Nordea Press release

Copenhagen, Helsinki, Oslo, Stockholm, 22 October 2002

Interim Report Third Quarter 2002

Stable overall development

- **Operating profit EUR 399m, up 18% compared to second quarter**
- **Total income EUR 1,406m, down 1% on second quarter, showing growth in net interest income and reduced commission income**
- **Total expenses unchanged compared to second quarter**
- **Loan losses EUR 66m (EUR 56m) corresponding to 0.18% of loans, annualised**
- **Operating profit from insurance hit by weak equity markets**
- **Net profit of EUR 193m (EUR 107m) influenced by a further pension foundation allocation of EUR 120m**

Increased focus and speed

- **Lars G Nordström appointed new Group CEO**
- **Changed composition of Group Executive Management**
- **New unit, Group Processing and Technology, established to co-ordinate and speed-up the integration and unification to improve efficiency**

Continuous improvements of performance will be given top priority going forward

- **Credit portfolio – stable quality**
- **Capital markets exposure – reduced volatility**
- **Cost efficiency – improvement needed**
- **Capital efficiency – strengthening the balance sheet**

"The overall stable development in our business results despite difficult market conditions is of course positive, but going forward a higher cost efficiency and continued improvements of performance will be our top priority. Increased focus and speed in everything we do including integration and unification will contribute to improve efficiency and results", says Lars G Nordström, Group CEO of Nordea.

Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has more than 10 million customers and 1,245 bank branches. Nordea is present in 24 countries. The Nordea Group is a world leader in Internet banking, with 3.2 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen.

Operational income statement[1]

EURm	**Q3 2002**	Q2 2002	Change %	Jan-Sep 2002	Jan-Sep 2001	Change %	Full year[2] 2001
Net interest income	**874**	855	2	2,566	2,613	-2	3,465
Commission income	**371**	396	-6	1,147	1,053	9	1,432
Trading	**127**	137	-7	400	415	-4	543
Other	**34**	37	-8	100	126	-21	165
Total income	**1,406**	**1,425**	**-1**	**4,213**	**4,207**	**0**	**5,605**
Personnel expenses	**-521**	-514	1	-1,541	-1,396	10	-1,878
Other expenses	**-404**	-408	-1	-1,211	-1,092	11	-1,511
Total expenses	**-925**	**-922**	**0**	**-2,752**	**-2,488**	**11**	**-3,389**
Profit before loan losses	**481**	**503**	**-4**	**1,461**	**1,719**	**-15**	**2,216**
Loan losses, net	**-66**	-56	18	-185	-317	-42	-373
Equity method	**4**	17	-76	36	60	-40	95
Profit before investment earnings and insurance	**419**	**464**	**-10**	**1,312**	**1,462**	**-10**	**1,938**
Investment earnings, banking	**39**	31		81	146		172
Operating profit, life insurance	**-13**	-26		-42	-21		-17
Operating profit, general insurance	**-4**	-87		-122	-19		-18
Goodwill depreciation	**-42**	-44	-5	-128	-108	19	-147
Operating profit	**399**	**338**	**18**	**1,101**	**1,460**	**-25**	**1,928**
Allocation to pension foundation	**-120**	-152		-272	-		-
Taxes	**-86**	-79		-265	-415		-360
Minority interests	**0**	0		0	0		0
Net profit	**193**	**107**	**81**	**564**	**1,045**	**-46**	**1,568**

Ratios and key figures[1]

	Q3 2002	Q2 2002	Jan-Sep 2002	Jan-Sep 2001	Full year 2001
Earnings per share, EUR	0.07	0.04	0.19	0.35	0.53
Share price, EUR, end of period	4.05	5.49	4.05	5.34	5.97
Shareholders' equity per share, EUR	3.92	3.90	3.91	3.77	4.00[3]
Shares outstanding[4], million	2,928	2,963	2,928	2,964	2,965
Return on equity (excluding goodwill)[5], %	11.1	5.7	10.0	17.3	19.2
Lending, EURbn	147	143	147	134	138
Deposits, EURbn	91	90	91	81	83
Shareholders' equity, EURbn	12	12	12	11	12[3]
Total assets, EURbn	252	251	252	231	242
Assets under management, EURbn	93	100	93	87	105
Cost/income ratio, banking[6], %	64	63	64	56	58
Tier 1 capital ratio, %	7.0	7.4	7.0	6.9	7.3
Total capital ratio, %	9.0	8.9	9.0	9.3	9.1
Risk-weighted assets, EURbn	137	136	137	134	136

[1] Following the sale of the general insurance activities, the presentation format for the operational income statement has changed. One-line consolidation of general insurance and life insurance reflects all income and all expenses excluding goodwill. In addition, a change of Group accounting principles for the life operations has been implemented from the third quarter. A portfolio view per legal entity in the calculation of lower of cost or market (locom) is used. Previously, the lower of cost or market principle was used for each individual security in some legal entities. Historical information for 2002 has been restated accordingly.

[2] Including Postgirot Bank from December 2001.

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

[4] End of period. Average number of shares Jan-Sept 2002 after full dilution was 2,963 million.

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

[6] Before loan losses and goodwill depreciation.

Quarterly development[1]

EURm	Note	**Q3 2002**	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Net interest income		**874**	855	837	852	856
Commission income	1	**371**	396	380	379	322
Trading		**127**	137	136	128	131
Other		**34**	37	29	37	36
Total income		**1,406**	**1,425**	**1,382**	**1,396**	**1,345**
Personnel expenses		**-521**	-514	-506	-482	-467
Other expenses		**-404**	-408	-399	-419	-354
Total expenses	2	**-925**	**-922**	**-905**	**-901**	**-821**
Profit before loan losses		**481**	**503**	**477**	**495**	**524**
Loan losses, net		**-66**	-56	-63	-56	-213
Equity method		**4**	17	15	35	29
Profit before investment earnings and insurance		**419**	**464**	**429**	**474**	**340**
Investment earnings, banking		**39**	31	11	28	-4
Operating profit, life insurance		**-13**	-26	-3	4	-49
Operating profit, general insurance		**-4**	-87	-31	1	-24
Goodwill depreciation		**-42**	-44	-42	-39	-35
Operating profit		**399**	**338**	**364**	**468**	**228**
Allocation to pension foundation		**-120**	-152	-	-	-
Taxes		**-86**	-79	-100	55	-65
Minority interests		**0**	0	0	0	2
Net profit		**193**	**107**	**264**	**523**	**165**
EPS		**0.07**	0.04	0.09	0.18	0.06
EPS, rolling 12 months up to period end		**0.38**	0.37	0.49	0.53	0.46

Note 1 **Commission income,** EURm

Brokerage	**38**	46	55	76	56
Asset management/Investment funds	**101**	115	126	115	104
Issue of securities	**6**	5	4	9	7
Lending	**86**	91	87	84	84
Deposits and payments	**189**	183	157	139	130
Foreign exchange	**11**	10	8	8	9
Other	**33**	35	26	33	14
Commission expenses	**-85**	-83	-77	-79	-77
Net commission income	**379**	402	386	385	327
Of which investment activities	**-8**	-6	-6	-6	-5
Commission income	**371**	**396**	**380**	**379**	**322**

Note 2 **Expenses,** EURm

Personnel[2]	**523**	515	506	484	469
Information technology[3]	**111**	113	103	107	94
Marketing	**21**	36	23	34	20
Postage, telephone and office expenses	**50**	52	60	54	45
Rents, premises and real estate expenses	**79**	74	71	81	72
Other	**146**	139	152	152	133
Expenses	**930**	929	915	912	833
Of which investment activities	**-5**	-7	-10	-11	-12
Expenses	**925**	**922**	**905**	**901**	**821**

[1] Following the sale of the general insurance activities, the presentation format for the operational income statement has changed. One-line consolidation of general insurance and life insurance reflects all income and all expenses excluding goodwill. In addition, a change of Group accounting principles for the life operations has been implemented from the third quarter. A portfolio view per legal entity in the calculation of lower of cost or market (locom) is used. Previously, the lower of cost or market principle was used for each individual security in some legal entities. Historical information for 2002 has been restated accordingly.

