Nordea Annual Report

Nordea

2006

Annual Report

Contents

Highlights 2006

January
The magazine Euromoney has, for the second year in a row, awarded Nordea the prize for Best Private Banking in the Nordic countries.

February
The year-end result for 2005 was the best so far in Nordea's history, reflecting record results in all business areas. 2005 brought very strong evidence of Nordea's increased sales performance and substantial potential to grow business with existing customers.

March
The international shipping magazine Marine Money awarded Nordea the prize 'Best Bank Debt Deal of the year 2005'.

For the first time Nordea disclosed the value of its life insurance operation. Nordea reported a market consistent embedded value (MCEV) of EUR 2,068m, which covered the life business in Denmark, Finland and Norway. Sweden, where the mutual company was demutualised as of 1 January, and Poland, were added to the reporting later during 2006.

April
The annual general meeting resolved to authorise the Board of Directors, for the period until the next annual general meeting, to decide on acquisition of shares in the bank on a stock exchange where the bank's shares are listed, or by means of an acquisition offer directed to all shareholders in the bank. Acquisitions may be made up to a number not exceeding the equivalent of five per cent of the total number of shares in the bank.

May
The interim report for the first quarter showed strong growth in all Business Areas. The gap between income and cost development widened despite continued fierce competition and a moderate cost increase.

June
Nordea signed an agreement with the Italian bank UniCredit, through its subsidiary Bayerische Hypo- und Vereinsbank AG, to sell Nordea's 23.42 per cent holding in International Moscow Bank (IMB). The shares correspond to a 26.44 per cent voting interest in IMB. This transaction resulted in a tax-free capital gain of EUR 199m.

July
Despite the capital market turbulence, Nordea reported a return on equity of 21.2% for the first half year of 2006 – well above the financial target. The income growth of 8% was well diversified by products and markets and reflected an increasing number of core customers and a stronger focus on event-based and advisory- related products and services.

September
Nordea decided to start the process of applying for a banking licence in China to open a branch in Shanghai. Since 1984 Nordea has been represented in Beijing.

October
The share capital was reduced by 44,479,667.34 euro, which corresponds to the 112,231,700 shares that were previously repurchased, and which were retired.

Nordea Hypotek issued an inaugural EUR 1.25bn covered bond targeted to international investors. The Nordea Hypotek transaction is the first EUR denominated covered bond to be executed under the Swedish Covered Bond Act.

Nordea realised strong performance also in Q3 with profitable growth in all business areas. The well-diversified business mix and focus on continuous improvements combined with prudent cost and risk management materialised in results exceeding targets.

November
Nordea signed an agreement to purchase a 75.01 per cent stake in JSB Orgresbank in Russia for USD 313.7 million. Subject to finalising documentation, the remaining 24.99 per cent will be split evenly between the current management shareholders of Orgresbank and the European Bank for Reconstruction and Development (EBRD). Following necessary approvals the transaction is expected to be completed by the end of the first quarter 2007.

It was announced that Nordea's President and Group CEO Lars G Nordström would retire from his position in connection with Nordea's next Annual General Meeting, 13 April 2007. The Board of Directors has appointed Christian Clausen to succeed Lars G Nordström.

December
At a well-attended Capital Markets Day Nordea presented the Group's organic growth strategy as well as the updated financial targets.

The No. 1 bank in the region

2006 was a new record year for Nordea, and we consolidated our position as the leading bank in the region.

With a return on equity of 22.9% and a gap between our income and cost growth of 5.4%-points adjusted for major non-recurring items, our performance in 2006 came in well ahead of the financial targets set in 2004 and the most recent 2006 outlook.

With a total shareholder return of 32.3% in 2006 we were no. 3 in our European peer group, well within the targeted top quartile position. The sustainability of our performance is witnessed by a total shareholder return (TSR) over the last four years also in the top quartile. Since 1 January 2003 Nordea's TSR is 227%.

Our market capitalisation in 2006 passed the EUR 30bn threshold, and the price-to-book and P/E valuation of Nordea is now more in line with comparable European peers.

The result confirms that Nordea with its integrated business model and well diversified business mix has developed into a solid business, which delivers on its targets. Compared to 2002 when analysts and shareholders questioned the soundness of our operations, Nordea is today a changed company.

Turning four into one

In 2002 Nordea was in the process of turning four major banks from four different markets into one well-functioning and streamlined entity after the biggest cross-border banking merger in Europe.

The merger gave us a unique starting point for capturing revenue growth across the Nordic region but was also associated with excessive costs. The general market conditions were difficult due to the economic downturn, turbulence in the equity markets and geopolitical uncertainty.

The difficult economic environment combined with our high costs resulted in a weak performance. This disappointed shareholders, investors and analysts, and caused our share price to drop. A turnaround was urgently needed to restore confidence in the prospects for making Nordea a successful and profitable business and our vision of being valued as the leading financial services group in the Nordic and Baltic Sea region.

Priorities were changed. We focused on increasing the quality and stability of our financials by reducing volatility of earnings, increasing capital efficiency and improving credit quality and cost management.

Focus, speed and performance

To emphasise the need for improvements and change in the entire organisation, we introduced three internal keywords: focus, speed and performance.

Focus means concentrating on our strengths, but also having the courage to close down or divest businesses

CEO letter

We have a strong point of departure for meeting the new financial targets

and activities, which are not core to our business, are underperforming or not profitable.

Speed means being quick and flexible both in our internal operations and in adjusting to market conditions.

Performance means increasing our performance orientation by always striving for continuous improvements – to do better today than yesterday and to be better than our competitors.

The results of our efforts soon started to show up, and in 2003 we managed to keep costs unchanged compared to 2002. We also managed to reduce the volatility in our earnings while increasing the capital efficiency and strengthening our credit quality.

Increasing profitability

Once we had succeeded to stabilise our financials, we began to look at increased profitability by reducing complexity in our operations and streamlining processes. And we established a strict cost management culture.

Step by step we became a truly Nordic operation, and in 2004 we entered a growth phase where we gradually began to reap the full benefits of the size, scale and scope of Nordea and capture revenue growth opportunities.

We improved our position within the long-term savings area, consumer credits as well as within Life and Pension and Private Banking.

Parallel to this progress we have strengthened our position within the corporate customer segments, and Nordea today is a leading corporate bank in the Nordic region. We have also expanded in the near abroad markets through acquisitions in both Poland and Russia that have provided new growth opportunities in two fast growing markets.

Delivering on financial targets

Our financial targets in 2002 focused on reaching a return on equity above 15 per cent from 2004, maintaining costs at the same level until 2004 and having a cost/income ratio of 55 per cent by 2005. We fulfilled all the targets and in 2004 we increased our ambitions.

The new goals included increasing our return on equity to the top of Nordic peers. In the last two consecutive years we have delivered results well ahead of the targets set in 2004.

In 2006 we raised the level of ambition further. At our Capital Markets Day in December, we introduced a new financial target of doubling our risk-adjusted profit in 7 years. In addition we still aim at delivering a return on equity in line with top Nordic peers.

We have a strong point of departure for meeting the new financial targets.

First of all a unique customer base, which accounts for 25 per cent of the population in the Nordic countries, a unique distribution power of more than 1,100 branches and an integrated cross-border business model.

Secondly, the fundamentals for profitable growth are present. Since 2004 we have increased our advisory capacity and invested in new sales support systems which are now being rolled out. Moreover, we have a leading position in many key areas, for instance lending capacity and savings. With total assets of close to EUR 350bn, Nordea has the financial strength to give European top class service to our largest corporate customers.

Thirdly, having successfully transformed four banks into one unified operating model; we now have a unique competence in consolidations and an invaluable knowledge about how to create efficiency. And we have the advantages of size, scale and scope.

Organic growth strategy

At our Capital Markets Day in December 2006, we presented our profitable organic growth strategy.

The organic growth strategy entails increasing business volume with our existing customers and attracting new customers. This way of thinking is not new but we now take a more aggressive stance in the market and increase our efforts to capture the considerable potential present in all business areas.

In Retail Banking, for instance, only 30 per cent of our active customers are Gold customers. We can raise this number significantly by increasing our share of wallet with customers.

We are able to grow further by closing the gaps in certain markets to our natural market share in areas such as Life & Pensions, consumer credits and corporate lending. With increased advisory capacity, we will look to grow significantly in Sweden in the coming years.

We will continue our strict cost management, but we will also invest in key growth areas, new products and initiatives to achieve further operational efficiency and quality.

We will also support the organic growth strategy by a step-wise migration towards harmonised products, processes and IT platforms.

Moreover, we strive to improve in the eyes of our customers, and I am confident that our current investments will contribute to a continuous improvement in customer satisfaction.

Near abroad markets

In addition to focusing on Nordic growth, our organic growth strategy includes investing further in our near abroad emerging markets.

Our operations in Poland and the Baltic countries have shown strong growth in the last years and our branches are close to their maximum capacity. We now plan to open up to 200 new branches within the next 2–3 years to seize the untapped potential in these fast-growing banking markets.

The recent purchase of a majority share in Russian Orgresbank gives us an attractive position for organic growth also in the Russian market.

Finally, we will exploit growth potential in global and European monoline businesses based on strong competencies in areas like Private Banking, fund distribution and Shipping.

The right time to retire

Our profitable organic growth strategy was well received by analysts and investors at our Capital Markets Day in December 2006. It is an attractive strategy from a cost, risk and capital perspective and will allow Nordea to grow further while maintaining prudent cost and risk management.

With this strategy Nordea enters a new and exciting phase. I find that this is the right time for me to retire and leave the helm to Christian Clausen. I will do this in April at Nordea's Annual General Meeting.

I will be leaving the company at a point in time when it has all the prerequisites for continued growth.

Much has been achieved, but more remains to be done.

I wish Christian and the entire Nordea team all the best for the future.

Best regards,

Lars G Nordström

Christian Clausen will succeed Lars G Nordström as President and Group CEO of Nordea in connection with the Annual General Meeting 13 April 2007.

Christian Clausen is 51 years old and he is currently Head of Asset Management & Life and since 2001 member of Group Executive Management in Nordea.

Key financial figures

Income statement

Group

EURm	2006	2005	Change %
Net interest income	3,869	3,663	6
Net fee and commission income	2,074	1,935	7
Net gains/losses on items at fair value	1,036	765	35
Equity method	80	67	19
Other income	318	143	122
Total operating income	**7,377**	**6,573**	**12**
Staff costs	–2,251	–2,082	8
Other expenses	–1,485	–1,455	2
Depreciation of tangible and intangible assets	–86	–131	–34
Total operating expenses	**–3,822**	**–3,668**	**4**
Loan losses	257	137	
Disposal of tangible and intangible assets	8	6	
Operating profit	**3,820**	**3,048**	**25**
Income tax expense	–667	–779	–14
Net profit for the year	**3,153**	**2,269**	**39**

Business volumes, key items

EURm			
Loans and receivables to the public	214.0	188.5	14
Deposits and borrowings from the public	126.5	115.6	9
Assets under management	161.0	147.6	9
Technical provisions, Life	30.8	28.5	8
Equity	15.3	13.0	18
Total assets	346.9	325.5	7

Ratios and key figures

Earnings per share (EPS), EUR	1.21	0.86
Share price, EUR	11.67	8.79
Total shareholders return, %	32.3	27.5
Proposed/actual dividend per share, EUR	0.49	0.35
Equity per share[1,2], EUR	5.89	4.98
Shares outstanding[2], millions	2,591	2,592
Return on equity, %	22.9	18.0
Cost/income ratio, %	52	56
Tier 1 capital ratio, %	7.1	6.8
Total capital ratio, %	9.8	9.2
Tier 1 capital, EURm	13,147	11,438
Risk-weighted assets, EURbn	185	169
Number of employees (full-time equivalents)	29,248	28,925
Risk adjusted profit, EURm	2,107	1,783
Economic profit, EURm	1,412	1,127
Economic capital, EURbn	9.3	8.7
EPS, risk adjusted, EUR	0.81	0.67
RAROCAR, %	22.7	20.6
Expected losses, bp	19	20
MCEV, EURm	2,873	2,283

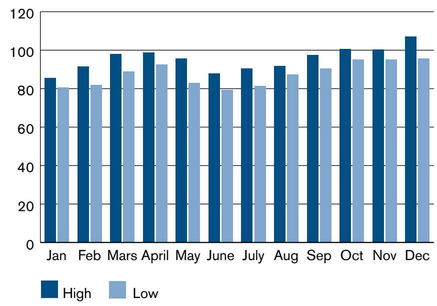
[1] Equity excluding minority interests and revalutation reserves

[2] See footnotes to Equity, Note 41.

