	105 <sup>1</sup>	107	104	102
Number of employees (full-time equivalents) (CBK is not included in the 2000 figures)	800				

<sup>1</sup> Including EUR 3.1bn in CBK.

## Investment Banking

- **Difficult market conditions**
- **Highest market share on the Helsinki stock exchange and the second highest in Copenhagen**
- **ArosMaizels to be renamed Nordea Securities in May**

The Nordea investment banking services are offered through offices in Denmark, Finland, Norway, Sweden, the UK and the US. The business areas consist of Equities and Corporate Finance, and had 640 employees at the end of the first quarter 2001.

The customer base encompasses Nordic and international clients, and includes institutional investors, financial institutions, corporations, brokers, government bodies as well as personal customers.

### Equities

Equities offer research, sales and trading in equities and derivatives. Equities is responsible for institutional equity sales and for providing retail equity products to Nordea retail banks in the four Nordic countries

A total of 82 analysts are covering over 300 companies in the Nordic region representing more than 90% of the market capitalisation. The analysts are based locally and organised as cross-border industry sector teams.

ArosMaizels is a member of all Nordic stock exchanges. In international equities ArosMaizels trades directly through its memberships of the London, Frankfurt, Amsterdam and EASDAQ stock exchanges.

### Market shares

Investment Bankings's market shares January – March 2001 on the Stock Exchanges;

- Copenhagen 17.1%
- Helsinki 12.2%
- Oslo 6.4%
- Stockholm 3.5%

## Corporate Finance

The Corporate Finance business unit offers a wide range of services, including equity offerings, initial public offerings (IPOs), private placements, privatisations, mergers and acquisitions transactions (M&A), restructurings, project finance structuring and other financial advisory services.

During the first quarter of 2001 Corporate Finance was involved in 6 equity transactions with a total transaction value exceeding EUR 0.6bn. Of these transactions ArosMaizels held a lead position in five.

### The Nordic stock markets

Stock market indices have fallen over the first quarter after an increasing number of profit warnings and fear of a recession.

Activities in the IPO market have thus decreased. The total issue agenda is likely to remain very weak in the coming few months.

Other primary market activities, including share swaps and staff incentive programmes, are seasonally strong and ArosMaizels' market share is good.

The M&A market has leveled off. Transactions are generally smaller, reflecting lower value expectations and a reluctance to commit large funds.

## Results

Operating profit was relatively low in the first quarter, especially within equity trading, partly because of a loss in Norway of approximately EUR 1m due to unauthorised dealing. Also brokerage income has shown a decline, but to a lesser degree.

The corporate finance income was modest in the first quarter, mainly due to the normal seasonally low activity in the start of the year. A number of ongoing projects that are nearly completed is expected to influence the income in the second quarter.

<b>Investment Banking</b>	Q1	Q4	Q3	Q2	Q1
EURm	2001	2000	2000	2000	2000
Operating profit	5	12	2	22	25
Cost/income ratio (%)	92	78	91	62	58
Product result, Equities	10	20	22	31	53
Number of employees (full-time equivalents)	640				
(CBK is not included in the 2000 figures)					

## Life Insurance and Pensions

- **Positive trend in premium income for customer responsible units up 33% in one year**
- **Negative investment return of 14% due to decline in stock markets**

The business area is responsible for providing life insurance and pension products and services, comprising risk covers, long-term savings and investment products.

Tryg-Baltica Life Group in Denmark has won a tender for taking over a pension fund, NESA, with approximately 700 members. This will increase premium income and assets under management in the third quarter of 2001.

The integration of Vesta Life and Vesta Link, and Norske Liv and K-Fondsforsikring in Norway is in full progress, and cross-selling of products, eg corporate pension schemes, has begun. Corporate pensions have also been launched in Finland.

Life Insurance and Pensions has launched a "Nordic Investment Portfolio" to individual and corporate customers in Sweden and has introduced unit-linked products. Furthermore, the company has received a license to market pension products in Spain.