[2] Profit related personnel expenses including profit-sharing systems were EUR 20m in Q3 2002 (Q2 2002: EUR 18m).

[3] Refers to IT operations, service expenses and consulting fees. Total IT-related costs including insurance in Q3 2002, including

personnel etc were EUR 202m (Q2 2002: EUR 220m).

The Group

Result summary

As a consequence of the sale of the general insurance business, the life insurance business is accounted for on one line. Historic figures for both Life and General Insurance have been restated accordingly.

The operating profit was up 18% to EUR 399m, reflecting the loss on the now divested general insurance business in the second quarter. The continued negative development in the capital markets influenced the Group's life insurance business negatively.

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

Total income decreased by 1% and was characterised by growth in net interest income and reduced commission income. Total expenses remained at the same level as in the previous quarter.

Profit before investment earnings and insurance amounted to EUR 419m, down 10% compared to the previous quarter.

A further contribution to the Swedish pension foundation reduced pre-tax profit by EUR 120m.

Net profit amounted to EUR 193m, corresponding to EUR 0.07 per share. Return on equity was 11.1% (excluding goodwill). The rolling 12 months' earnings per share were EUR 0.38.

Development in the third quarter

The uncertainty regarding a possible turnaround in the global economy has increased during the quarter, as the previously expected upturn in the economy has been delayed.

Market conditions in the third quarter have been subdued and in line with those prevailing in the second quarter this year. The underlying largely unchanged macroeconomic situation and the overall stable and low interest rates have continued to put pressure on revenues. Nordic and global equity markets continued to fall sharply in the third quarter, also affecting revenues negatively.

Total lending increased by 3%. Deposits from customers increased by 1%, reflecting a shift by customers towards low-risk savings products. During the last 12 months lending and deposits have increased by 10% and 12%, respectively.

Income

Net interest income increased to EUR 874m (EUR 855m in the second quarter of 2002), as a result of higher lending and deposit volumes. Short-term interest rates have been slightly reduced compared to the previous quarter, and lending and deposit margins remained relatively stable. The average lending margin within Retail Banking was somewhat reduced due to growth in household mortgages, which is a lower margin business reflecting the lower risk profile of such loans. This was, however, compensated by somewhat higher lending margins for large corporate clients. Deposit margins remained stable overall.

Nordic and international stock exchange indexes developed very negatively during the quarter. The Nordic indexes fell on average 22%. Turnover volumes on the Nordic exchanges on average were reduced by 21%.

Commission income was somewhat reduced to EUR 371m (EUR 396m). Commissions from payment services continued to increase. Commissions from asset management and brokerage were reduced following the continued fall in equity markets. Assets under management decreased by 7% compared to the second quarter, to EUR 93bn. Despite the negative development in the equity markets and customers' shift towards low-risk savings products, there was a net inflow in the asset management business also in the third quarter.

Income from trading, mainly comprising income related to foreign exchange and derivatives trading with customers, was maintained and amounted to EUR 127m (EUR 137m).

Other income, primarily consisting of property-related income, amounted to EUR 34m (EUR 37m).

Expenses

Expenses were largely in line with the previous quarter, at EUR 925m (EUR 922m).

One-off costs of EUR 13m, mainly relating to redundancies in Nordea Securities, were neutralised by somewhat lower activity during the quarter, including a lower level of investments in development projects.

During the quarter, EUR 15m of the restructuring reserve has been utilised.

Loan losses

Loan losses amounted to EUR 66m (EUR 56m). The general provision was reduced by EUR 16m, following a release of CIB's remaining general reserve of EUR 26m and an increase of the Group's general reserve of EUR 10m. Loan losses in the third quarter corresponded to 0.18% of total loans, annualised. For the full year 2001, the loan loss ratio was 0.29%.

Equity method
Profit from companies accounted for under equity method amounted to EUR 4m (EUR 17m), following a write-down of EUR 16m of the Group's holding in the real estate holding company Real Invest Oy.

The write-down follows Real Invest's decision to divest its property holdings.

Investment earnings, banking
Investment earnings, banking, totalled EUR 39m (EUR 31m) in the third quarter. Group Treasury was able to achieve a positive result on its portfolios, with gains on active risk taking and fixed income portfolios more than compensating for losses on equities. In addition the result was positively influenced by the gain on the sale of the debt collection company Contant Oy of EUR 22m.

Insurance
On 30 September Nordea announced that the sale of General Insurance to Tryg i Danmark smba was completed. The financial responsibility for the business was transferred already as per 1 July 2002.

In order to close the sale, and eliminate future uncertainty, a final adjustment of the transferred net asset value was made, which resulted in a loss of EUR 4m. The loss is reflected in the third quarter accounts.

As a consequence of the sale of the general insurance business, the life insurance business is accounted for on one line. Historic figures for both Life and General Insurance are restated accordingly.

In addition, a change of Group accounting principles for life operations has been implemented from the third quarter. A portfolio view per legal entity in the calculation of lower of cost or market value is now used. Historic figures for 2002 have been restated. The change has improved the operating profit from Life Insurance by EUR 16m for the first six months, with EUR -7m and EUR 23m for the first and second quarter, respectively.

Operating profit from Life insurance amounted to EUR -13m (EUR -26m). Net written premiums decreased by 22% compared to the previous quarter. The weak equity markets affected investment returns negatively. As a result, total income was below the guaranteed return to policyholders, and this was not offset in full by reduced financial buffers.

Pension commitments
As a result of declining equity markets during the third quarter, a further deficit of EUR 78m has been recorded in the Swedish pension foundation. In addition, increased liabilities and related wage tax amounted to EUR 42m. An allocation of EUR 120m is therefore reflected in the third quarter accounts, which reduced the pre-tax profit correspondingly.

Including the contribution made, aggregate assets in the Group's pension foundations exceeded pension commitments not recognised in the balance sheet by EUR 33m at the end of September. As per 18 October the equivalent figure was EUR 56m.

Taxes
Taxes for the quarter have been calculated based on the Group's actual tax position. Taxes amounted to EUR 86m in the third quarter.

Net profit
Net profit amounted to EUR 193m (EUR 107m). The improvement mainly reflected the loss in the second quarter on the now divested general insurance business.

Comparison with the first nine months 2001
Operating profit for the first nine months was EUR 359m lower than the corresponding period last year. The reduction was primarily due to higher deposit margins last year and general pressure on banking revenues following weak market conditions this year. As a result, total income was unchanged despite underlying growth in the business volume. In addition, the negative development in the equity markets resulted in higher losses in the Group's insurance business this year.

Adjusted for Postgirot Bank total income was reduced by 6% and expenses increased 1%.

Loan losses were sharply lower than last year, mainly as a result of the general provision of EUR 100m made at that time.

The cost/income ratio (banking) was 64% (56%). The cost/income ratio (banking), excluding investment earnings, was 65% (59%). Postgirot Bank represented an increase of approximately 2% points.

Credit portfolio – stable quality
At the end of the quarter, impaired loans, net, amounted to EUR 846m (EUR 875m), representing 0.6% (0.6%) of total lending.

The composition of the loan portfolio with respect to customer groups is stable compared to the previous quarter. Approximately 60% of the portfolio comprises loans to companies , 38% loans to personal customers, and 2% loans to the public sector.

Within the personal customer sector, mortgage loans account for 75%. Mortgage loans as such increased slightly. Other lending to personal customers include consumer loans, overdraft facilities, car financing, credit cards etc.

There is no major change in the composition of the corporate loan portfolio. Commitments with the telecom sector amount to EUR 6.5bn which is an increase from EUR 6.2bn in the previous quarter. The increased commitments are to Nordic operators. Out of this EUR 3.9bn is outstanding exposure. The total commitments include commitments which are secured, or counter-guaranteed in full or in part, by national export guarantee agencies. Major Nordic operators and equipment manufacturers account for the majority of the telecom exposure.