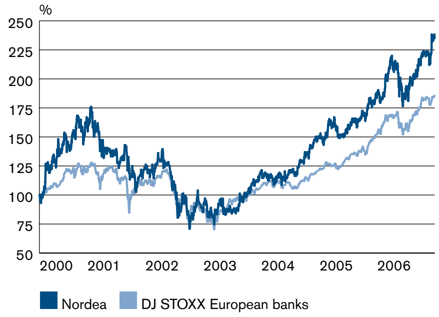
The Nordea share

Nordea's market capitalisation was EUR 30.3bn at the end of 2006. Total shareholder return in 2006, equal to dividend plus the appreciation of the share price, was 32.3%. The proposed dividend is EUR 0.49 per share.

Monthly share price 2006
SEK



Share price performance, 6 March 2000*– 29 December 2006
%



* Date of announcement of the merger between MeritaNordbanken and Unidanmark

Shareholder and dividend policy

Nordea's overall financial target is to create value for shareholders in the top quartile of European peer group. Total shareholder return (TSR) is realised through market value growth per share and dividends. Value shall be enhanced through commitment to create sustainable revenue growth and continued strict cost management. Excess capital will be returned to shareholders.

Nordea pursues a policy of high dividends. The policy is that the total dividend payment will exceed 40% of the net profit for the year. Nordea will ensure competitive and predictable dividends. The proposed dividend corresponds to a payout ratio for 2006 of 40%.

Total shareholder return

Total shareholder return in 2006 was 32.3% (27.5% in 2005). Nordea ranked as number 3 among the European peer group banks in terms of TSR in 2006 (number 10 in 2005.) The average TSR in the peer group was 23.9%.

Share price development 2006

The market capitalisation of Nordea at the end of 2006 was EUR 30.3bn compared to EUR 23.7bn at the end of 2005. Ranked by market capitalisation Nordea was the fifth largest company in the Nordic area and the largest among Nordic financial groups. During the year the share price of Nordea appreciated by 27.9% on the Stockholm Stock Exchange from SEK 82.5 on 30 December 2005 to SEK 105.5 on 29 December 2006. The daily prices listed for the Nordea share during 2006 (closing prices at Stockholm Stock Exchange) ranged between SEK 77.25 and SEK 107.0. The SX40 Financials Index of the Stockholm Stock Exchange appreciated by 25.4%, the Dow Jones STOXX European banks index appreciated by 18.5%. Since 6 March 2000, the date of the merger between MeritaNordbanken and Unidanmark, the Nordea share has appreciated 135.0% and outperformed the Dow Jones STOXX European banks index (+51.4%). The Nordea share is listed on the stock exchanges in Stockholm (in SEK), Helsinki (EUR) and Copenhagen (DKK). A trading lot is equivalent to 200 shares in Stockholm and Copenhagen and 1 share in Helsinki. Nordea's share price can be monitored at www.nordea.com, where it is also possible to compare the performance of the Nordea share with competitors and general indexes as well as to find historical prices of the Nordea share.

Liquidity

The Nordea share was the most liquid Nordic financial share in 2006, with an average daily trading volume of approx. EUR 130m, corresponding to 13.2 million shares. Turnover on the three stock exchanges combined totalled EUR 32.7bn in 2006, which corresponds to almost 3.3 billion shares. Of the total number of Nordea shares traded in 2006, approx. 81% was traded on the Stockholm Stock Exchange, 10% on the Helsinki Stock Exchange and 9% on the Copenhagen Stock Exchange.

The Nordea share is represented in a number of national indexes and it is also included in European and global indexes within MSCI, Dow Jones STOXX, FTSE and S&P. With a weight of 6.0% Nordea was the third largest company in the Nordic OMX 40 index at the end of 2006. In MSCI Europe Nordea had a weight of 0.36%, in Dow Jones STOXX European Banks 1.51% and in FTSE Europe 0.41%.

Peer group* comparison, TSR, %

	2006	2005	2004	2003
Bank of Ireland	36.6	12.6	15.8	14.9
SEB	36.3	31.3	24.5	54.0
Nordea	32.3	27.5	29.8	47.9
Hypo Vereinsbank	30.1	53.4	-8.1	45.4
Société Générale	30.1	45.3	8.8	34.1
Allied Irish Bank	29.0	21.9	25.4	1.2
DnB NOR	27.9	25.4	38.3	47.2
BNP Paribas	26.4	32.9	9.3	34.5
Erste Bank	26.1	21.4	61.9	54.6
Lloyds TSB	24.8	10.8	12.8	11.0
Barclays	24.6	8.8	21.3	38.0
KBC	20.9	43.4	56.3	28.5
Swedbank	19.9	35.7	20.8	44.7
UniCredit	18.7	44.1	3.2	17.1
HBOS	18.5	21.8	22.5	18.0
Royal Bank of Scotland	18.4	3.8	10.0	16.2
Danske Bank	17.8	38.6	23.7	23.4
ABN AMRO	16.4	19.3	9.2	29.4
Commerzbank	12.8	74.2	-4.2	110.9
SHB	9.0	18.1	20.6	31.4

* Peer group as defined by Nordea
Source: Bloomberg

Repurchase of own shares

In November 2005 Nordea Bank AB (publ) completed the repurchase of own shares in relation to the mandate from the AGM 2005. A total of 50 million shares or approx. 2% of the total shares in the company were repurchased. The Annual General Meeting on 5 April 2006 resolved to reduce the share capital by reduction through retirement, without repayment, of the 112,231,700 shares repurchased. The decision was executed on 2 October 2006. The general meeting on 5 April 2006 resolved to authorise the board of directors, for the period until the next annual general meeting, to decide on acquisition of shares in the bank. This mandate has not been utilised during 2006. The purpose of the repurchase programme is to redistribute funds to the Company's shareholders. Shares that have been repurchased carry no voting rights. Information on repurchase of own shares is available at www.nordea.com/ir.

Earnings and shareholders' equity per share

Net profit for the year amounted to EUR 3,153m corresponding to EUR 1.21 per share. Shareholders' equity per share amounted to EUR 5.89 at the end of 2006.

Proposed dividend

The Board of Directors of Nordea Bank AB (publ) proposes a dividend of EUR 0.49 per share. The total dividend payment for 2006 would then be EUR 1,271m corresponding to 40% of the net profit after tax. The dividend yield calculated on the share price 29 December 2006 is 4.2%. The dividend is denominated in EUR, though payments are made in the local currency of the country where the shares are registered. Dividend payments can be made in EUR if the shareholder has a EUR account registered with the relevant securities register.

Financial calendar 2007

Annual General Meeting	13-Apr
Ex-dividend date	16-Apr
Record date	18-Apr
Dividend payments	25-Apr
1st quarter	03-May
2nd quarter	19-Jul
3rd quarter	31-Oct

Share capital

The 2006 Annual General Meeting resolved to reduce the share capital by EUR 44,479,667.34. In October 2006 the reduction was implemented through retirement, without repayment, of the 112,231,700 shares that were repurchased and held by Nordea. The reduction amount was allocated to a fund to be used in accordance with resolutions by the General Meeting.

The AGM 2006 also decided to increase the share capital by EUR 1,566,018,283.88 by transferring this amount from the statutory reserve through a bonus issue without issuing any new shares. The quota value of the shares increased from 0.39632 euro to 1 euro per share. When the decision regarding the share capital and the decision regarding the retirement of the repurchased shares were executed, the share capital amounts to EUR 2,594,108,227.

All shares in Nordea carry voting rights, with each share entitled to one vote at General Meetings. Nordea Bank AB (publ) is not entitled to vote for own shares at General Meetings.

There are no outstanding convertible bond loans or staff/management options in Nordea.

Shareholders

With approx. 476,000 registered shareholders at the end of 2006, Nordea has one of the largest shareholder bases of all Nordic companies. The number of Nordea shareholders registered in Denmark is approx. 190,000, in Finland 184,000 and in Sweden the number of shareholders increased by 4,000 to 101,000 during 2006.

The largest among the various categories of shareholders is international investors, holding 28.9% of the shares in Nordea compared to 25.8% at the end of 2005. The largest individual shareholder is the Swedish state with a holding of 19.9% at year-end.

Investor communication

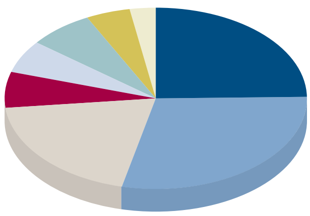
Close to 30 equity analysts cover Nordea with regular earnings updates and recommendations. Nordea aims at being one of the leading European companies in terms of open, clear and relevant information to shareholders and other stakeholders. Nordea has during 2006 further upgraded the Group's financial reports and presentations.

Nordea conducts a proactive approach in meetings with investors. CEO, CFO and other members of the Group Executive Management regularly travels to meet with investors in Europe and US. Nordea relies to a large extent on the Internet in communication with shareholders and investors. All significant financial information about Nordea Group can be found in the Group's homepages. Daily contact with investors and analysts is handled by Nordea's Investor Relations department.

Annual report

The annual report is available in English and Swedish. A summary of the annual report is available in English as well as in the four Nordic languages. The full annual report and the summary will be distributed on request. The reports can be downloaded and ordered by accessing www.nordea.com.

Shareholder structure, end of 2006



Largest registered* shareholders in Nordea, end of 2006

	No of shares	Share capital and votes, %
Swedish Government	515,601,104	19.9
Nordea Denmark Fund	102,529,423	4.0
Robur Funds	65,290,915	2.5
Alecta	59,000,000	2.3
SHB/SPP Funds	56,538,588	2.2
AMF Pension	46,311,200	1.8
SEB Funds	43,413,077	1.7
Sampo Oyj	34,658,400	1.3
Skandia Life Insurance	32,078,788	1.2
Nordea Funds	30,140,670	1.2
Second Swedish National Pension Fund	25,479,566	1.0
First Swedish National Pension Fund	23,502,271	0.9
Third Swedish National Pension Fund	20,084,723	0.8
Fourth Swedish National Pension Fund	18,213,490	0.7
AMF Pension Funds	14,373,500	0.6
Nordea Profit Sharing	12,682,517	0.5
Länsförsäkringar Funds	12.250.064	0.5
Government of Singapore Investment Corporation	11,646,697	0.4
Skandia Funds	9,726,748	0.4
Abu Dhabi Investments	9,665,495	0.4
Other	1,450,920,991	55.9
Total number of outstanding shares	**2,594,108,227**	**100.0**

Source: Sweden's and Finland's securities centres, SIS Ägarservice and Nordea Bank Denmark's register of shareholders
* Excl nominee accounts

Distribution of shares, end of 2006

Distribution of shares	Number of shareholders	Shareholders, %	Number of shares	%
1–1,000	388,836	82.00%	125,087,023	4.82%
1,001–10,000	80,138	16.90%	194,422,451	7.49%
10,001–100,000	4,328	0.91%	110,172,629	4.25%
100,001–1,000,000	658	0.14%	211,963,770	8.17%
1,000,001–	255	0.05%	1,952,462,354	75.27%
Total	**474,215**	**100.00%**	**2,594,108,227**	**100.00%**