Web and mobile Internet solutions are constantly being upgraded, and focus is maintained on full-service concepts in order to improve workflow and enhance processing and cost efficiency. The web is also used for active distribution where feasible.

### Results

The results generated by Life Insurance and Pensions are calculated in accordance with the practice within the respective countries regarding the distribution of profits between policyholders and shareholders.

The product result for the first quarter of 2001 amounted to EUR -14m, which is affected by stock market turmoil.

### Premium income

Premium income in Denmark rose by 38% compared to the first quarter of 2000. Especially unit-linked sales showed a steep increase.

In Norway, premium income rose by 18% in the first quarter of 2001 compared to the first quarter of 2000.

In both Finland and Sweden premium income decreased by 43%, compared to the first quarter of 2000, as unit-linked sales suffered from the stock market decline.

### Investment return

Investment return at market value for the first quarter of 2001 totalled -14.2% pa. The return yielded in the respective countries varied between -0.6% and -33.7% pa. The total return on equities was 0.6% points above the MSCI Europe Index, which dropped by more than 10% in 2001. Investment assets under management totalled EUR 20.1bn at 31 March 2001.

Life Insurance and Pensions EURm	Customer responsible units					Product responsible units				
	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000	Q1 2001	Q4 2000	Q3 2000	Q2 2000	Q1 2000
Gross premiums written	272	278	205	163	204	684	710	584	778	838
Technical result	3	1	4	5	4	3	0	0	5	7
Investment income	-17	-4	18	4	40	-17	-2	15	3	45
Operating profit/product result	-14	-3	22	9	44	-14	-2	15	8	52
Return on equity (% pa)	-6	-2	11	5	23					
Shares	3,632	4,806	5,268	5,300	5,251	5,023	5,934	6,403	5,958	6,148
Bonds	6,235	5,339	5,645	5,171	5,196	10,503	8,750	8,975	8,428	8,252
Property	891	887	1,008	994	993	1,463	1,152	1,196	1,184	1,157
Unit-linked	966	953	392	380	399	3,116	3,149	2,607	2,425	2,283
Investments	11,724	11,985	12,313	11,845	11,839	20,105	18,985 <sup>1</sup>	19,181	17,995	17,840
Technical provisions	11,098	11,238	11,444	11,019	10,923	19,122	19,273	18,077	17,324	16,752
Number of employees (full-time equivalents)	580					850				

<sup>1</sup> Excluding the life insurance group in CBK and Heros Life.

## General Insurance

- **Improved technical result**
- **Increased premium rates in Norway**
- **New Service Centre structure in Denmark**
- **Recovery in reinsurance**

The business area comprises Nordea's activities within direct general insurance and reinsurance.

Vesta and CBK have initiated cooperation in developing bancassurance in Norway.

General Insurance now underwrites buildings insurance in Denmark for all types of customers.

A two-year plan for the development of the Danish Service Centre structure was announced. This plan includes a reduction of the number of locations from 75 to 35 including 7 regional centres during the coming two years.

Moody's has upgraded Tryg-Baltica Forsikring from A2 to A1. Standard & Poor's assigned an A- (strong) rating to Tryg-Baltica International and an A (strong) rating to Dansk Kaution.

### Results

Technical result improved by EUR 14m to EUR 1m. The operating profit for the first quarter of 2001 amounted to

EUR -31m. The result was affected by the stock market turmoil during the period under review.

The combined ratio was 106, compared to 107 for the first quarter of 2000, excluding the effects of the hurricane "Anatole" in Denmark in December 1999.

### Premiums

Gross earned premiums increased by 14% compared to the first quarter 2000. Especially Tryg-Baltica International and Energo-Asekuracja showed a steep increase.

In Norway and in Tryg-Baltica International, premium income was affected by rate increases.