The continuous concentration on Nordic customers has helped maintaining the credit quality at a satisfactory level. There are still few visible signs of a deterioration of the credit quality in the loan portfolio. As increased impaired loans and loan losses are normally lagging indicators in relation to an economic downturn, Nordea is monitoring the development in the overall credit quality closely and taking pro-active steps when deemed necessary.

Capital markets exposure – reduced volatility

The disposal of the general insurance business has reduced Nordea's capital market exposure. This has reduced the earnings volatility in the third quarter. Nordea's main remaining capital markets exposures are related to the life insurance business, certain pension schemes, and Group Treasury. In addition, the development in the capital markets to a certain extent influences the traditional banking revenues, in particular commission income.

Life insurance

As a result of falling equity prices, financial buffers in the life operations within the Group were reduced from 7.5% to 2.9% of the guaranteed liabilities, at the end of September. Per mid-October the corresponding figure was 3.0%.

Equity holdings in the life business were reduced during the third quarter, and represented 17% of total investments at the end of September, as opposed to 23% at the end of June. The shift towards interest rate instruments mainly took place towards the end of the quarter.

As per mid-October, equity holdings have been decreased further to 15%, following further active reallocation of assets. In the Swedish business, the equity exposure has been reduced to zero. In the Norwegian and Finnish businesses the equity exposure has been reduced to 5% and 15% of total investments, respectively. In the Danish business the equity exposure represents 23% of total investments, of which a major part is hedged up to year-end by means of collars. This hedging technique reduces the downside risk of falling equity markets, and at the same time limits the upside potential in rising markets.

The overall solvency of the life companies is in compliance with regulatory requirements, however in some cases with low margins. No new capital has been contributed during the third quarter.

Group Treasury

Treasury's capital market exposure is primarily related to interest rate products, mainly in the form of bonds issued by governments and mortgage institutions. Derivatives are actively used in the management of the portfolio. The price risk calculated as a parallel shift assuming a change in market rates of 100 basis points, was EUR 118m at the end of September, compared to EUR 119m three months earlier.

Equities, comprising both listed and unlisted shares, account for approximately 3% of Treasury's holdings. The risk, calculated as VaR, was EUR 51m at the end of September compared to EUR 60m three months earlier.

Treasury manages an active risk portfolio, a benchmark portfolio comprising mainly fixed-income instruments as well as some listed equities, and a portfolio of other equities.

The active risk taking is done mostly as directional oriented positions in liquid financial products. The market risk in the benchmark portfolio is and has been low during the year reflecting the volatility and risk/reward in the financial markets. The other equities portfolio comprises listed securities for sale, securities related to other activities in the bank and unlisted/private equity investments.

Pension commitments

The structure of Nordea's pension schemes in the four Nordic countries varies and they are also subject to different national regulations.

Part of Nordea's pension commitments in Finland and Sweden is not recognised in the balance sheet, but has to be fully covered by the assets of the pension foundations. The volatility currently experienced in Nordea's accounts is primarily related to the Swedish pension foundation. In Finland, accumulated surpluses have been higher because no refunds have been made in recent years, whereas in Sweden, refunds of surplus values from the foundation have been made on a regular basis.

During the third quarter the equity exposure in the Swedish pension foundation was significantly reduced and represented 25% of total investments at the end of September, as opposed to 50% at the end of June. As per mid-October, equity holdings have been decreased to 22%, following further active reallocation of assets.

The management of the assets in the pension foundations is based upon an active adjustment to market developments with a view to optimise the risk/reward structure in relation to the development and structure of the liabilities. New benchmarks and investment policies have been established during the third quarter. The tactical asset allocation mandate will be managed by Group Treasury in combination with other group investments, while the security selection mandate will be managed by Nordea Investment Management.

Cost efficiency – improvement needed

Following weak market conditions over the last 15 months there has been a shortfall of revenues despite reasonable growth in the business volume. Expenses consequently represent a higher proportion of income than previously. Nordea's cost efficiency therefore needs to be improved. Focus in general, also meaning changing, downsizing or terminating too costly activities is an important issue. Further integration of business activities and processes, as well as continued implementation of best practice and unification of processes, will contribute to the increased efficiency.

A special attention will, however, be given to the overall cost development. In the short to medium term, integration and development activities will be restricted in order to adapt to the current market conditions. A strict cost control will be exercised.

As a consequence, the integration activities will be prioritised even more strictly than previously. Integration activities with high initial investments and long pay-back periods may therefore be postponed in order to curtail the short-term cost level.

In order to achieve the necessary level of profitability in the short term, certain measures were taken in the third quarter. Further measures will be taken going forward.

A new unit, Group Processing and Technology, has been established to coordinate and speed up the integration activities and to strengthen the drive for cost efficiency. The unit consists of Group IT, Electronic Banking and centralised processing units of the Group, all being areas where integration and unification are important.

The level of IT costs is under consideration, with the aim of reducing the IT development costs and to align total development projects to management and organisational capacity.

Personnel expenses account for more than 50% of Nordea's cost base. A continuous reduction of the number of employees is necessary to improve short and medium term performance.

Under the current market conditions, and based on Nordea's current business mix, the goal of 50% cost/income ratio for the banking operations is not considered achievable.

Capital efficiency – strengthening balance sheet

Nordea maintains a strong attention on risk management, and aims at strengthening the balance sheet.

Based on the current implementation of Economic Profit as the Group's key performance indicator, the focus on the use of economic capital will be further strengthened. A clear prioritisation will be on performance and profitability before growth.

Recent initiatives include the sale of the general insurance business, and disposing of certain non-core assets in the Nordic region as well as internationally. Furthermore, active measures have been taken to reduce the aggregate capital markets exposures.

Additional potential initiatives to reduce the economic capital include securitisation, as well as selling off further non-core assets.

As regards total capital planning, Nordea will aim at aligning the capital efficiently to the risk profile of its business. At the same time, the presently uncertain market conditions will be taken into account. The total capital level going forward will furthermore reflect the capital needed for developing the business, the potential for freeing up capital in the existing business, and the desired level of dividends.

The targets for Tier 1 ratio of 6.5% and total capital ratio of minimum 9% remain firm.

Further repurchases of own shares will be carefully considered taking those elements into account. Dividend will be given priority over repurchasing own shares.

Acquisition of LG Petro Bank in Poland

In May Nordea entered into a conditional agreement with LG of Korea to purchase 54.3% of LG Petro Bank in Poland. A tender offer for the outstanding shares has been launched. As of 17 October Nordea controlled 99.5% of the shares. The total consideration for all outstanding shares will amount to PLN 467m (EUR 115m).
The risk-weighted assets of LG Petro Bank amount to approximately EUR 0.6bn. The consolidation into Nordea's accounts will marginally reduce the Group's Tier 1 ratio.

Other recent developments

On 30 September it was agreed to sell 100% of the shares in the card company Europay Norge AS to SEB. Six Norwegian banks share ownership of the company, and Nordea holds 18.75%.

The transaction is expected to be completed in the fourth quarter, and will lead to a capital gain of EUR 24m.

Shareholders' equity and capital ratio

Shareholders' equity amounted to EUR 12bn at the end of the third quarter, corresponding to a Tier 1 capital ratio of 7.0%. The total capital ratio was 9.0%.

During the third quarter, Nordea repurchased 40 million of its own shares under the repurchase programme announced on 19 June 2002. The shares were purchased at an average price of SEK 43.50.

On 1 September 2002 Nordea AB (publ) redeemed its outstanding convertible bond issue due 2042. Following this, Nordea has no outstanding convertible bond loans.

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

Appointment of new Group CEO

On 25 August 2002 Lars G Nordström was appointed new Group CEO of Nordea, succeeding Thorleif Krarup. Mr. Nordström has previously been Head of Retail Banking, and member of Group Executive Management at Nordea.

Following his appointment, Mr. Nordström in September announced a changed composition of the Group Executive Management team. Kari Jordan and Peter Schütze were appointed additional members of Group Executive Management, and certain responsibilities within the team were changed as from 1 October 2002.