Share data 5 years

	2006	2005	2004	2003	2002
Share price	SEK 105.50	SEK 82.50	SEK 67.00	SEK 54.00	SEK 38.40
High/Low	107.00 / 77.25	84.25 / 64.25	67.75 / 48.70	54.50 / 33.20	63.50 / 30.20
Market Capitalisation	EUR 30.3bn	EUR 23.7bn	EUR 21.2bn	EUR 17.5bn	EUR 12.6bn
Dividend	EUR 0.49 [1]	EUR 0.35	EUR 0.28	EUR 0.25	EUR 0.23
Dividend yield	4.2% [2]	4.0%	3.6%	4.4%	4.8%
TSR	32.3%	27.5%	29.8%	47.9%	–28.1%
DJ STOXX European banks index	18.5%	21.6%	10.3%	20.7%	–26.7%
P/E (actual)	10.7	10.2	10.8	11.7	14
Price-to-book	2.14	1.76	1.62	1.39	1.03
Equity per share	EUR 5.89	EUR 4.98	EUR 4.59	EUR 4.28	EUR 4.06
Earnings per share	EUR 1.21	EUR 0.86	EUR 0.69	EUR 0.51	EUR 0.30
Outstanding shares[3]	2,594,108,227	2,594,108,227	2,734,845,227	2,846,499,727	2,928,108,227

[1] Proposed
[2] Yield calculated at starting price on payment day, for 2006 per 30 December
[3] Excluding shares owned by Nordea Bank AB (publ)

Change in share capital

Date		Quota,value per share[1], SEK	Number of shares issued	Nominal change SEKm	Total number of shares	Share capital SEKm
17 Dec-97	New,issue	7.00	1,275,267,441	8,927	1,275,267,441	8,927
28 Jan-00	Reduction			–3,188		
	New issue	4.50	815,800,287	3,671	2,091,067,728	9,410[2]
25 Apr-00	Reduction			–2,091		
	New issue	3.50	869,776,488	3,044	2,960,844,216	10,363
09 Jun-00	New issue	3.50	18,348,501	64	2,979,192,717	10,427
29 Aug-00	New issue[3]	3.50	3,006,359	0	2,982,199,076	10,438
11 Dec-00	New issue[3]	3.50	59,764	0	2,982,258,840	10,438

Date		Quota,value per share[1], EUR	Number of shares issued	Nominal change EURm	Total number of shares	Share capital EURm
10 Jan-01	Conversion[4]	0.40[5]			2,982,258,840	1,182
20- Feb-01	New issue[3]	0.40	8,408	0	2,982,267,248	1,182
15 Maj-01	New issue[3]	0.40	2,401	0	2,982,269,649	1,182
14 Dec-01	New issue[3]	0.40	396,441	0	2,982,666,090	1,182
31 Maj-02	New issue[3]	0.40	2,405,087	1	2,985,071,177	1,183
25 Sep-02[6]	New issue[3]	0.40	45,050	0	2,985,116,227	1,183
07 Okt-03	Reduction[7]	0.40	–57,008,000	–23	2,928,108,227	1,160
26 Okt-04	Reduction[7]	0.40	–81,608,500	–32	2,846,499,727	1,128
19 Sep-05	Reduction[7]	0.40	–140,159,800	–56	2,706,339,927	1,073
02 Okt-06	Reduction[7]	0.40	–112,231,700	–44	2,594,108,227	1,028
11 Maj-06	Bonus issue	1.00		1,566	2,594,108,227	2,594

[1] As of January 2006 nominal value has been replaced by quota value according to the new Swedish companies Act.
[2] Anticipated in Balance Sheet 31 Dec 1999, registration 28 January 2000
[3] Conversion of bonds
[4] From SEK to EUR
[5] 0.39632 EUR
[6] On 1 September 2002 Nordea AB (publ) redeemed the outstanding loan amount of EUR 96,928,426.28 early. Subsequently, the company has no outstanding convertible bond loans
[7] Retirement of shares repuchased and held by Nordea

Vision and strategy

Nordea is the No.1 bank in the Nordic region with a strong franchise in the Nordic and Baltic Sea region. Nordea is building size and creating value through profitable organic growth.

Characteristics
Nordea is characterised by:
- Unique customer base and distribution power
- Integrated cross-border business model and attractive customer programmes
- Stable cost platform with strict cost management
- Well-diversified, low risk business platform
- Leading positions in many markets and product areas
- Efficient capital management
- Advantage of size, scale and scope

Mission – Making it possible
By providing easily accessible and competitive financial services and solutions, Nordea helps customers to reach their objectives.

Vision
We will be valued as the leading financial services group in the Nordic and Baltic Sea region.

Overall financial target
We will deliver total shareholder return in the top quartile of our European peer group.

Corporate values and key words
Focus
- We concentrate on creating value for our customers and shareholders
- We concentrate on our strengths and core activities, and we discontinue activities when needed

Speed
- We are quick, adjust to market conditions and do not hesitate to execute decisions made
- We provide a broad set of easily accessible and competitive financial services and solutions

Performance
- We aim to deliver better solutions and results than our competitors
- We continuously improve in everything we do, and we deliver on our promises
- We always strive to reduce complexity whenever possible
- We change from too many to just one

Overall strategy
Nordea's overall strategy is to build size and create value for shareholders through profitable organic growth in the Nordic and Baltic Sea region.

The main route for growth will be increased business with existing customers in all segments. Efforts will be made to attract new and move existing customers into the most profitable segments. Nordea has developed a unique and integrated business model and customer programmes for leveraging the growth potential in the Nordic region.

The Nordic growth strategy will be supplemented with investments in near abroad emerging markets, and Nordea will continue to exploit the growth potential in global and European monoline businesses based on strong competencies.

The organic growth strategy will be supported by a step-wise migration towards harmonised products, processing and IT platforms.

The organic growth strategy is attractive from a cost, risk and capital perspective, and the ambition is to outperform the market growth in the Nordic and Baltic Sea region.

Vision and strategy

Increase business with existing customers

Nordea has significant potential from increased penetration of the personal as well as the corporate customer base not least in Sweden, the largest market in the Nordic region.

In order to leverage the growth potential of this large customer base a significantly increase of the time spent by personal bank advisers and the corporate relationship manager's with customers is taking place. This will accelerate the growth rate of the number of Private Banking and gold customers and contribute to transform corporate ad hoc customers into loyal full-service customers.

In addition, a number of personal customer initiatives have been launched or planned within high growth products areas such as consumer lending and cards and savings and investments as well as within mortgage lending and payments, which are product areas serving as strong carriers of the customer relationship.

In the corporate customer market Nordea will leverage the large customer base through tailor made distribution models for Markets products to large and medium-sized retail customers and through further development of Markets' structuring specialist capabilities. The cross-selling rate of knowledge-based advisory services will be increased.

Investments in near abroad emerging markets

Nordea has established an attractive position and strong brand in five fast growing East European countries including Russia.

The full scale operation in Poland and the Baltic countries will be developed into a competitive network coverage within the next 2 – 3 years by opening up to 200 new branches in Poland and the Baltic countries.

The acquisition of 75.01% of Russian Orgresbank will give access to a fast growing market with 35 branches in the Moscow and St Petersburg area. Orgresbank will service Nordea's corporate customers doing business in Russia and gradually develop into a strong local retail banking business in cities with 0.5m inhabitants or more.

Exploit growth potential in global and European monoline businesses

Nordea has a successful track record with niche strategies outside the home markets based on strong competencies.

Nordea will maintain the world-leading position within shipping, offshore and oil services with increased focus on capital market products.

Nordea will expand the international institutional asset management business and grow the existing strong franchise within European Private Banking. The license to operate in investment funds in 16 European countries will be further developed and the sales focused to specific segments.

Improve operational efficiency and quality

Nordea's cost income ratio has come down by more than 10%-points since 2002 among others through increased productivity in the central processing areas and general strict cost management.

Key areas for further operational efficiency and quality include a number of lean banking and structural cost initiatives and the freeing up of sales capacity in the branches.

Nordea will continue the transformation journey to one customer-centric bank in a step-wise migration towards harmonised products, processes and IT platforms. This will support the growth strategy and increase efficiency and quality along the value chain.

Activities in the branches will be removed, transferred or simplified in order to free up resources for customer relation activities.

Nordea will continue the external spend reduction initiative in procurement and office space and use sourcing to gain further competitive advantages.

Guiding principles

Nordea has adopted a number of policies and instructions to guide and govern the business. In addition, Nordea adheres to a set of Corporate Citizenship Principles supported by a code of conduct, guidelines to sound business relationships, an environment policy and an investment management policy in Asset Management on socially responsible investments.

Nordea has adopted some central external commitments including the UN Global Compact and the UN Environmental Program Statement for Financial Institutions, the Equator Principles and the OECD Guidelines for Multinational Enterprises.

Managing Nordea for Value Creation

Managing Nordea for Value Creation means focus on Nordea's overall financial target to deliver value to our shareholders. Managing for value creation comprises a groupwide thinking to deliver profitable organic growth in parallel with a strict established cost management culture. This will be delivered by performance-oriented employees. With Nordea's new financial targets, Nordea aims to simultaneously secure an increase in risk-adjusted profit and a high return on equity.

Based on the approach in Managing for Value Creation, Nordea has a solid foundation to reach the financial targets supported by common targets, processes, models and tools.

Nordea's Planning and Performance Management Model (PPMM)

The overall purpose of PPMM is to increase groupwide focus on shareholder value creation, ensure aligned and focused strategy execution.

PPMM has had a clear impact on Nordea's strategic performance orientation. The management process supports value creation through a team-based executive management culture, increased executive accountability with clearly defined targets and actions, and increased focus on the strategic direction.

The core elements in PPMM are Balanced Scorecard (BSC) to drive strategy into actions, Rolling Financial Forecasts (RFF) to maintain an updated view on future financial performance. RFF has a five-quarter horizon and it is updated on a quarterly basis. This ensures focus on the future, and potential need for corrective actions, rather than on historical performance. The third core element is Service Level Agreements (SLA) that focus on cost control and enhanced quality in internal service deliveries. SLAs are used to promote a common understanding regarding services, priorities and responsibilities between internal service providers and business units.

Nordea uses the BSC framework as a management tool to drive and support change processes, support the right behaviour, and to make our strategy operational. Nordea has selected a number of strategic focus areas where changes are required. The themes cover HR issues, strict cost management, capital efficient behaviour and profitable income growth. To measure the required changes, key performance indicators (KPI) are linked to the strategic focus areas.

To secure that Nordea progressed in its quest for value creation, management has decided six group mandatory (M) KPIs, which are also mandatory within Business Areas. As Business Areas have different business mixes and challenges in the market place, they can further select KPIs to support the overall value management in Divisions and Regional banks such as sale of Life & Pension products in Retail Banking.

Economic Profit

Nordea has defined Economic Profit to be the overall key financial performance indicator. Economic Profit is Nordea's interpretation and measure for shareholder value creation. In investment decisions in general, and in business relationships with customers more specifically, it drives and supports the right behaviour with focus on income, costs as well as risk. The Economic Profit model captures both growth and return.

Economic Profit is calculated as risk adjusted profit less cost of equity.

Risk-adjusted profit

Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax (28 % 2006). In addition, risk-adjusted profit excludes major non-recurring items.

Cost of equity

Cost of equity is defined as required return by investors on the Nordea share, measured as the long risk free euro rate plus required average risk premium to invest in equities multi-

plied by Beta, which reflects the Nordea share´s volatility and correlation with market volatility.

The Cost of equity is set by management once a year as a parameter to manage risk appetite and investment level. It was in 2006 set to 7.5 % and for 2007 8.0 % following higher interest rates.

Expected losses

Expected losses reflects the normalised loss level of the individual loan exposure over a business cycle as well as various portfolios. Based on the current portfolio the Expected losses used in the Economic profit calculations is 17 basis points, down from 19 basis points in 2006. This reflects the improved quality and repayment ability of Nordea´s customers.