### Claims and expenses

The claims levels reflect a good underwriting result in Denmark, but also a relatively high number of fires in Norway. The expense ratio – excluding the effect from commission expenses – continues to decline as a result of the focus on efficiency.

### Investment return

The investment return for the first quarter of 2001 totalled 1.2% pa, which is 0.7% points below the benchmark return. The investment return is negatively affected by losses on equity holdings.

<b>General Insurance</b>	Q1	Q4	Q3	Q2	Q1
EURm	2001	2000	2000	2000	2000
Gross earned premiums	428	429	395	389	376
Earned premiums, net of reinsurance	358	371	341	338	319
Technical interest	26	29	33	28	28
Claims incurred, net of reinsurance	-286	-307	-277	-257	-303
Insurance operating expenses	-97	-106	-90	-87	-88
Technical result	1	-13	7	22	-44
Profit on investment activities	-32	-10	38	-17	70
Operating profit	-31	-23	45	5	26
Combined ratio (%)	106	110	107	102	122
Return on equity (%)	-21	-4	31	4	19
Shares	412	427	498	514	620
Bonds	1,438	1,754	1,711	1,713	1,520
Property	412	409	407	404	413
Investments	2,262	2,590	2,616	2,631	2,553
Number of employees (full-time equivalents)	4,210				
Combined ratio not including claims from the hurricane	106	110	104	97	107

## Treasury

Treasury has responsibility for the Group's own investment and market risk taking in financial markets (excluding investments within insurance), as well as funding and financial analysis. Treasury conducts operations in Copenhagen, Helsinki, Oslo, Stockholm, London, New York, Singapore, Tallinn and Riga/Vilnius.

### Investment and Risk Trading

The Investment and Risk Trading unit consists of the Fixed Income Investment, Risk Trading and Equity Investment units. Fixed Income Investment manages strategic fixed-income portfolios.

The result from the Fixed Income Investment and Risk Trading units was positively influenced mainly by a reclassification of interest-bearing securities, previously classified as financial fixed assets. The reclassification to current assets follows the cash acquisition of Christiania Bank and added EUR 68m to the investment earnings. The result was also positively affected by lower market interest rates.

The price risk involved in Treasury's trading positions calculated as a parallel shift assuming a change in markets interest rates of 100 basis points was EUR 215m.

The result in the Equity Investment unit was negatively affected by the very weak equity markets. The risk involved in equities measured as VaR was EUR 45m at the end of the quarter. In the beginning of the quarter the VaR was EUR 48m.

### Group Funding

Group Funding manages the external funding of the Group as well as the pricing of all cash flows within the Group. Group Funding also manages the interest and liquidity risks arising from the Group's operations. During the first quarter the work of establishing an Internal Bank in Poland began. The result in Group Funding is positively influenced by the US Federal Reserve's cut in rates with 150 basis points and the steepen in the yield curves. The four individual USCP programmes of the banks within the Group have been combined into a single programme through Nordea North America Inc, sized USD 10bn.

### Integration process and merger synergies

During the first quarter Treasury has concentrated on a project to achieve merger synergies from funding operations. Synergies amounting to EUR 2.5m have been achieved. Treasury is working on a project with the objective to establish a uniform global IT platform.

### Operating profit

Treasury's operating profit was EUR 80m, including the one-off profit of EUR 68m earlier mentioned. Equity earnings were negatively influenced by the weak equity market during the first quarter. This development was offset by a positive contribution from bonds and other instruments in the fixed-income area and from interest rate risk positions taken in the Group Funding area.