The Nordea share

Share prices for Nordic as well as European financial institutions decreased more than 20% in the third quarter. The Nordea share traded at SEK 36.30 on 18 October, which was 35% lower than at the end of 2001. Total shareholder return for the first nine months of 2002 was -31%.

Outlook

Following the weak development in capital markets and the fact that forecasts for key macro economic indicators have been revised downwards, Nordea expects low growth in the economy going forward.
Nordea expects to maintain a stable business volume during the fourth quarter. Hence, revenues are expected to be mainly in line with the average quarterly level this year. To a certain extent this depends on the development in the capital markets.
Expenses are expected to be somewhat higher than the average quarterly level, due to an expectedly higher level of activity in the fourth quarter.

Loan losses are expected to be of the same magnitude as in the third quarter.

For 2003, the expectation for growth in the four Nordic economies is low, leading to limited potential for increased revenues. An increase in short-term interest rates, which may improve interest rate margins, is not expected until late 2003. To a certain extent the income development also depends on the development in the capital markets.

Nordea's cost efficiency needs to be improved. A sharp attention on cost control will be maintained aiming at adjusting the cost base more actively to the current subdued market conditions.

The increased uncertainty regarding a possible turnaround in the global economy may, if sustained, lead to a deterioration in credit quality in the medium term. However, the target for loan losses over a business cycle, maximum 0.40% of loans and guarantees, remains unchanged.

Results by business area third quarter 2002[1]

Customer responsible units	Business areas						
EURm	**Retail Banking**	**Corporate and Institutional Banking**	**Asset Management & Life**[2]	**Group Treasury**	**General Insurance**[3]	**Other**	**Total**
Income	1,112	308	55	26		-95	1,406
Expenses	-633	-174	-40	-9		-69	-925
Loan losses	-49	-10				-7	-66
Equity method		2				2	4
Profit before investment earnings and insurance	**430**	**126**	**15**	**17**		**-169**	**419**
Investment earnings, banking				14		25	39
Operating profit, life insurance			-13			0	-13
Operating profit, general insurance					-4	0	-4
Goodwill						-42	-42
Operating profit 2002: Q3	**430**	**126**	**2**	**31**	**-4**	**-186**	**399**
2002: Q2	440	127	-3	21	-87	-160	338
2002: Q1	420	132	22	35	-31	-214	364
2001: Q4	366	142	29	38	1	-108	468
2001: Q3	425	-5	-32	21	-24	-157	228
Return on equity, %	24%	15%					11.1%
Cost/income ratio, banking, %	57%	57%	72%	35%			64%

[1] The changed format in the operational income statement as well as the change of group accounting principles for life operations has been reflected in this table. Historical information for 2002 has been restated accordingly.
[2] Operating profit, life insurance, Q3 2001 EUR -49m, Q4 2001 EUR 4m, Q1 2002 EUR -3m and Q2 2002 EUR -26m.
[3] The sale of the general insurance activities was completed during Q3 2002, resulting in an additional loss of EUR 4m.

As from 1 July, Nordea’s operations are organised into three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The business areas operate as profit centres. The Group’s financial management operations are conducted by Group Treasury.

Within Nordea, customer responsibility is fundamental. The Group’s total business relations with customers are reported in the customer responsible unit’s income statement and balance sheet. When calculating return on allocated capital standard tax is applied.

Capital allocation is based on each business unit’s actual risk exposure considering credit and insurance risk, market risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. Economic profit constitutes the basis for evaluating strategic alternatives as well as for the evaluation of financial performance.

Asset Management & Life has customer responsibility within investment management and in private banking outside the joint unit with Retail Banking. In addition, the business area commands product responsibility for investment funds. The operating profit shown in the accompanying table includes the customer responsible units, while the product result, representing the Group’s total earnings on investment funds, including sales and distribution costs within the retail branch network, is presented in the factbox “Key figures – Asset Management activities” within the Asset Management & Life section of this report.

In addition to the three business areas, Group Treasury, with responsibility for managing the Group’s own positions in securities portfolios and group funding activities, is also included in the table. The column “Other” includes income and expenses not allocated to business areas, ie funding costs for the cash acquisition of Nordea Bank Norway and Swedish Postgirot Bank, costs for subordinated debt, results from real estate holdings, expenses in Group functions not defined as services offered to business areas, goodwill depreciation, central provisioning for loan losses and profits from companies accounted for under the equity method which are not included in customer responsible units.

Retail Banking

- **Profitability at a high level with return on equity of 24%**
- **Reductions in personnel and cost/income ratio**
- **Tender offer for all shares in LG Petro Bank in Poland**

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

Market conditions

Market conditions in the third quarter have been similar to those prevailing in the second quarter this year. The central bank rates were unchanged in Finland and Sweden, while the central bank in Norway increased rates by 0.50% points and the central bank in Denmark lowered its lending rate by 0.10% points. The weakness in the Nordic and global equity markets accelerated in the third quarter.

Customer demand remained firm for most services in the third quarter with the exception of long-term savings products and corporate lending.

Business development

Lending to personal customers continued to grow strongly. The loan volume increased by EUR 1.4bn to EUR 53.8bn during the third quarter. Compared to the end of September last year, the loan volume was 11% higher. Deposits from personal customers increased by EUR 1.0bn to EUR 38.4bn at the end of the third quarter. Compared to the end of September last year, the volume of deposits from personal customers was 9% higher. Volume growth has been strongest in Norway and Sweden.

Lending margins were slightly down for personal customers over the third quarter, while deposit margins were unchanged.

Lending to corporate customers showed a more subdued development with unchanged loan volumes at the end of September of EUR 54.5bn compared to the end of June. This was due to a decline in the loan book in Denmark. Finland, Sweden and Norway showed continued increases. Deposits from corporate customers increased by EUR 0.6bn in the quarter to EUR 26.4bn, an increase of 20% compared to one year ago.

Lending margins for corporate customers were unchanged in the third quarter compared to the second quarter, as were deposit margins.

The total loan volume in the third quarter increased by EUR 1.4bn to EUR 108.2bn. The increase was 7% compared to the end of September last year. Around half of the total loan volume comprised mortgage lending to personal and corporate customers. The deposit volume increased by EUR 1.6bn to EUR 64.9bn in the third quarter. Compared to the end of September last year, the deposit volume was 13% higher.

In the third quarter, the net sale of investment funds was still positive at a level of EUR 0.2bn, which is somewhat below the level in the preceding quarters.

Nordea gained acceptance from 99.5% of all shareholders for is tender offer for LG Petro Bank. As soon as possible Nordea will merge and integrate LG Petro Bank with Nordea's existing operations in Poland. Nordea will after the transaction rank among the 15 largest financial service providers in Poland with a total of 50 branches and 17 mortgage outlets, covering all major Polish cities.

Nordea has been nominated Bank of the Year in Denmark, Finland and Norway by the British magazine The Banker.

Electronic Banking

Nordea continued to strengthen its position in e-banking. During the third quarter the number of e-banking customers increased by 0.1 million to 3.2 million. 286,000 customers had signed up for equity trading on-line.

The number of customer log-ons was 25.3m, which represented an increase of 5.4m, or 27%, compared to third quarter of 2001. The number of payments was 29.8m during the third quarter, an increase of 6.5m, or 28%, compared to the same period last year.

Result

Net interest income in the third quarter continued to be supported by strong growth in loan and deposit volumes.

Total income was down 1% when taking into account the one-off gains of EUR 30m related to the divestment of ownership interests in the Danish mortgage institution DLR realised in the second quarter, and the gain in the third quarter of EUR 22m on Retail Finland's sale of a majority interest in Contant Oy – a debt collection company.

Costs were somewhat lower in the third quarter compared to the second due to seasonal variations.

The realisation of cost reductions enabled by e-banking and the multi-channel development, as well as centralisation of production, remained in focus, and the number of employees was reduced by another 400 bringing the total reduction up to 600 in the first three quarters.