Economic Capital (EC)

In addition to regulatory capital, Nordea has calculated internal capital requirements using the EC framework since 2001. In comparison to Basel I regulatory capital, EC is a more sophisticated measure of the capital required to cover long-term losses. The Basel II Accord closes the gap between regulatory capital and EC, after which calculations will be conducted using similar risk-based models.

Nordea calculates EC for the following risk types: credit risk, market risk, operational risk, business risk and life insurance risk.

Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into EC:

- Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality categories. The factors have been estimated using a portfolio model, where probability of default, loss given default and exposure at default are inputs, and are reviewed and updated annually. The parameter estimation framework used for EC will to a large extent also be used in the upcoming Basel II framework.
- Market risk for the banking business is based on scenario simulation and Value-at-Risk (VaR) models tailor-made for EC. For the Life insurance business an asset and liability management (ALM) – model is used, which is based on scenarios generated by Monte-Carlo simulation. The market risk in Nordea's internal defined benefit plans is based on VaR models.
- Operational risk reflects the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes. It is calculated according to the standardised approach within Basel II.
- Business risk represents the earnings volatility inherent in all businesses due to the uncertainty of revenues and costs due to changes in the economic and competitive environment. The main risk drivers are reputation risk, strategic risk, liquidity risk and indirect effects as structural interest income risk. Business risk is calculated based on the observed volatility in historical profit and loss time series that is attributed to business risk.
- Life insurance risk represents risk in the actuarial assumptions for mortality and morbidity used to price life insurance products. It is calculated as percentages of the EU

Economic profit =

$$\overbrace{\text{income} - \text{costs} - \text{expected loss} - \text{standard tax}}^{\text{risk-adjusted profit}} - \overbrace{\text{cost of capital in percent} \times \text{economic capital}}^{\text{cost of equity}}$$

Strategy map

Sustainable growth of economic profit

Ensure growth of income	Ensure operational excellence, strict cost management and reduced complexity	Ensure capital efficency and high credit portfolio quality

Attract, develop and retain highly motivated, competent and performance-oriented employees

Key Performance Indicators (KPIs)

Group KPIs	Mandatory
Economic Profit	M
GAP between incme and cost growth	M
Total income	M
Total income Sweden	
Income Large and Medium corporate customers	
Total expenses	M
Numbers of FTEs	M
GAP between Equity and Econimic Capital	
Average probability of default, %	
ESI, Satisfaction & Motivation	M
ESI, "I recommend other to seek employment at Nordea"	
Gender balance, Top 300	

minimum solvency requirement (death and disability risk) and technical provisions (longevity risk).

In order to achieve consistent risk measurement throughout Nordea, the measurement period is set to one year and the confidence level is 99.97% for all risk types. Nordea's total EC equals the amount needed to cover unexpected losses during one year in 99.97% of all possible cases.

When all types of risk of the Group are combined, considerable diversification effects will arise, since it is highly improbable that all unexpected losses occur at the same time. However, highly correlated risk types reduce the achievable level of diversification. Credit risk and market risk are both highly correlated with the development of the general economy and thus reduce the level of diversification. Still, the diversification effects mean that the total EC is lower than the sum of the EC for each risk type.

The pie charts show the relative distribution of EC at 31 December 2006. Total EC at 31 December 2006 is calculated to EUR 9.6 bn (EUR 9.0 bn). The total diversification effect is 18% or EUR 2bn.

In addition to calculating EC as Nordea has since 2002, new for 2007 is a comprehensive capital adequacy stress test process that has been developed internally to analyse the effects of a series of global and local shock scenarios. The results of this stress testing will result in a recommended buffer on existing EC in order to ensure adequate capital in the event of stresses to Nordea's and international markets. These hypothetical macroeconomic stresses will also help identify the specific type of scenario for which Nordea is most vulnerable and help to prepare senior management's response in the event of similar real-life market shocks.

Capital Management

Nordea aims at keeping capital flexibility with excess capital returned to shareholders through dividends as well as repurchases of own shares. Efficient use of capital will contribute to achieving the profitability target and shareholder value creation.

Capital structure

Nordea aims at a tier 1 capital ratio above 6.5% and a total capital ratio not lower than 9%. Nordea maintains its target capital via its dividend and share buy-back policy.

At the end of 2006 Nordea's tier 1 capital ratio was 7.1%, compared to 6.8% at the end of 2005. The capital ratio was 9.8% at the end of 2006 and 9.2% 2005. The total risk-weighted assets (RWA) were EUR 185 billion, a growth of 10% from EUR 169 billion at the end of 2005. At the end of 2006 Nordea was the first Nordic bank to receive approval by the Nordic supervisors for the internal value at risk models for measuring the capital requirement for market risk. This lowered RWA in 2006 by approx. EUR 7bn.

The EU directive on Financial Conglomerates was implemented in Sweden in 2006. Nordea is defined as a financial conglomerate meaning that e g the requirements from bank (capital adequacy rules) and insurance (solvency rules) are added to ensure that the financial conglomerate has sufficient capital. Nordea will not face any material limitations concerning the new regulation. For internal purposes the different risks are already managed through the Economic Capital framework.

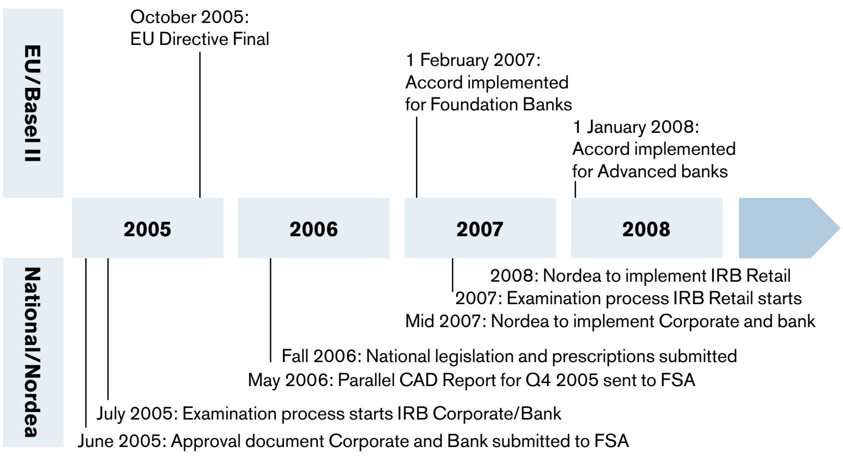
Basel II

The new capital framework, coming into force in 2007, is based on a three-pillar approach, namely Pillar 1, minimum capital requirements, Pillar 2, the supervisory review, and Pillar 3, market discipline.

Nordea has submitted an application to use the foundation IRB approach from 2007 for calculating capital requirements for credit risk and the standardised approach for operational risk. The application for credit risk covers exposures to corporates and banks, which is equal to approx. 55% of the Nordea's credit portfolio. Nordea will gradually apply the advanced IRB approach for all material portfolios.

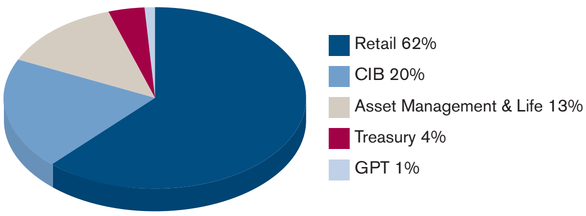
During 2006, substantial work has been done in order to transform the capital accord, via the EU Directive, to local rules. A number of local informal and formal draft regulations have been published. Laws and detailed regulations entered into force in Sweden as per 1 February 2007. The Swedish Financial Supervisory Authority (FSA) is Nordea Group's consolidating supervisor for the four Nordic countries and has the overall coordinating responsibility for the approval process.

1 Jan 2007 the New Capital Accord will be implemented

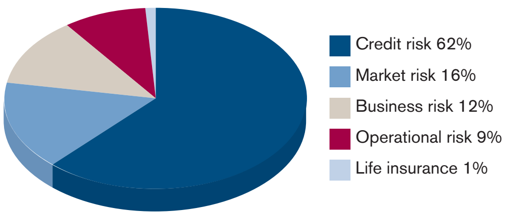


By applying the revised framework, the internal assessment of risk will serve as an input into the capital requirement calculations. The EU Directive contains a detailed set of minimum requirements to assure the conceptual soundness and integrity of internal risk assessments. In order to comply with the minimum requirements related to the Internal Rating Based (IRB) Approach for credit risk, Nordea has refined internal models and processes used within the EC framework. In addition, a comprehensive financial data warehouse, calculation module and reporting tool are being developed and will be in place in 2007.

Economic Capital distributed to business areas



Economic Capital distributed to risk types



Capital requirement in the Basel II Framework

The full effect of Basel II will have a stepwise effect on the banks since the Basel II floors defined by the Basel II regulatory framework set a limit to the possible decrease of capital requirement. In 2007, the lowest accepted amount for RWA is 95% of the amount calculated in accordance to the Basel I framework, for 2008 it is limited to 90% and 2009 to 80%.

By 2010, when the Basel I capital floors are removed, Pillar 1 capital values will represent an absolute minimum capital requirement, while Nordea's internal capital will serve as the target capital level. It is expected that when Nordea introduces the advanced internal-based rating models for corporates, Nordea's regulatory capital requirement will be reduced by approx. 30% according to Pillar 1. However, Nordea foresees the capital reduction to be limited to approx. 20% due to the restrictions of rating agencies and the supervisory review process. For further information see below.

ICAAP

Pillar II in the Basel II framework, or the Supervisory Review Process (SRP), covers two main processes: the Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP).

The purpose of the ICAAP is to ensure that the financial institution has sufficient available capital to meet the minimum capital requirements, even under stressed scenarios. ICAAP includes everything from the daily risk management to the more strategic capital management.

One of the most important cornerstones of the ICAAP is the institutions' internal assessment of capital requirements. In Nordea this is equivalent to assessing the EC.

The Capital Planning Forum, headed by the CFO, is responsible for coordinating capital planning activities within the Group, including both regulatory and available capital and to assess the EC.

The purpose of the SRP is designed to ensure that institutions have adequate capital to support all the risks in their businesses and to encourage institutions to develop and use better risk management techniques in monitoring and measuring risks. This is done through so called stresstests.

The ICAAP is built on 10 high level principles including:

1. Every institution must have a process for assessing its capital adequacy relative to its risk profile (an ICAAP)
2. The ICAAP is the responsibility of the institution
3. The ICAAP's design should be fully specified, the institution's capital policy should be fully documented, and the management body (both supervisory and management functions) should take responsibility for the ICAAP.
4. The ICAAP should form an integral part of the management process and decision-making culture of the institution
5. The ICAAP should be reviewed regularly
6. The ICAAP should be risk-based
7. The ICAAP should be comprehensive
8. The ICAAP should be forward-looking
9. The ICAAP should be based on adequate measurement and assessment processes
10. The ICAAP should produce a reasonable outcome

Nordea will use an internal capital, defined as Nordea's current EC plus a buffer for stress testing. Additionally, ongoing dialogues with third parties will affect Nordea's capital requirements, in particular views of the external rating agencies and the SREP. Due to the fact that most Pillar II risks exist within Nordea's current EC framework, Nordea will use its existing internal capital measurements as the basis for any additional capital buffers, subject to the acceptance of the aforementioned third parties.

Financial targets

Nordea's new financial targets for the period were presented in December 2006 at the Capital Markets Day.

Total shareholder return

Nordea's overall financial target is to create value for shareholders in the top quartile of a peer group of Nordic and European financial services companies as measured by total shareholder return, share price appreciation and dividend.