<b>Treasury</b> EURm Jan-Mar 2001	Fixed- income portfolios	Equity portfolios	Internal Bank	Total
Income	105	-34	19	90
Expenses	-2	-1	-7	-10
Operating profit	103	-35	12	80
Number of employees (full-time equivalents)	100			

Wednesday 25 April 2001

Thorleif Krarup  
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This interim report has not been subject to review by the auditors  
Next reporting date: The interim report for the first half-year of 2001 will be published on 22 August 2001

## Statutory income statement

	Note	EURm Q1 2001	EURm Q1 2000
Interest income		3,057	2,155
Interest expenses		-2,125	-1,432
Net interest income		932	723
Dividends received		23	24
Net commission income		365	377
Net result from financial operations	1	149	145
Other operating income		28	84
<b>Total operating income</b>		<b>1,497</b>	<b>1,353</b>
General administrative expenses:			
Personnel expenses		-475	-375
Other expenses		-323	-272
Depreciation according to plan		-65	-45
<b>Total operating expenses</b>		<b>-863</b>	<b>-692</b>
<b>Profit before loan losses</b>		<b>634</b>	<b>661</b>
Loan losses, net	2	-46	-14
Change in value of property taken over for protection of claims		1	-3
Profit from companies accounted for under the equity method		11	9
<b>Operating profit, banking</b>		<b>600</b>	<b>653</b>
<b>Operating profit, insurance</b>	3	<b>-53</b>	<b>70</b>
<b>Total operating profit</b>		<b>547</b>	<b>723</b>
Loss on disposal of real estate holdings		-	-40
Pension adjustments		8	14
Taxes		-157	-197
Minority interests		-1	-2
Net profit from the Unidanmark Group for Q1 2000		-	-180
<b>Net profit</b>		<b>397</b>	<b>318</b>

## Notes

Note 1	<b>Net result from financial operations</b>	EURm	EURm
		Q1 2001	Q1 2000
	Shares/participations and other share-related instruments	-23	80
	Interest-bearing securities and other interest-related instruments	123	31
	Other	1	0
	Foreign exchange gains/losses	48	34
	<b>Total</b>	<b>149</b>	<b>145</b>

  

Note 2	<b>Loan losses, net</b>	EURm	EURm
		Q1 2001	Q1 2000
	<i>Individually appraised receivables</i>		
	Losses incurred during the period	83	65
	Previous provisions utilised	-72	-76
	Provisions for possible loan losses	153	126
	Recovery of previously incurred losses	-22	-18
	Reversal of previous provisions	-103	-83
		39	14
	<i>Receivables appraised by category</i>		
	Losses incurred during the period	8	5
	Recovery of previously incurred losses	-4	-4
	Reversal/provision to reserves for possible loan losses	-4	0
		0	1
	Country risk	6	-17
	Contingent liabilities	1	16
	<b>Total</b>	<b>46</b>	<b>14</b>



Note 3

	EURm Q1 2001	EURm Q1 2000
<b>Operating profit, insurance</b>		
<b>General Insurance</b>		
Earned premiums, net of reinsurance	358	319
Technical interest, net of reinsurance	26	28
Claims incurred, net of reinsurance	-286	-303
Insurance operating expenses, net of reinsurance	-97	-88
Technical result	1	-44
Investment activities		
Interest etc	30	32
Realised and unrealised investment gains	-30	70
Investment expenses	-2	-2
Technical interest transferred to the general insurance technical account	-30	-30
Total profit on investment activities	-32	70
Profit before tax, General Insurance	-31	26
<b>Life Insurance and Pensions</b>		
Earned premiums, net of reinsurance	648	804
Financial interest, net of reinsurance	-543	799
Claims incurred and benefits paid and change in provisions	-529	-1,154
Change in bonus equalisation provisions	460	-411
Insurance operating expenses, net of reinsurance	-33	-31
Technical result	3	7
Investment activities		
Interest etc	164	144
Realised and unrealised investment gains	-790	757
Investment expenses	-5	-4
Pension return tax etc	68	-51
Investment return transferred to the life insurance technical account	546	-801
Total profit on investment activities	-17	45
<b>Profit before tax, Life Insurance and Pensions</b>	<b>-14</b>	<b>52</b>
<b>Operating profit before group adjustments</b>	<b>-45</b>	<b>78</b>
Group adjustments (goodwill depreciation)	-8	-8
<b>Operating profit, insurance</b>	<b>-53</b>	<b>70</b>

**Accounting principles**

Accounting principles and methods of calculation are unchanged compared to the annual accounts 2000.