The cost/income ratio for the third quarter was reduced to 57% from 59% in the second quarter. Loan losses in the third quarter were still at a low level of EUR 49m. Operating profit was EUR 430m. Return on equity was 24% in the third quarter.

Operating profit

EURm	Total Q3 2002	Total Q2 2002	Retail Denmark Q3 2002	Retail Denmark Q2 2002	Retail Finland Q3 2002	Retail Finland Q2 2002	Retail Norway Q3 2002	Retail Norway Q2 2002	Retail Sweden Q3 2002	Retail Sweden Q2 2002	Poland & Baltic Q3 2002	Poland & Baltic Q2 2002
Net interest income	**785**	774	202	211	224	222	113	107	239	228	7	6
Net commissions & other income[1]	**327**	362	74	88	88	76	48	41	113	125	4	5
Total income	**1,112**	**1,136**	**276**	**299**	**312**	**298**	**161**	**148**	**352**	**353**	**11**	**11**
Total expenses	**-633**	-675	-153	-174	-149	-153	-100	-100	-221	-237	-10	-9
Profit before loan losses	**479**	**461**	**123**	**125**	**163**	**145**	**61**	**48**	**131**	**116**	**1**	**2**
Loan losses	**-49**	-21	-10	-12	1	-3	-33	-5	-7	0	0	-1
Operating profit	**430**	**440**	**113**	**113**	**164**	**142**	**28**	**43**	**124**	**116**	**1**	**1**
Cost/income ratio, %	**57**	59	56	58	48	51	62	67	63	67	96	86
Return on equity, %	**24**	25	24	23	41	35	8	14	22	22	2	7

[1] EUR 30m related to the divestment of ownership interest in the Danish mortgage institution DLR in Q2 is not included in the country figures.

Volumes and margins

Volumes, EURbn	Total Q3 2002	Total Q2 2002	Retail Denmark Q3 2002	Retail Denmark Q2 2002	Retail Finland Q3 2002	Retail Finland Q2 2002	Retail Norway Q3 2002	Retail Norway Q2 2002	Retail Sweden Q3 2002	Retail Sweden Q2 2002	Poland & Baltic Q3 2002	Poland & Baltic Q2 2002
Lending	**108.2**	106.8	29.3	29.3	24.5	24.0	18.6	18.2	34.9	34.5	0.9	0.8
Deposits	**64.9**	63.2	14.8	14.1	21.3	20.7	9.7	9.5	18.5	18.4	0.6	0.5

Lending margins, %	Q3 2002	Q2 2002
To corporates	**1.2**	1.2
To personal customers	**1.6**	1.7
Total lending	**1.4**	1.5

Deposit margins, %	Q3 2002	Q2 2002
From corporates	**1.3**	1.3
From personal customers	**2.1**	2.1
Total deposits	**1.8**	1.8

Key figures per quarter

	Q3 2002	Q2 2002	Q1[1] 2002	Q4 2001	Q3 2001
Operating profit, EURm	**430**	440	420	366	425
Return on equity, %	**24**	25	23	18	22
Cost/income ratio, %	**57**	59	60	58	57
Customer base: personal customers, million	**9.5**	9.5	9.5	8.9	8.9
corporate customers, million	**0.9**	0.9	0.9	0.6	0.6
Number of employees (full-time equivalents)	**23,000**	23,400	23,600	22,700	22,700

[1] Postgirot Bank is included from Q1 2002.

Corporate and Institutional Banking

- **Operating profit stable**
- **Reasonable deal flow in weak market**

Corporate and Institutional Banking delivers a range of products and services to corporate and institutional customers, and has customer responsibility for large corporates, shipping, offshore and oil services companies, and financial institutions. Investment banking services are offered through a separate legal entity, Nordea Securities.

Market conditions

The market outlook remained uncertain, with corporate activity in terms of acquisitions and capital expenditures somewhat subdued. The adverse market conditions for the Nordic and global equity markets accelerated in the third quarter in terms of low primary market activity, low secondary market turnover and falling stock market indexes.

Stock market development

	Market volume		Market index
	Q3 2002 EURbn	Q3 vs. Q2 %	Q3 2002 %
Denmark	12.8	-23.3	-21.9
Finland	39.0	-17.7	-14.2
Norway	10.6	-14.4	-25.5
Sweden	52.6	-24.3	-26.4
Average		-21.2	-22.0

Business development

Corporate Division's deal flow was good despite the relatively weak economic climate. A number of important mandates were won in a variety of product areas such as hedging of equity portfolios, cash management and debt capital markets. The credit portfolio continued to perform satisfactorily.

The activity within Shipping, Offshore and Oil Services' markets increased slightly during the third quarter and Nordea secured several important mandates. The weakening of the USD reduced the loan book further and also impacted income. However, this was offset by loan margins edging upwards. Some doubtful credits were successfully restructured.

International Division's business flow remained steady, except for the planned reduction of lending volumes. Non-core lending was reduced according to plan.

In Markets division, customers' activity was lower than expected in the summer months but picked up in the latter part of the quarter. Demand for complex risk products such as interest and FX derivatives continued to grow as a result of targeted sales efforts. Debt capital market activities continued at high levels, dominated by private placements and syndicated loan facilities. Customer trading on e-Markets, the internet-based distribution channel for FX and money market products, was successfully launched in Denmark. Internet-based trading is now available in all Nordic countries.

Nordea has obtained dealership for Deutsche Bundesbank in German government debt instruments.

Investment Banking's business flow was reasonably good during the third quarter, given the market situation. Nordea Securities improved its rank to number three in equity market share, measured by the turnover on the Nordic stock exchanges. The cost reduction program previously announced for Nordea Securities, initiated due to the current adverse conditions for investment banking, was specified to result in redundancies of approximately 100 people.

Custody Services continued to manage well in weak equity markets, improving its market share. The number of transactions increased by 5% and assets under custody decreased by 2% compared to the second quarter.

In Trade, Export and Structured Finance, business remained at a satisfactory level. Nordea gained market share in export finance transactions. The uncertainty in the economy slowed down the process in many pending deals.

Progress was made in the implementation of centralised production processes. The programme to install a globalised trading infrastructure reached a milestone when FX transactions in Finland were processed in the new global Wall Street system in September.

Result

Total income in the third quarter was EUR 308m, up by EUR 24m, or 8%, compared to the second quarter of 2002. Net interest income developed positively, reflecting somewhat widened credit margins in Corporate Division. The volume of total lending decreased somewhat. Commission income stayed at the same level as in the second quarter.

Total expenses in the third quarter were EUR 174m, up EUR 4m from the second quarter of 2002, including provision for costs related to cost-cutting programmes in Nordea Securities of EUR 8m and in New York and London branches of EUR 5m. The development of other costs was stable.

Loan losses excluding transfer risk added up to EUR 11m, after releasing the last EUR 26m of the general provision made last year to cover identified specific provision needs. Credit quality stayed at a satisfactory level. Provisions for transfer risk decreased by EUR 1m due to decreased business activity in Brazil and Iran, although this effect was partly offset by the impact of a rating downgrade of Brazil.

Operating profit totalled EUR 126m representing a return on equity of 15%. The cost/income ratio was 57%.

Organisational changes on 1 October 2002

The Shipping, Offshore and Oil services Division and the international branch operations has formed a new division, Shipping and International Banking. Corporate and Institutional Banking thus has four business divisions from 1 October: Corporate Banking, Shipping and International Banking, Markets, and Investment Banking. The information in this report is structured according to the organisation prevailing in the third quarter.