Risk-adjusted profit

Nordea has introduced a target for risk-adjusted profit in order to signal the ambition to grow the business and thereby contribute to retaining high profitability. Risk-adjusted profit is based on Economic Profit less cost of equity. Risk-adjusted profit is adjusted for major non-recurring items. In 2006, the sales gain and the income under equity method from International Moscow Bank, and the gain from the sale of Asiakastieto, a total of 256m EUR, has accordingly been deducted from total income. In contrast to Economic Profit, risk-adjusted profit does not take into account the cost of equity, which is decided annually by Nordea's management. Risk-adjusted profit is thus viewed as a more relevant external target than the Economic Profit, which is used internally. The target for Risk-adjusted profit is to double in 7 years, which implies an annual growth rate of on average 10%.

Return on equity (RoE)

High return on equity (RoE) is an important indicator of value creation. Nordea's main strategy is to create value through profitable organic growth. From 2007, the aim is to reach RoE in line with top Nordic peers.

Dividends

Nordea aims to ensure competitive and predictable dividends with a dividend payout ratio exceeding 40 per cent of the net profit for the year. The dividend for 2006 is proposed to amount to 0.49 EUR per share corresponding to a payout ratio of 40% of net profit, compared to 0.35 EUR per share or 40% of net profit for 2005.

Tier 1 ratio

Nordea aims at a tier 1 capital ratio above 6.5% .

At the end of 2006 Nordea's tier 1 capital ratio was 7.1%, compared to 6.8% at the end of 2005.

Financial targets	2005	2006	Target
Total shareholder return, %	#10	#3	In the top quartile of European peer group
Risk-adjusted profit (EURm)	1,783	2,107	Double in 7 years
RoE, %	18.0	22.9	In line with top Nordic peers

Capital structure policy	2005	2006	Policy
Dividend pay –out ratio	40%	40%	> 40 % of net profit
Tier 1 capital ratio	6.8%	7.1%	> 6.5%

Risk-adjusted profit - baseline	2006
Total income	7,377
– Non-recurring items[1]	–256
Total operating expenses	3,822
Expected Losses	373
Standard Tax 28%	819
Risk-adjusted profit	2,107

[1] Includes sales gain and contribution under equity method from IMB and sales gain from Asiakastieto.

Nordea's markets, customers and products

Nordea is the leading financial services group in the Nordic and Baltic Sea area. In Denmark, Finland, Norway and Sweden Nordea operates full-service nationwide branch networks including 1,100 bank branch offices, contact centres and internet services. Nordea has a well diversified revenue base, with 30% of revenues from Sweden, 27% from Finland, 25% from Denmark, 15% from Norway and 2% from Poland and the Baltic countries.

Nordea operates in markets with strong economic growth. In 2006, GDP growth in all the Nordic countries was stronger than the Euroland average. In all Nordic markets, Nordea is focused on capturing the growth by increasing business with existing customers in all segments.

Sweden is the biggest market in the Nordic region and a market in which Nordea has identified significant growth opportunities. To meet these, Nordea is increasing the number of staff in order to take advantage of the growth potential in the Swedish banking market. The areas that are expanding are personalised financial advice about loans and savings, including advice on life insurance and pensions savings - areas where Nordea sees substantial opportunities to do more business with existing customers in line with the profitable organic growth strategy. Nordea has during 2006 strenghtened the sales force by recruiting 200 additional advisers, saving specialists and insurance specialists working towards household- and corporate customers. In addition, 9 new branches and venues in the Stockholm and Gothenburg region have been opened in 2006.

Nordea also strives to improve market position in Denmark and Norway, markets also characterised by strong growth. Especially in Norway, Nordea aims to increase its market share in the household segment. In Finland, Nordea has a strong market position in all segments, and is successfully aiming to retain this position.

The Baltic Rim region is Nordea's emerging home market. Nordea is today operating in all the Baltic countries, in Poland and in Russia. In Poland and the Baltic countries Nordea branches operates under the Nordea brand, and the operations are fully owned by Nordea.

Nordea's operations in Poland and the Baltic countries today consist of around 90 branches. The financial performance has improved markedly over the last years and Nordea is today running a growing, profitable operation. In the region, Poland is by far the largest market, both in terms of assets and population. Nordea has examined and evaluated several alternatives to capture the growth opportunities in this important market. The result is an ambitious organic growth plan for the coming years, launched at the end of 2006.

The overall objective is to increase the sales capacity by the opening of up to 150 new branches in two to three years. These branches will be of various size and the focus will be on smaller sales points, with five to six employees. Nordea will seek to increase the penetration in all customer segments, but the main emphasis will be on personal customers and SMEs. In terms of location, the main targets will be larger cities in regions with strong economic growth. Alongside the growth plans for Poland, the expansion of the branch network in the Baltic countries will continue. In combination, these efforts will create a competitive network with up to 300 branches throughout the region towards the end of 2009.

Nordea's organic growth strategy leads to additional investments of approx. EUR 60m in 2007. The accelerated growth plan in the Nordic markets and in particular Sweden, investments in Private Banking and the increased growth ambitions in Poland are included in these investments.

In Russia, the acquisition of 75.01% of Orgresbank will give access to a fast growing market with 35 branches in the Moscow and St Petersburg area. Further investments in Orgresbank are not included in the EUR 60m of additional investments. Outside the Nordic and Baltic Sea region, Nordea operates to support core customers through own units or partners. Nordea is a leading international shipping bank. Nordea offers private banking from Luxembourg and Switzerland and distributes investment funds and investment management services into the European and North American markets.

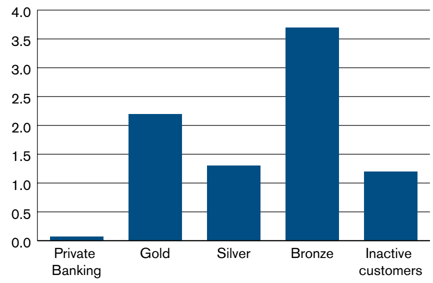
Nordea's customer base

Nordea has the largest customer base of any financial services group in the Nordic and Baltic sea region with close to 9 million personal bank customers, of which 7.4 million are active personal customers in the Nordic region. In the customer base Nordea also has 1.8 million inactive personal and corporate customers that could potentially be activated. Nordea Life has a total of 2.9 million customers, most of them being also bank customers. However, more than 700,000 customers were added when Nordea acquired two new Life insurance companies in Poland beginning 2006. Nordea's strategy is, through cross-selling, to make these customers full-service bank customers.

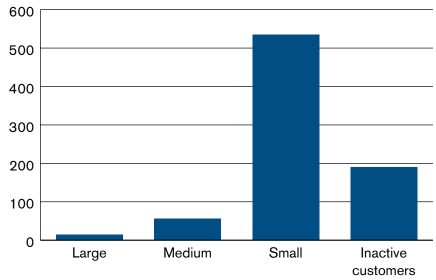
Approx. 50 per cent of the households in the Nordic countries are doing business with Nordea and Nordea is a leading corporate bank. Nordea's customers are being served with a clear value proposition:

- Wide range of financial products and customer solutions delivering added value
- Customer-driven excellence in relationship management
- Convenient and easy access through multichannel availability; leadership in e-banking
- Fair and transparent market pricing enhancing customer loyalty and relationships
- Efficient, reliable and responsible conduct of business.

Number of personal customers
million



Number of retail corporate customers
ooo´s



Market positions

Denmark	
Personal customers, 1,000	1,409
Corporate customers, 1,000	44
Net banking customers, 1,000	803
Branches	340
Employees	5,220
Market shares	
Personal customers	
– mortgage lending	15.3
– consumer lending	14.6
– deposits	21.5
Corporate customers	
– lending	19.7
– deposits	21.8
Investment funds	19.0
Life & Pensions	15.2
Brokerage	7.7

Finland	
Personal customers, 1,000	2,345
Corporate customers, 1,000	113
Net banking customers, 1,000	1,372
Branches	374
Employees	5,900
Market shares	
Personal customers	
– mortgage lending	31.2
– consumer lending	30.8
– deposits	32.9
Corporate customers	
– lending	35.8
– deposits	37.9
Investment funds	26.3
Life & Pensions	27.7
Brokerage	3.8

Norway	
Personal customers, 1,000	629
Corporate customers,1,000	68
Net banking customers, 1,000	384
Branches	126
Employees	1,880
Market shares	
Personal customers	
– mortgage lending	12.6
– consumer lending	11.2
– deposits	8.3
Corporate customers	
– lending	16.3
– deposits	17.2
Investment funds	
Life & Pensions	8.3
Brokerage	2.8

Sweden	
Personal customers, 1,000	3,006
Corporate customers, 1,000	376
Net banking customers, 1,000	1,895
Branches	255
Employees	4,354
Market shares	
Personal customers	
– mortgage lending	15.5
– consumer lending	9.6
– deposits	17.8
Corporate customers	
– lending	13.9
– deposits	21.1
Investment funds	14.0
Life & Pensions	4.6
Brokerage	1.8

Poland & Baltics	
Personal customers, 1,000	370
Corporate customers, 1,000	47
Net banking customers, 1,000	111
Branches	81
Employees	1,500

Nordea's distribution strategy

Nordea has the largest customer base of any Nordic financial services group. The customer's need for financial advice and an active relationship with the Bank form the basis for Nordea's distribution strategy which is based on accessibility, convenience and multi-channel distribution.

Nordea operates a multi-access strategy making it possible for customers to access the bank when and how it fits the customer. The branches, the contact centres and the e-banking services are the basis for the distribution and offer different elements of service. Products are efficiently sold through all channels.

Branches are the centres for developing relationships to customers. Nordea's customer strategies are focused on developing person to person relationship between the customers with the most comprehensive needs and a named relationship manager or personal banking adviser. For corporate customers and Gold customers this adviser is the entry point to Nordea who depending on customer need includes a range of highly specialised product specialists in tailoring the customer solution. Bronze and Silver customers are served by staff in branches and contact centres. Nordea initatiates contacts to these mainly through direct mail and the netbank.

Gold customers may call their personal banking adviser directly whereas calls from Silver and Bronze customers are handled by the contact centres. Customers seeking advice may be served outside branches opening hours either by booking meetings with the personal banking adviser or by call in the contact centres. In all markets, the services available through contact centres have been further developed such that most requests can be handled in just one call. Simple requests can be handled by interactive voice response or agents. More complex requests to the contact centres are handled by advisors available 24 hours a day, seven days a week. The Contact Centres handle close to 100 million calls per year. Sales in this channel increased by 10% during 2006.

In the netbank customers also do most of their daily business transactions like bill payments, transfers and get full overview of their economy. In addition, more complex transactions and requests can be dealt with such as investment portfolio overview and equity trading. Nordea's homepage has been redesigned in 2006 and processes for direct buying of different products have been simplified. This has resulted in increased sales through in 2006.

Common work processes, a common Customer Management System (CMS) and a Market Sales (leads) Automation system (MSA) are powerful tools to support to the ambition to continously improve the advisory capabilities in order to give the right offer to the right customer in all channels.

Through the common customer relationship system the three channels: branches, contact centres and e-bank are fully integrated so that customer interaction in one channel is simultaneously recorded in all channels. The integration makes it possible for the customer to interact with Nordea at his or her convenience.

The effort to increase sales and advisory capacity in branches and to improve sales management has high priority.

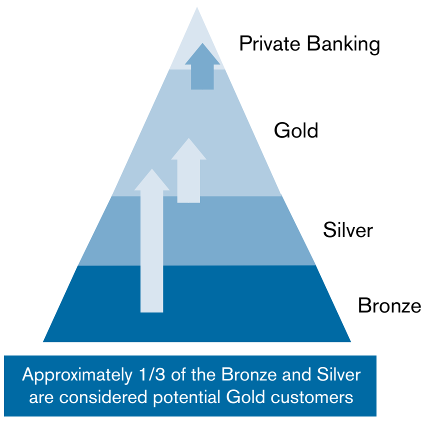
The so-called future branch programme is focusing on freeing up time for sales staff in the branches by removing administrative tasks, simplifying processes (short term and long term potential) and coordination of all centrally initiated activities towards the branches. Beginning by the end of 2006 and continuing into 2007, live trials are conducted in the selected branches carefully studying processes and procedures in order to optimise branch working process for the main task of meeting customers for advising and to sell products to customers.