The Group's interest-bearing securities previously classified as financial fixed assets have been reclassified as current assets.

**Exchange rates applied**

	2001	2000	2000
	Jan - Mar	Jan – Mar	Jan - Dec
EUR 1 = SEK			
Income statement (average)	8.9642	8.4833	8.4631
Balance sheet (at end of period)	9.1570	8.2825	8.8313
EUR 1 = DKK			
Income statement (average)	7.4624	7.4449	7.4532
Balance sheet (at end of period)	7.4627	7.4460	7.4631
EUR 1 = NOK			
Income statement (average)	8.1981	-	8.1044
Balance sheet (at end of period)	8.0570	-	8.2335
EUR 1 = FIM 5.94573 (fixed rate)			

## Statutory balance sheet, end of period

	EURbn Mar 2001	EURbn Dec 2000
Loans and advances to credit institutions	25	23
Lending	131	129
Interest-bearing securities	30	28
Shares	1	1
Shares in group and associated undertakings	0	1
Intangible assets	3	3
Land and buildings	2	2
Other assets, banking <sup>1</sup>	19	15
Assets, insurance <sup>1</sup>	22	22
<b>Total assets</b>	<b>233</b>	<b>224</b>
1 Investment, customers and policyholders bear the whole risk	6	6
Deposits by credit institutions	35	29
Deposits	77	79
Other borrowings from the public	2	2
Debt securities in issue	58	56
Other liabilities, banking	22	19
Liabilities, insurance	21	21
Subordinated liabilities	7	7
Minority interests	0	0
Shareholders' equity	11	11
<b>Total liabilities and shareholders' equity</b>	<b>233</b>	<b>224</b>

	EURm Jan - Mar 2001
<b>Movements in shareholders' equity</b>	
Shareholders' equity at beginning of year	11,105
Dividend	-675
Own shares	25
Currency translation adjustment	-110
Net profit for the period	397
At end of period	10,742

	EURm Mar 2001	EURm Dec 2000
<b>Capital adequacy</b>		
Tier 1 capital, EURm	8,919	8,969
Capital base, EURm	12,508	12,422
Risk-weighted amounts (banking), EURbn	136	132
Tier 1 capital ratio (%)	6.6	6.8
Total capital ratio (%)	9.2	9.4

## Notes

<b>Derivatives</b> EURm 31 March 2001	Interest rate derivatives		Equity derivatives		Foreign exchange derivatives	
	Market value	Book value	Market value	Book value	Market Value	Book value
Positive values	5,620	5,620	259	192	9,897	9,555
Negative values	5,575	5,380	205	144	7,768	7,696

<b>Cash flow statement</b>	EURm Jan – Mar 2001	EURm Jan – Mar 2000
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	465	324
Changes in ordinary business assets and liabilities	-5,580	-27,580
Net cash inflow/(outflow) from operating activities	-5,115	-27,256
Net cash inflow/(outflow) from capital expenditure and financial investments	3,669	-556
Net cash inflow/(outflow) from financing	2,007	26,432
Increase/(decrease) in cash	561	-1,380
Cash and cash equivalents at beginning of period	5,831	3,552
Cash and cash equivalents at end of period	6,392	2,172

<b>Problem loans</b>	EURm Mar 2001	EURm Dec 2000
Doubtful loans, gross	3,059	3,053
Provisions for bad and doubtful loans	-2,218	-2,256
Doubtful loans, net	841	797
Loans with interest deferments	35	29
<b>Problem loans, total</b>	<b>876</b>	<b>826</b>
Provisions/doubtful loans, gross (%)	72.5	73.9
Doubtful loans, net/lending (%)	0.6	0.6
Property taken over for protection of claims		
Land and buildings	12	18
Shares and participations	8	11
Other	5	2