Operating profit by main area

EURm	Total		Corporate Division		Shipping, Offshore and Oil Services		International Division[1]		Investment Banking[1]		Other		Markets[2]	
	Q3 2002	Q2 2002	Q3 2002	Q2 2002	Q3 2002	Q2 2002	Q3 2002	Q2 2002	Q3 2002	Q2 2002	Q3 2002	Q2 2002	Q3 2002	Q2 2002
Net interest income	**110**	102	63	57	25	25	17	15	1	1	4	4		
Other income	**198**	182	104	105	16	12	27	23	27	26	24	16		
Total income	**308**	**284**	**167**	**162**	**41**	**37**	**44**	**38**	**28**	**26**	**28**	**20**	**113**	**112**
Total expenses	**-174**	-170	-64	-77	-6	-9	-27	-22	-35	-35	-42	-27	-52	-51
Profit before loan losses	**134**	**114**	**103**	**85**	**35**	**28**	**17**	**16**	**-7**	**-9**	**-14**	**-7**	**61**	**61**
Loan losses	**-11**	8	-9	-12	-1	9	-6	2		-	5	9		-
Transfer risk	**1**	7		-		-	1	7		-	0	0		-
Equity method	**2**	-2		-		-	1	-3		-	1	1		-
Operating profit	**126**	**127**	**94**	**73**	**34**	**37**	**13**	**22**	**-7**	**-9**	**-8**	**3**	**61**	**61**
Lending, EURbn	**25.9**	26.3	16.3	16.6	5.5	5.8	3.7	3.6	-	-	0.3	0.3	-	-

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

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

Key figures per quarter

	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Operating profit, EURm	**126**	127	132	142	-5
Return on equity, %	**15**	15	14	16	0
Cost/income ratio, %	**57**	60	53	53	51
Number of employees (full-time equivalents)	**3,700**	3,800	3,800	3,700	3,700

Asset Management & Life

- **Assets under management down by 7% in negative market environment**
- **Increased focus and cost reduction in Investment Management**
- **Reduction of risk exposure in Life operations**
- **Nordea cited by FT as top five European cross-border fund manager**

Asset Management & Life is responsible for the Group's activities within institutional investment management, life insurance and pensions, investment funds, private banking and in the retail savings market in general.

Market conditions
World equity markets slid further during the quarter. Nordic market indices were down 22% on average in the third quarter.

Business development
In order to adapt to the deterioration of the operating environment, Asset Management and Life undertook a number of restructuring initiatives outlined below. Annualised total net inflows during the quarter were 3% which was below the strategic target of 12% p.a. Year-to-date inflows were 7%.

Investment Management
During the quarter, Investment Management centralised the management of European, US and Global equities in one location, using one investment process. Euro fixed-income management was also consolidated, as was the management of Norwegian equities.

Nordea continued to win European and global equity mandates in international competition. Net inflows to investment management were EUR 0.5bn. Assets under management, (AuM) fell to EUR 62.6bn, down 8% compared to the second quarter. Gross margins were stable at an average of 20bp, against 19bp in the second quarter despite a change in asset allocation from 43% equities to 35% during the quarter.

Investment Funds
Nordea's European fund distribution business was in August cited by the Financial Times as one of the five largest European-based cross border fund managers, ranked by sales. Seven Nordea funds reached 36 months of track record and were rated by Standard & Poor's Micropal. Of the seven funds, two were awarded the maximum five stars, while the remainder won four stars.

Total AuM in funds was down 11% from the second quarter to EUR 30.4bn.

Market shares in third quarter 2002

	Nordic	Denmar	Finland	Norway	Sweden
Net	1.5%	n.a.[2]	13.8%	n.a.[3]	12.1%
AuM	19.7%[1]	25.9%	23.9%	9.4%	17.9%[1]

[1] Market share in Sweden as of end second quarter 2002.
[2] Nordea's inflow negative in third quarter 2002.
[3] Market inflow in Norway negative in third quarter 2002.

At 97bp, average gross margins were down 5bp from the second quarter, reflecting an even more marked change in asset allocation in investment funds.

Life
Nordea Life & Pensions continued to reduce short-term risk exposure, the equity holdings in the Swedish operation being reduced to zero at the end of the quarter. In the other Nordic countries, equity exposure was reduced to less than 10% of total assets. Solvency is thus robust in case of further equity market declines. Sensitivity to falling interest rates has also been reduced. The reduction of risk exposure should also be seen in the light of the ongoing restructuring of the life operations. Risk exposure within Life will not increase substantially before the required changes to the business model have been implemented.

Sales of Life products suffered from the general uncertainty about market developments. Net written premiums were down 24% compared to the second quarter. Investment return was –0.8% (-1.9% in the second quarter) and overall financial buffers were EUR 508m (2.9% of guaranteed liabilities) at the end of the quarter.

Long-Term Savings & Life
Retail savings (not included in AuM as such) declined 6% during the quarter. Holdings of funds and directly held equities fell somewhat more but were balanced by increases in savings deposits and fixed-income instruments.

Nordic Private Banking
This business unit saw AuM fall from EUR 20.0bn at the end of the second quarter to EUR 18.6bn at the end of the third quarter as clients continued to stay on the sidelines. Implementation of a new service concept, rationalising support functions and enhancing the targeting of services, was launched in the third quarter.

European Private Banking
The Luxembourg-based business proved highly resilient, with AuM almost unchanged at EUR 6.5bn compared to EUR 6.6bn in the second quarter. The introduction of a new pensions product targeted at Nordic clients retiring in France contributed to inflows.

Result

Product result was influenced by the continuing negative environment. The cost effect of the initiatives taken in the quarter will only be realised gradually. Costs in the asset management businesses stayed constant and income declined. Asset Management's product result for the quarter was EUR 35m, down from EUR 49m in the second quarter.

As a consequence of the sale of the general insurance business, the life insurance business is accounted for on one line. Historic figures for both Life and General Insurance are restated accordingly.

In addition, a change of Group accounting principles for life operations has been implemented from the third quarter. A portfolio view per legal entity in the calculation of lower of cost or market value is now used. Historic figures for 2002 have been restated. The change has improved the operating profit from Life Insurance by EUR 16m for the first six months, with EUR -7m and EUR 23m for the first and second quarter, respectively.

In the Life business, the investment result again influenced bottom line, although hedging and direct reduction of equity exposure have reduced volatility. Operating profit was still negative, EUR -13m, compared to a loss of EUR 26m in the second quarter.

Volumes, inflow and margins

EURbn	Total Q3 2002	Total Q3 Inflow	Total Q2 2002	Denmark Q3 2002	Denmark Q2 2002	Finland Q3 2002	Finland Q2 2002	Norway Q3 2002	Norway Q2 2002	Sweden Q3 2002	Sweden Q2 2002
Investment Funds[1]	**30.4**	**0.2**	34.2	9.6	10.6	3.5	3.8	1.4	1.4	13.1	15.3
Investment Management	**62.6**	**0.5**	67.7								
of which investment funds	**27.3**	**-0.1**	30.8								
of which group internal insurance[2]	**16.5**	**0.2**	19.5								
Nordic Private Banking	**18.6**	**0.0**	20.0								
European Private Banking	**6.5**	**0.1**	6.6								
Real estate	**1.9**		1.9								
Total	**92.7**	**0.9**	99.6								
Investment Funds margins, %[3]	**0.97**		1.02	0.56	0.62	1.35	1.45	0.86	1.00	1.10	1.14
Investment Management margins, %[4]	**0.20**		0.19								

[1] Including EUR 3.0bn and EUR 2.8bn outside the Nordic countries for the second and third quarter, respectively.
[2] Unit-linked insurance is generally included under Investment Funds.
[3] For Denmark net margins are included, whereas in the other markets, gross margin (before costs of fund management) are included.
[4] Margin calculation includes management of Nordea investment funds and group internal insurance.