Branch management is strengthened by development of a branch manager academy focusing on the branch manager being the sales coach and responsible for new procedures and tools to be efficiently implemented with the staff. Also branch management is further enhanced by benchmarking of branches in peer groups eliminating external factors.

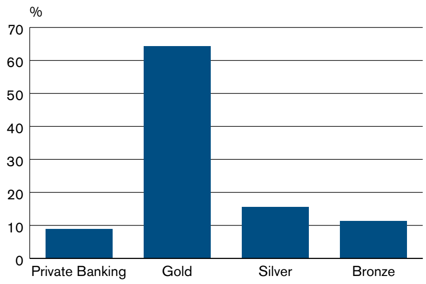
The common operating model is being further developed to focus branches on sales and advisory by increasing the ratio of employees in branches with a designated customer portfolio to develop.

Personal customers

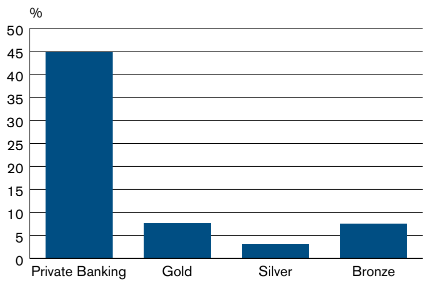
Segmetation strategy – leverage the customer base



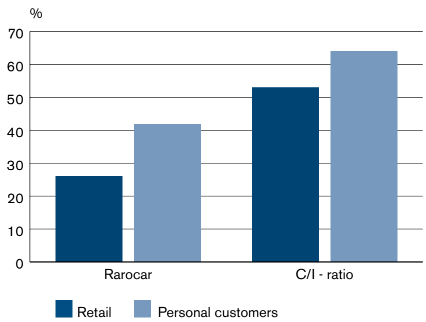
Share of income, household



Income growth, household



RAROCAR and C/I ratio, Personal customers



Customers face an ever-increasing number of financial opportunities and alternatives and the advisory part of the value proposition assumes an increasingly prominent role. After a period with focus on creating one Nordic operating model, operational efficiency and consistent cost culture, focus in 2006 was increasingly directed towards increasing sales efforts. Investments in staff resources, new sales points and customer relationship systems have created a solid platform for profitable organic growth.

Segmentation strategy – leveraging the customer base

Nordea offers a unique customer programme to personal customers. The customer programme is a key element in Nordea's growth strategy. Through the customer programme, customers segment themselves by the size of the business they have with Nordea. The customer programme combines advisory services with a transparent pricing system built on non-negotiable prices in three levels. The customers are divided into three segments:

Gold customer:
- At least EUR 30,000 in open balance with Nordea (loans and savings)
- At least 5 products

Silver customer:
- At least EUR 5,000 in open balance
- At least 3 products

Bronze customer:
- Customers not in the Gold or Silver segment

Nordea has 7.4 million active personal customers in the Nordic region. 2.2 million of these belong to the top Gold segment, 1.2 million are silver customers and 3.9 million are bronze customers. The programmes are family programmes and the numbers include all family members

Gold customers have a named personal banking adviser at their service as the customers entry point to the bank. Gold customers are offered the most attractive prices based upon the fact that the customers give Nordea substantial business volume and thereby economics of scale.

Proactivity in customer interaction is the single most important factor supporting customer satisfaction and increasing business with customers. A contact policy ensures that customers are proactively contacted in a frequency suitable to the customer's banking needs. The contact policy is integrated with the customer program and is supported by a detailed common sales process making sure customers are advised on the best solutions for their needs.

Gold customers are the engine for profitable growth

The income potential from developing the customer base is significant. Avarage income per Gold customer is 2.5 times higher than the average income from Silver customers. In addition, the Gold segment and Private Banking customers also delivers the highest growth rates. In 2006, income from Gold customers increased by 8%, compared to 3% for the silver and 7% for the bronze segment.

Further growth in 2007 will derive from leveraging large potential of developing non-Gold customers into the Gold segment. Of the non-Gold customers, approx. one third have the potential to become Gold customers by leveraging the possibilities in the customer programme and by cross-selling products.

Product areas in focus

Nordea has a unique product offering creating the basis for strong customer relationship. New products are developed driven by customer needs and trends in the market for personal financial services. Focus areas for product development and management has been the highly competitive areas within cards, consumer credit area, Housing and Savings products.

Housing Products
Housing products are one of the in-roads for building long-term relationships with customers as well as to attract prospects and the options for cross-selling the whole product range, capturing the customer's full banking business.

Mortgage area competition has been fierce, and in all markets. Nordea's competitive advantage is a comprehensive product range and supporting sales advice tools throughout the organisation. Despite the steady improvement in market share there is still opportunity to increase Nordea's market share of mortgages up to the "natural market share" held in most other banking products by product innovation and more competitive price structures.

During 2006 the sales of Homeflex product, enabling customers to make use of free equity in private property, continued to develop well and sales more than doubled in 2006.

Product development in Housing has been concentrated on extending the offering under the strategic framework; ensuring solutions through the customer's entire housing life cycle. These solutions range from home savings products for customers in the prehousing phase, to products to first-time buyers, to home-equity products, including retirement credits aimed at customers in later phases of the housing life cycle. Nordea transferred the product knowledge from other markets and launched interest rate cap, convertible fixed rate mortgages and mortgage insurance for personal customers in Finland.

In 2007 Nordea will continue to develop new products and transferring already established product from one market to another.

Consumer Credits
Within Consumer credits Nordea offers a full product range including standard non-collateralised lending, credit card based revolving credits and overdraft facilities.

There is still significant potential to increase the volumes of consumer credits. Nordea carried out consumer credit campaign in the second quarter 2006 involving all branch offices. The campaign aimed at maximising sales of existing products by aligning and focusing the sales efforts. In 2006, Nordea issued approx. 120,000 new credit cards and non-collateralised consumer lending increased by 17%.

Consumer credit products have now been established as an inte grated part of Nordea's customer value proposition and thereby offering customers a cheaper and better alternative to last minute financing in the shops.

Credit Cards
The Credit card area is an area of increasing competition. Cards are seen as one of the in-road to customers' general banking business.

Nordea has a significant potential to increase the penetration of credit cards to the existing customer base. The card penetration varies across markets due to different market traditions. In total, 20% of customers affiliated with the customer programmes has credit cards. Advanced cards including eg insurance facilities are mainly targeted at gold customers. A more standardised card offer is mainly targeted to silver and bronze customers.

The focus in 2007 will be to increase usage of credit cards and revolving credits. An activity to offer credit cards to Gold customer with a zero annual fee was launched at the end of 2006. Further efforts to increase usage will be centred on Card Life Cycle Management. During 2007 Nordea will also launch an initiative to sell personalised cards.

Savings
In addition to traditional savings accounts Nordea offers its personal customers a full range of products spanning from traditional fund products to structured products, life insurance and private banking.

A strong focus has been devoted to supporting the savings strategy in 2006. Focus has been on simplifying products and tools, unifying customer concepts and extensive hiring and training of specialists and sales people. One of the pillars in the savings strategy is the applied integrated business model where one central unit - our Saving & Wealth management organisation - is supporting and servicing the retail network and private banking in all areas. This includes the delivery of risk management based customers advise through the use of an advanced Financial Planning Tool (approx. 276,000 sessions to date), a decentralised specialists and drivers concept, common strategic investment advice, advisory processes and model portfolios, which will also be important when MiFID (Market in Financial Investments Directive) will be implemented.

Life & Pensions
Nordea Life & Pensions manufactures and sells corporate and individual life and pension products. During 2006, Nordea Life & Pensions successfully improved its market position on the overall Nordic market and is now one of the two largest companies. The product offering includes a full range of products, supporting corporate pension schemes from simplified collective schemes to complex tailor-made products as well as individual products ranging from pension to senior products. All products are based on the same building blocks within unit-linked, traditi onal and risk products.

Nordeas' product strategy focuses on market return products. With a unit-linked offering featuring a broad selection of funds and an actively managed fund universe, premium income for unit-linked products has grown to represent 42% of total gross written premiums. Furthermore, the sale of new traditional type of products available in Denmark, Norway and Sweden has also been successful. Together, the sale of products with return based on market yield account for 50% of new written premiums. In 2007 Nordea will continue to roll out unit-linked and new traditional products to the chosen target groups.

In line with the growth strategy for Sweden, the distribution capacity was developed further in 2006 with recruitments to both the corporate and private sales force. The strategy is starting to show results with sales increasing mainly on the private market. Consequently, the rolling 12 -month market share of premium income on the private market increased to 8.3% in the fourth quarter 2006 from 6.0% in the fourth quarter 2005.

Nordea was among the first companies to offer a full-scale solution for the new mandatory corporate pension scheme ("Obligatoriska Tjensemands Pensjon") market and has managed to secure a strong position on this market in Norway. By the end of 2006 Nordea had a 16% market share measured as number of contracts. The Norwegian business has also experienced strong growth of corporate sales during the year.

During 2006 the life and pension activities that were acquired in Poland in 2005 has been integrated with the existing Polish business, further strengthening Nordea's position on the market. The pension company Nordea PTE is the sixth largest company on the high growth second pillar pension market and the assets under management have during 2006 surpassed EUR 1bn. Moreover, the profitable organic growth strategy for Nordea is starting to pay off with premium income for market return products increased 64% during 2006. Going forward, further improvements will be realised when for example more cross-selling opportunities are captured.

Investment funds

Nordea is the leader within retail funds in the Nordic region with assets under management of EUR 40.1bn by end-2006. The strong position is a result of Nordea's strong focus on product development and the market position has been upheld via launches of new innovative products.

The Swedish market share within investment funds is increasing on new sales in the three largest segment when excluding PPM; household, corporate customers and insurance companies. Due to the low margin profile of the business, Nordea pursuits a less aggressive strategy within the PPM segment, which is the main reason for Nordea experiencing a overall development of the total market share of net sales in Sweden being fairly flat.

There is a continuous focus on enhancing the product range, and the new more flexible product strategy has so far helped to improve the investment processes behind some of Nordea's more traditional fund products. The development, launch and sale of the new, more flexible products have however been even more successful, especially products like Stable Return, Dynamic Fixed Income and Hedge Funds. Stable Return has in general shown very strong sales figures and Nordea Invest Stable Equity became the best selling Equity fund launch in Denmark ever, collecting EUR 261m.

The strong sale of retail funds was directly related to the strong investment performance throughout 2006; especially within the new, more flexible products. The improved investment performance is a reflection of the establishment of autonomous product based investment teams and more flexible investment processes.

Private Banking

Private Banking services are offered to high-net-worth and affluent individuals and medium-sized institutions. The total wealth approach of Nordea Private Banking includes a wide-ranging advisory service taking family and business relations into account when suggesting how to structure the customer's total wealth.

Nordea Private Banking consists of Nordic Private Banking and European Private Banking and covers most of Europe. Nordic Private Banking covers the Nordic region having 73,000 clients and AuM EUR 42.3bn. European Private Banking runs sales offices in Luxembourg and Switzerland which covers Europe having 12,000 clients and AuM EUR 9.2bn.