Key figures per quarter – Asset Management activities

EURm	**Q3 2002**	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Revenues	**109**	124	131	133	117
Expenses	**-49**	-49	-48	-63	-52
Distribution expenses	**-25**	-26	-27	-15	-15
Product result	**35**	**49**	**56**	**55**	**50**
of which profit within Retail Banking	***15***	*19*	*31*	*30*	*33*
Operating profit, customer responsible units	**15**	23	25	25	17
Cost/income ratio, % - CRUs	**72**	62	61	64	69
Assets under management, EURbn	**93**	100	108	105	87
Number of employees (full-time equivalents)	**856**	856	846	846	842

Key figures per quarter – Life activities

EURm	**Q3 2002**	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Traditional life insurance					
Premiums written, net of reinsurance	**381**	486	559	589	367
Normalised investment return[1]	**285**	239	239	288	279
Benefits paid and change in provisions	**-511**	-642	-704	-889	-555
Insurance operating expenses	**-29**	-31	-31	-29	-26
Normalised operating margin[1]	**126**	**52**	**63**	**-41**	**65**
Fluctuations compared to normalised investment return	**-435**	-540	-158	267	-776
Change in discount rate for life provisions	**-277**	-94	211	-228	4
Actual operating margin	**-586**	**-582**	**116**	**-2**	**-707**
of which allocated to policyholders	**-6**	-11	-11	-5	-1
of which to/from financial buffers	**579**	570	-110	12	655
Net profit from health and personal accident insurance	**-1**	-5	0	-	-
Operating profit	**-14**	**-28**	**-5**	**5**	**-53**
Unit-linked business					
Premiums written, net of reinsurance	**84**	125	134	189	91
Operating profit	**1**	**2**	**2**	**-1**	**4**
Total					
Premiums written, net of reinsurance	**465**	611	693	778	458
Total operating profit	**-13**	**-26**	**-3**	**4**	**-49**
of which allocated to Retail Banking	**14**	16	12	22	11
Bonds	**12,945**	11,699	11,453	11,205	10,813
Equities	**3,543**	4,859	5,330	5,001	4,384
Property	**1,908**	1,872	1,782	1,740	1,663
Unit-linked	**2,827**	3,144	3,533	3,378	2,952
Total investments	**21,223**	21,574	22,098	21,324	19,812
Investment return, % [2]	**-0.8**	-1.9	0.5	3.3	-3.1
Technical provisions	**20,585**	20,901	21,249	20,534	19,120
Financial buffers	**508**	1,088	1,694	1,566	1,563
Number of employees (full-time equivalents)[3]	**896**	787	796	802	827

[1] In the statutory reporting investments are valued at market price. As a consequence, short-term fluctuations in financial markets affect the operating profit. The normalised investment return reflects the expected long-term return on investments based on the applicable asset mix within Life & Pensions operations.
[2] Exclusive of unit-linked business.
[3] The increase in number of employees in third quarter 2002 is a consequence of the split of shared functions previously included in General Insurance

Group Treasury

- **Volatile financial markets**
- **Positive active risk taking**

Group Treasury is responsible for the Group's own investment portfolio and market risk taking in financial instruments (excluding investments within insurance), as well as group funding and asset and liability management.

Market conditions

The third quarter was very volatile on the financial markets with dramatic fall in equity prices and lower market interest rates.

The financial markets began the quarter in expectation of an economic rebound in the second half of the year and ended the quarter worrying about potential deflationary forces going forward.

Business development

The activities related to the equity portfolios were consolidated further at the end of the quarter with a considerable reduction of the equity activities in Norway and Finland.

Nordea in July priced its first ever Sterling-denominated perpetual transaction of subordinated debt in the amount of 300m EUR. In addition, Nordea also issued EUR 300m of subordinated Lower Tier II debt in the third quarter.

In its financing operations Nordea has benefited from a good and broad demand of its different short term programs.

At the end of September, the price risk involved in Group Treasury's interest-rate positions, calculated as a parallel shift assuming a change in market interest rates of 100 basis points, was EUR 118m compared to EUR 119m at the end of the second quarter.

The risk related to equities, calculated as VaR, was EUR 51m compared to EUR 60m at the end of the second quarter. The VaR figure comprises all equities including listed, unlisted and private equity.

Result

Operating profit was EUR 31m in the third quarter compared to EUR 21m in the second quarter.

Investment earnings showed a gain of EUR 14m in the quarter compared to a loss of EUR 4m in the second quarter.

Gains on the fixed-income portfolio amounted to EUR 61m in the third quarter compared to a gain of EUR 28m in the second quarter. Income from equity investments showed a loss of EUR 47m in the third quarter compared to a loss of EUR 32m in the second quarter.

The operating profit in Group Funding totalled EUR 17m.

Operating profit by main area

EURm	Total Q3 2002	Total Q2 2002	Group Investment Fixed-income portfolios Q3 2002	Group Investment Fixed-income portfolios Q2 2002	Group Investment Equity portfolios Q3 2002	Group Investment Equity portfolios Q2 2002	Group Funding Q3 2002	Group Funding Q2 2002
Income			64	31	-46	-31	26	32
Expenses			-3	-3	-1	-1	-9	-7
Profit excluding investment earnings	**17**	**25**					**17**	**25**
Investment earnings	**14**	-4	61	28	-47	-32		
Operating profit	**31**	**21**						

Key figures per quarter

	Q3 2002	Q2 2002	Q1 2002	Q4 2001	Q3 2001
Operating profit, EURm	**31**	21	35	38	21
Cost/income ratio, %	**35**	22	23	17	23
Bonds, EURm	**14,154**	13,496	15,124	13,378	11,942
Equities, EURm	**499**	616	682	574	622
Investments, EURm	**14,653**	**14,112**	**15,806**	**13,952**	**12,564**
Number of employees (full-time equivalents)	**98**	104	106	101	103

Tuesday 22 October 2002

Lars G Nordström
Group Chief Executive Officer

- A conference call with management will be arranged on 22 October 2002 at 5.00 pm, CET. (Please dial +44 (0)20 8781 0577, password Nordea, 10 minutes in advance.)
- This interim report is available on the Internet.
- A slide presentation is available on the Internet.

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Financial calendar:

The year-end report 2002 will be published on 19 February 2003

Capital Markets Day

Nordea will arrange its Capital Markets Day on 18 November 2002 at River Court, 120 Fleet Street, London EC4A 2BB between 12.00 noon and 5.00 pm. For further details, please refer to the press room at www.nordea.com.

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

This report has not been subject to review by the auditors.

Accounting principles

With effect from 1 January 2002 reporting has been adapted to the amended valuation and information rules stipulated by the Financial Supervisory Authority regarding loan claims. Through the acquisition of Nordea Bank Norway (December 2000), a general provision for loan losses was introduced in the Nordea Group. The provision refers to loans not yet identified as impaired. At the end of 2001 the general provision amounted to EUR 235m of which EUR 36m remained from the general provision made in the third quarter of 2001 (EUR 100m). After analysing and defining Nordea's loan loss reserves during the first quarter 2002 according to the new rules, the reserves at the end of 2001 (EUR 2,259m) (excluding transfer risks EUR 155m) were reclassified as follows:

EURm	
Specific	1,803
Appraised by category	92
General	364
Total	2,259

As a consequence of the sale of the general insurance business, the life insurance business is accounted for on one line. Historic figures for both Life and General Insurance are restated accordingly. In addition, a change of Group accounting principles for life operations has been implemented from the third quarter. A portfolio view per legal entity in the calculation of lower of cost or market value is now used. Historic figures for 2002 have been restated.

In all other respects, the adaptation has been applied pursuant to the Swedish Accounting Standards Council's recommendations that became effective 2002. Neither of these recommendations has in any way influenced the financial reporting. In all other respects the accounting principles and the basis for calculations are unchanged in comparison to the annual report for 2001.