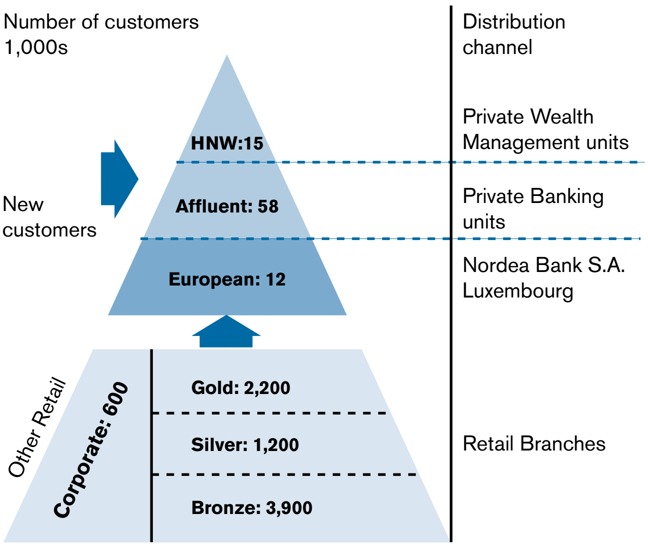
Nordic Private Banking's success is very much due to the integrated business model with Retail Banking to optimise the service level of wealthy customers and the focus on developing unified processes, concepts and tools to fit customers' needs and behaviour. In addition, Nordic Private Banking has successfully invested in private banking advisers to capture growth opportunities while improving the overall efficiency at the same time (measured by the decline in the cost/income ratio). This has been enabled by Nordea's strong integrated business model through hiring a significant number of new private banking advisers to increase the service level to the existing customer base and to support the introduction of new products.

European Private Banking has historically been operated as a more traditional Private Banking business with a diversified customer base largely served by own distribution force. Focus is on increasing the existing strong franchises among Danish, German and Dutch speaking customers and at the same time leveraging more on the Nordic franchise. This will take place through a more formalised customer referral of Nordic expatriates moving out of Nordic region.

In addition, to the series of fund products developed and launched in 2006, Nordea has offered customers residing in the Nordic region a variety of other new products, including structured products and alternative investment fund type of products e.g. the Nordea Private Equity fund which was the first Private Equity fund offered to private banking customers.

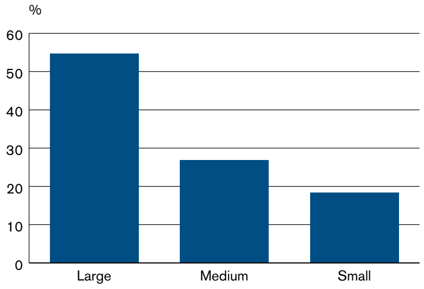
Nordea's aspirations are to utilise the platform, customer base and network to outgrow the private banking market - this will to some extend be supported by a very attractive market growth, but mainly by Nordea exploiting the scalable integrated business model.

Private Banking joined forces with Retail Banking to Optimise service of wealthy customers

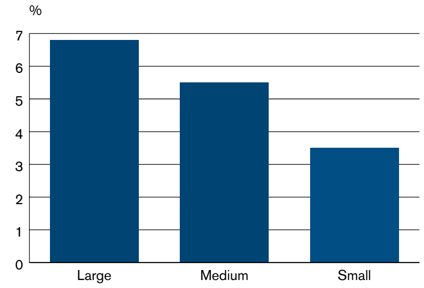


Retail Corporate customers

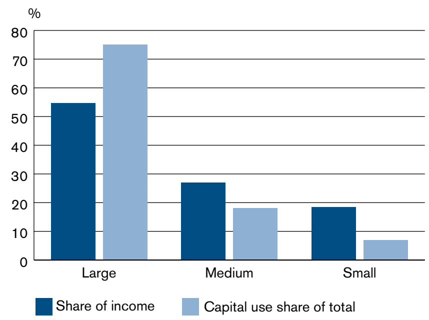
Share of income 2006



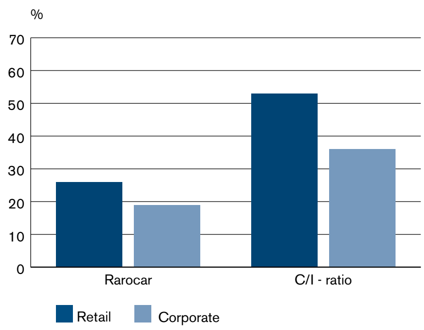
Income growth 2006



Share of income and capital use 2006



RAROCAR and C/I-ratio, Retail Corporates



In servicing the Retail corporate customers the event based business increasingly plays an important role. Growth in the corporate business to a larger extent comes from leveraging a proactive customer relationship by advising on the event-based business like acquisitions, larger investments, generation shifts or general change of ownership.

Nordea has approx. 600,000 active Retail Corporate customers in the Nordic countries. Corporate customers are segmented according to product and service needs, complexity and business volumes to Small, Medium and Large service concepts.

For the corporate business, the 16,000 customers belonging to the top segment Large deliver the main part of the income (55%). Nordea's competitive strength is to combine the Nordic resources and competencies with local presence. The larger corporate customers within Retail Banking are serviced by Senior Relationship Managers in 63 Corporate Service Units covering the total Nordic region. Large customers' service concept is built around the Senior Relationship Manager building long term partnership with the customers and leading a team of specialists (from product areas like Markets, Cash Management and Trade Finance) focusing on designing individual solutions. The concept has been developed with a view to further enhance Nordea's competitive edge in serving corporate customers with cross-border operations in the Nordic region.

Retail Banking serves 55,000 medium-sized customers by Relationship Managers situated in selected branches. The value proposition and service concepts for medium-sized corporate is focused on relationship, product range and local presence.

The focus in the Small service concept is based on a mass market approach, scale and multi-channel competencies. However, Nordea also have large number of smaller customers served by Customer Advisers in the Branches. To better exploit the potential in this segment the explicit value proposition for the respective customer groups with streamlined processes and more focused marketing information has been developed in 2006.

In the corporate business all segments deliver strong growth rates. Thus there is a significant growth potential in the huge segment of 536,000 customers belong to the segment Small delivering growth of 4%.

Together with implementation of refined concepts also new services will be launched in the beginning of 2007. Examples are like FlexCredit, Co-branded Business MasterCard and General insurances for entrepreneur-driven companies. Together with new attractive service packages for entrepreneurs, housing and start-up companies etc. also supporting training and marketing activities will be implemented.
For corporate customers our main value proposition is the personal contact person as a single point of entry to all of our resources and expertise.

In 2007 our focus is on building a long-term relationship with the customers, increase penetration in the customer base and support our target to achieve a larger part of our customers' financial needs and investments. The branches are the centres for developing the customer relations. In addition to this our focus in corporate business will remain on continued strengthening the Large service concept and full implementation of the strategic decision to serve large customers from central units in each Branch Region.

Product areas in focus

Cash management

In 2006 we continued our product development to fit market trends and customer needs and to be able to offer an attractive product range. As a result we have developed unified service packages for small corporate customers and improved our new common Corporate Netbank as a one point of entry towards our different services to better serve all corporate customers.

A new sales culture initiative has been started to optimise the sales process towards all corporate segments. The corporate sales process focus on fully leveraging the existing distribution power. The ultimate goal of this activity is to increase sales and advice efforts in our branches by utilising our competitive advantages with well-educated relationship managers and CM advisers. This initiative will further on be supported by centrally located finance specialists dealing with change of ownership and generation shift capturing higher share of wallet from event- driven business.

Structured solutions

The activities to increase small and medium-sized corporate customers' use of structured solutions, mainly based on risk management tools, continued with good results in 2006. Large potentials for this business still remain within Nordea's customer base. The current penetration within the target segment of large and medium-sized corporates is only approx. 25%.

In addition to continued product development and education of relationship managers, initiatives towards improved distribution were carried out. Deployment of product specialists into customer responsible units is increasingly used to secure sales capacity in the traditional channels for this type of products. The Internet-based portal, e-Markets, also supports the activities through risk management features and other analytical tools. Besides this, e-Markets facilitates a still larger part of the standardised business in foreign exchange and money market products.

The strategy in 2007 is to leverage our competitive advantages from serving the top segments by transferring already established products and knowledge to the lower segments.

Finance company products

An integration project was run during fall 2006 to strengthening the competitiveness of the finance company product area and leveraging the full Nordea strength from both bank and Nordea Finance Companies. The ultimate goal of the change is to improve sales by capturing the full business potential in asset based finance and become a strong player in rapidly growing and profitable 3-party markets as well as realising increased efficiency.

Large corporate customers

The large corporate customer segment consists of Nordea's very largest customers. These customers are all professional users of banking services and utilise the full spectrum of banking products. They are typically listed on the main stock exchanges or are otherwise active on the Nordic and international capital markets. Nordea has extensive industry knowledge within a number of industries. To leverage this knowledge Nordea is, in addition to Nordic customers and the shipping industry world-wide, targeting selected international customers.

Nordea holds the leading position in this segment in the Nordic countries, with strong relationships to the majority of the large corporates in the region. Key strengths for Nordea towards this customer group are a highly competent and dedicated staff, a large balance sheet capacity and proven placing power in the capital markets. The relationships are based on a customer-team approach, where relationship managers are supported by a number of product specialists in order to create optimal solutions for the customers. These product areas include Markets, Acquisition Finance, Cash management, Corporate Finance, Trade Finance and Export & Project Finance.

The general economic development was strong in the Nordic countries in 2006, positively affecting the business activity within this customer segment. During the year, Nordea signed a number of new cash management mandates with large corporate customers, further strengthening the relationships. Another positive factor was the high number of corporate transactions, most notably public-to-private transactions where private equity funds acquired companies listed on the stock exchanges. However, the strong financial standing of the Nordic large corporates and a competitive market situation resulted in a continued pressure on lending margins. In total, the lending volumes increased by 13% in the large corporate segment, including the Shipping, Offshore and Oil Services sectors.

During 2007, the strategy will continue along the same lines as in 2006. The customer responsible will put even higher focus on further enhancing the targeted relationships by increasing the number of products and services offered and creating value-enhancing solutions for our customers. A continued strong effort will be directed towards the capture of the large deals in the marketplace.

Product areas in focus

Markets
Nordea Markets is the leading Nordic player within areas such as capital markets, syndications, derivatives, structured products and trading in foreign exchange, fixed income, and equities. Markets' products are offered to large corporates and financial institutions and in an increasing degree also to SMEs. The operations in Markets are customer-driven and all proprietary trading is performed by Group Treasury.

Risk management focus continues to increase among large corporate customers, and advisory on derivatives is now part of the day-to-day relationship and supplemented by the analytical tools on e-Markets. In 2006, Nordea maintained the position as the leading mandated arranger and bookrunner of syndicated loans for Nordic corporate borrowers. Nordea also acted as lead manager for a number of bond issues, including Republic of Finland's EUR 5bn bond issue.

The Nordic equity markets were characterised by positive trends, with high turnover and increased focus on new issuance. Nordea acted as lead manager for a number of Equity Capital Market transactions, including the Outokompu Technology IPO, and the Capio rights issue.

Acquisition Finance
Nordea Acquisition Finance provides financial expertise and funding for public-to-private or private-to-private corporate transactions, e g in leveraged buy-out situations. The Nordic private equity market continued to grow in 2006, both in terms of fund raising and corporate acquisitions. The growth has been fuelled by some very large public to private transactions. In addition, with an increasing number of companies owned by private equity funds, secondary buy-outs have become everyday events. Nordea has maintained its leading position as arranger of Nordic acquisition finance transactions and consequently experienced a significant growth in business volumes in 2006.

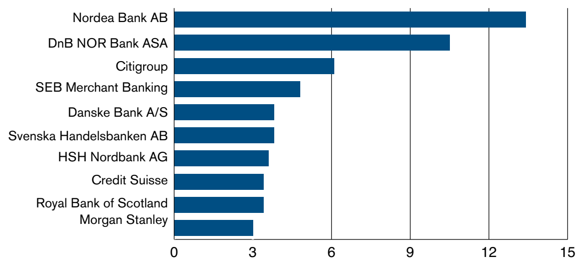
Corporate Finance
Nordea Corporate Finance offers comprehensive financial advisory and capital raising services to corporations and governments. Corporate finance advice is an integrated part of Nordea's customer offering and the strength of the business model has lead to several important customer mandates during the year. The merger and acquisition advice cover the entire spectrum of strategic alternatives available to customers, including acquisitions, divestitures, restructurings etc. Corporate Finance also holds one of the major franchises in the Nordic equity capital markets, where Nordea consistently ranks among the top underwriters of equity. The equity capital markets products include among others initial public offerings, follow-on offerings and share repurchase.