Exchange rates applied

	Jan-Sep 2002	Jan-Sep 2001	Jan - Dec 2001
EUR 1 = SEK			
Income statement (average)	9.1522	9.1779	9.2684
Balance sheet (at end of period)	9.1516	9.7321	9.3012
EUR 1 = DKK			
Income statement (average)	7.4306	7.4550	7.4515
Balance sheet (at end of period)	7.4274	7.4367	7.4365
EUR 1 = NOK			
Income statement (average)	7.5769	8.0710	8.0516
Balance sheet (at end of period)	7.3415	8.1100	7.9515

Statutory income statement

EURm	Note	Q3 2002	Q3 2001	Jan-Sep 2002	Jan-Sep 2001
Interest income		2,674	2,712	7,781	8,678
Interest expenses		-1,703	-1,809	-4,985	-5,902
Net interest income		971	903	2,796	2,776
Dividends received		6	1	33	45
Net commission income		379	327	1,170	1,068
Net result from financial operations	1	34	82	177	258
Other operating income		58	32	127	213
Total operating income		**1,448**	**1,345**	**4,303**	**4,360**
General administrative expenses:					
Personnel expenses		-521	-471	-1,534	-1,419
Other expenses		-358	-319	-1,082	-982
Depreciation according to plan		-83	-64	-240	-197
Total operating expenses		**-962**	**-854**	**-2,856**	**-2,598**
Profit before loan losses		**486**	**491**	**1,447**	**1,762**
Loan losses, net	2	-54	-209	-172	-315
Change in value of property taken over for protection of claims	2	-12	-4	-13	-2
Profit from companies accounted for under the equity method		4	29	36	60
Operating profit, banking		**424**	**307**	**1,298**	**1,505**
Operating profit, insurance	3	**-22**	**-81**	**-186**	**-64**
Total operating profit		**402**	**226**	**1,112**	**1,441**
Pension adjustments		-123	2	-283	19
Taxes		-86	-65	-265	-415
Minority interests		0	2	0	0
Net profit		**193**	**165**	**564**	**1,045**
Earnings per share (after full dilution), EUR		0.07	0.06	0.19	0.35

Statutory balance sheet, end of period

EURbn	Note	Sep 2002	Dec 2001
Loans and advances to credit institutions		21	24
Lending	4	147	138
Interest-bearing securities		30	33
Shares		1	1
Shares in group and associated undertakings		1	1
Intangible assets		2	3
Tangible assets		2	2
Other assets, banking[1]		26	16
Assets, insurance[1]		22	24
Total assets		**252**	**242**
Deposits by credit institutions		31	30
Deposits		91	83
Other borrowings from the public		2	5
Debt securities in issue		65	61
Other liabilities, banking		26	23
Liabilities, insurance		19	22
Subordinated liabilities		6	6
Minority interests		0	0
Shareholders' equity	5	12	12
Total liabilities and shareholders' equity		**252**	**242**
[1]Of which investments, customers and policyholders bear the whole risk.		6	6

Cash flow statement

EURm	Jan-Sep 2002	Jan-Sep 2001
Net cash inflow/(outflow) from operating activities before changes in ordinary business assets and liabilities	1,774	957
Changes in ordinary business assets and liabilities	-3,412	-4,076
Net cash inflow/(outflow) from operating activities	-1,638	-3,119
Net cash inflow/(outflow) from capital expenditure and financial investments	1,202	4,371
Net cash inflow/(outflow) from financing	2,192	-2,031
Increase/(decrease) in cash	1,756	-779
Cash and cash equivalents at beginning of period	8,323	5,831
Cash and cash equivalents at end of period	10,079	5,052

Other notes

Capital adequacy	6
Derivatives	7

Notes

Note 1	**Net result from financial operations,** EURm	Jan-Sep 2002	Jan-Sep 2001
	Shares/participations and other share-related instruments	-17	-72
	Interest-bearing securities and other interest-related instruments	72	241
	Other	4	1
	Foreign exchange gains/losses	118	88
	Total	**177**	**258**

Note 2	**Loan losses, net,** EURm	Jan-Sep 2002	Jan-Sep 2001
	Individually appraised receivables		
	Losses incurred during the period	241	-351
	Previous provisions utilised	-199	266
	Provisions for possible loan losses	458	-600
	Recovery of previously incurred losses	-69	60
	Reversal of previous provisions	-246	338
		185	-287
	Receivables appraised by category		
	Losses incurred during the period	12	-12
	Recovery of previously incurred losses	-12	12
	Reversal/provision to reserves for possible loan losses	-3	-6
		-3	-6
	General reserve		
	Reversal/provision to general reserve	-5	
	Transfer risk	-6	-20
	Contingent liabilities	1	-2
	Total loan losses, net	**172**	**-315**
	Change in value of property taken over for protection of claims	13	-2
	Loan losses, operational income statement	**185**	**-317**

Note 3 **Operating profit, insurance,** EURm

	Jan-Sep 2002	Jan-Sep 2001
General insurance		
Earned premiums, net of reinsurance	841	1,111
Technical interest	64	86
Claims incurred, net of reinsurance	-698	-874
Insurance operating expenses, net of reinsurance	-249	-286
Technical result	-42	37
Investment activities		
Interest etc	70	96
Realised and unrealised investment gains	-35	-50
Investment expenses	-4	-6
Technical interest transferred to insurance activities	-67	-96
Total profit on investment activities	-36	-56
Profit before tax, general insurance	**-78**	**-19**
Life insurance and pensions		
Premiums written, net of reinsurance	1,675	1,784
Benefits paid and change in provisions	-1,447	-1,627
Change in bonus equalisation provisions	825	879
Insurance operating expenses, net of reinsurance	-115	-105
Net profit from health and personal accident insurance	-6	0
Investment activities		
Income from land and buildings	95	71
Interest etc	404	576
Realised and unrealised investment gains	-1,547	-1,773
Investment expenses	-16	-15
Pension yield tax etc	90	189
Profit before tax, life insurance and pensions	**-42**	**-21**
Operating profit before group adjustments	**-120**	**-40**
Sale of General Insurance	-44	-
Group adjustments (goodwill depreciation)	-22	-24
Operating profit, insurance	**-186**	**-64**

Note 4 **Lending**

Loan portfolio, EURm	30 September 2002			31 December 2001		
		Impaired			Impaired	
	Total lending	Net	Provisions	Total lending	Net	Provisions
Companies	87,943	618	1,903	84,088	655	1,866
Personal customers	56,384	227	387	50,716	200	393
Public sector	2,925	0	0	2,766	0	0
Total	**147,252**	**845**	**2,290**	**137,570**	**855**	**2,259**

Impaired loans, EURm	Sep 2002	June 2002	Mar 2002	Dec 2001	Sep 2001
Impaired loans, gross	3,136	3,180	3,132	3,114 [1]	3,120
Provisions	-2,290	-2,305	-2,291	-2,259	-2,267
of which specific	-1,834	-1,836	-1,829	-1,803	
appraised by category	-79	-79	-82	-92	
general	-377	-390	-380	-364	
Impaired loans, net	**846**	**875**	**841**	**855** [1]	**853**
Provisions/impaired loans, gross, %	73	72	73	73	73
Impaired loans, net/lending, %	0.6	0.6	0.6	0.6	0.6
Property taken over for protection of claims					
Land and buildings	3	12	13	13	17
Shares and participations	22	34	38	35	33
Other	1	1	1	1	1
Total	**26**	**47**	**52**	**49**	**51**

[1] According to FSA rules, loans with interest deferments are classified as impaired. The figures for Dec 2001 are restated compared to the year-end report 2001 including EUR 28m of such loans (previously reported as problem loans).

Note 5 **Movements in shareholders' equity,** EURm

	Jan-Sep 2002	Jan-Sep 2001
Shareholders' equity at 1 January	11,819	11,105
Dividend	-682	-675
Conversion of convertible loans	14	-
Own shares [1]	-184	-80
Currency translation adjustment	14	-210
Net profit for the period	564	1,045
At end of period	11,545	11,185

[1] Number of own shares at the end of September 57.0m (end of Dec 2001 17.9m). Average number of own shares Jan-Sept 20.6m.

Note 6 **Capital adequacy**	Sep 2002	Dec 2001
Tier 1 capital, EURm	9,526	9,900
Capital base, EURm	12,367	12,353
Risk-weighted assets, (banking), EURbn	137	136
Tier 1 capital ratio, %	7.0	7.3
Total capital ratio, %	9.0	9.1

Note 7 **Derivatives**	Interest rate derivatives		Equity derivatives		Foreign exchange derivatives	
EURm 30 September 2002	Market value	Book value	Market value	Book value	Market value	Book value
Positive values	8,072	7,881	420	339	6,169	5,722
Negative values	8,466	8,278	247	215	6,915	6,110