Shipping
During 2006, Nordea maintained its position as one of the top financial services providers to the international shipping, offshore and oil services industries. Nordea has continued to aim for the top tier syndication transac-

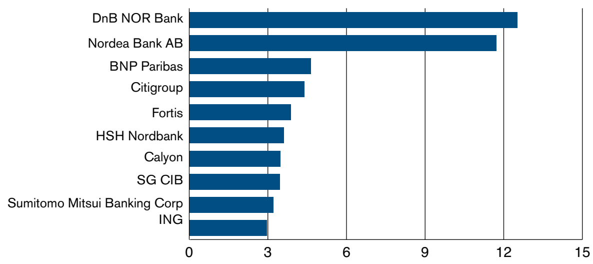
tions, capitalising on its balance sheet and placing power.

Continued focus is also placed on well structured, secured and profitable bilateral/club deals for core and target customers. Together, these efforts resulted in a 37% volume increase in syndicated loans where Nordea acted as lead arranger, compared to 2005. Meanwhile, the increase in on-balance lending was 11%, a figure adversely affected by the weakening of the US dollar. Nordea's leading position in the shipping market was further confirmed in June of 2006 when the bank received the award "Best Bank Deal of the Year" from Marine Money for the USD 1,6bn syndicated loan for Euronav NV. Furthermore, Nordea aims at being a leading provider of core products other than ordinary bank lending to the shipping, offshore and oil services industries. Thus, the efforts to introduce, to an even larger extent, Nordea's broad range of products and services to the customers have been further intensified in 2006, and will continue in the years to come. As an example, the deals accomplished through the year include an increasing amount of bond transactions.

Syndicated loans
Mandated lead arrangers, Nordic region 2006
EURbn



Syndicated shipping loans
Mandated arranger
USDbn



Financial institutions

The Financial Institutions segment is an attractive and strategically important customer segment for Nordea. The client base includes approximately 300 Nordic and 100 internationel financial institutions and 750 bank groups.

The Nordic financial markets provided a healthy, if at times challenging environment in 2006. The Nordic share indices rose and turnover increased, an environment that was beneficil for the product areas in focus.During the year, the appetite for risk among investors has risen. The search for absolute return resulted in an increasing interest in investment areas such as hedge funds, private equity, emerging markets, exotic currencies etc.

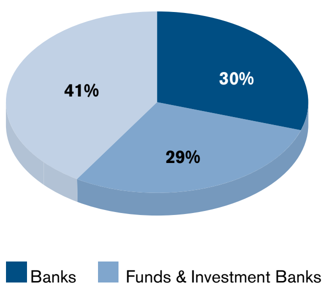
The financial institutions business is characterised by a high level of product innovation and rapid structural market changes. Nordea has been well positioned to capitalise on the demand for more complex products, as witnessed by the number of successful transactions during the year. The level of assets under management among financial institutions has continued to increase all through 2006, underpinning the structural growth of the segment. Nordea's product offering to this customer segment includes Markets-related services, custody and settlement services, cash management and institutional asset management. The main focus going forward will be on realising the cross-selling potential within the financial institutions client base even further.

Product areas in focus

Prime brokerage services concept
Building on the successful establishment of its Prime Broker service concept, meaning a one-point of entry relationship for asset managers and hedge funds, Nordea is continuously enhancing its service offering towards these customer groups. A higher degree of value-added services supporting customers has been well received, as these services allows for a greater degree of investment control and risk management for the customer.

Markets
Nordea Markets is a major provider of products and services to the financial institutions customers. Besides the standardised products such as foreign exchange, fixed income, and equities, the focus and efforts are increasingly put into value-adding, individual solutions. These services include Asset/Liability Management services, structured solutions, and securities finance activities, executed by using equity-related derivatives. In addition, emphasis remains on further enhancement of customer servicing through

Revenues in Financial Institution divisions



e-based channels, including e-Markets and international electronic trading portals. During 2006, a number of complex transactions involving long-term structuring of individualised risk parameters such as inflation, dividend payments, and energy were concluded with Nordic customers.

Securities Services

Nordea is one of the top providers of Securities Services in the Nordic region. The services include safekeeping and settlement services for securities, as well as more customer-tailored solutions. Market activity was high throughout the year, which positively affected Securities Services in terms of growth in number of transactions, assets under custody as well as revenue. Transaction volumes in 2006 more than doubled compared to 2005, proving Nordea's capabilities of handling large fluctuations in the market. In addition, it is clear that Nordea's service offering in the field has improved, with top-ranked local and Nordic capabilities. In 2006, Nordea was top-rated in Sweden and commended in the other three markets by Global Custodian, the leading publication in the industry.

Institutional asset management

By year end 2006 Nordea had EUR 26bn under management for institutional customers where the main part historically stems from within the Nordic region. During 2006, Nordea has succeeded in gaining a strong and broadly based inflow of especially new fixed income mandates in primarily Germany, but also other international markets. The positive development is mostly based on new mandates won within the segment of small and medium sized customers combined with a very limited outflow from existing mandates. A range of new products have been developed during 2006 which is expected to have a important impact on net inflow from institutional clients in 2007.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the concept whereby a company maintains and enhances its relations with internal and external stakeholders that reach beyond the purely financial performance of its business. Reputation, trust and good business conduct are all important end products of CSR.

Nordea strives for CSR to be an integrated element of Nordea's business. The CSR policies and procedures have been developed as reflections of the Group's business strategy and designed to support our business objectives. Managing business ethics and the various risk categories related to the reputation of and trust in Nordea's operations and business, are important elements of protecting and enhancing shareholder value and performing the role as a leading provider of financial services.

A good corporate citizen

Citizenship in general means being a responsible and active member of society. An inherent element of the Nordea Corporate Vision is to be a good corporate citizen, ensuring confidence and trust in the markets where we operate. Nordea does so in a number of ways, and strive to integrate this approach into how Nordea's managers and employees think and act, in order to build and maintain an organisation with high levels of integrity, reliability and responsibility.

Business conduct

A focus within Nordea's CSR work is on business conduct and ethics. There is a two-fold reason for this. One reason is that a common set of values and behavioural guidelines is a core element in building a common corporate culture.

The other main reason is business risk. Operational risks, for a bank, stem from human behaviour, procedures and systems. Human behaviour is at the core of this because it is people who make decisions, define procedures and make systems. That is what makes guidance of human conduct an important risk control mechanism.

Nordea has developed a groupwide standard of business ethics, the Nordea Code of Conduct and also specified that in a Guide to Sound Business Relationships. These apply to all employees of the Nordea Group and non-permanent staff working on behalf of Nordea. Underneath this level, supplementary specifications to these instructions apply within Business Areas and Group Functions, thus producing a business conduct guidance structure that covers the entire group and all our activities.

Dialogue and cooperation

Nordea communicates and interacts with the larger society that the Group is a part of. One element of this is to conduct open and frequent stakeholder dialogue, and Nordea also participates in industry networks and forums with other large, multinational corporations and financial institutions, for instance CSR Europe, a business forum for information exchange and cooperation with European Union institutions.

Nordea supports the UN Global Compact, which is a set of ten principles for responsible business, and also to the UN Environmental Program Finance Initiative (UNEP FI), a charter and a cooperation forum where financial institutions address environmental aspects of their business and operations.

Nordea supports the OECD Guidelines for Multinational Enterprises, and in 2006 the Group also adopted the Equator Principles, a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing.

Compliance

CSR is an element in the Group's compliance activities. The Compliance function supports the Business Areas and Group Functions in handling of compliance risk. Part of the support is to monitor that the organisation acts in accordance with internal and external rules and regulations and to report on activities and findings to the management. An important element of undertaking compliance and CSR activities on a daily basis is the network of Compliance Officers throughout the Group.

New CSR initiatives during 2006

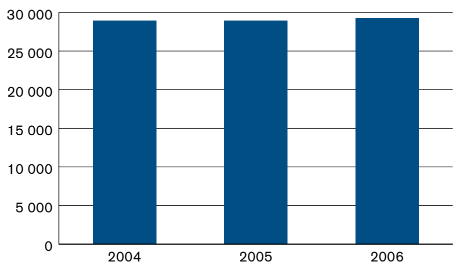
- Nordea has taken on the Equator Principles, which is a global financial industry benchmark for determining, assessing and managing social and environmental risks in project financing and are now finalising its internal implementation.
- Nordea is extending the scope of the tools for evaluating environmental risks in corporate lending also to assess social risk. The extended tools will be implemented during 2007.
- The extended scope mentioned above is also reflected in the new credit instructions and policies.
- Nordea has developed and implemented a Group-wide guidance tool for our managers and employees to help them act in accordance with Nordea's values and standards in client and other external relationships.
- Nordea Asset Management has decided to develop a SRI (Social Responsible Investing) concept and is in the process of operationalising it. A future SRI concept will entail use of external expertise to perform screening and examination for future sustainability.

For further information on CSR in the Nordea Group, please refer to www.nordea.com/csr.

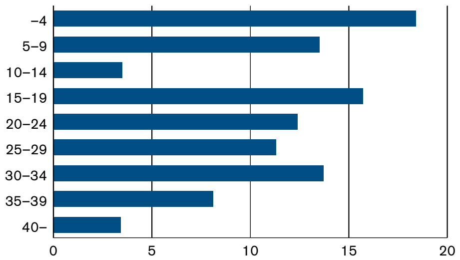
Nordea employees

Nordea's ambition is to be the preferred employer in the financial industry in the region. This in order to attract, develop and retain highly motivated, competent and performance oriented employees.

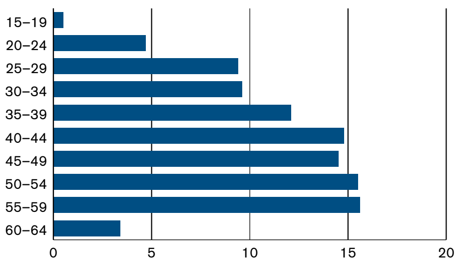
Number of employees (FTES)



Employees distributed by seniority
% of employees



Anställda, fördelade efter ålder
Andel av totalt antal anställda, %



Nordea as the preferred employer

The strategy to fulfil the Nordea ambition of being the preferred employer in the financial industry in the region is addressing three main areas,

- Developing and retaining employees
- Developing strong leadership capabilities
- Attracting new employees

Developing and retaining employees

There is a clear connection between the financial results and the satisfaction and motivation of employees. Satisfied staff perform better in all aspects, which in turn influences profitability positively. A comprehensive survey on attitudes and satisfaction is carried out every year. It shows the employees' perception of the leadership in Nordea, of their workplace and of the company in general. The results are an important tool used to involve managers and employees in creative dialogues to form action plans for continuous improvements within each unit. As a result of the Group's strategy the attitudes and levels of satisfaction have improved in many areas. The Nordea employees are steadily becoming increasingly proud of their company and inclined to recommend Nordea to others.

The overall perceptions of immediate manager performance remain at a high 75 (out of 100), compared to the Nordic financial labour market in general (71). The most important drivers for employee satisfaction and motivation continue to be the content of daily work and opportunities for competence development.

Competence development activities are offered to increase personal and professional competencies in order to give our customers professional services.

Within the Group there are excellent opportunities for professional development in various positions and business areas and much focus is dedicated to internal recruitment related to upcoming vacant positions.

During the year two new intranet sites, career web site and internal vacancies site was introduced.

The internal career web site is an intranet tool for employees to help identify career options and tailored solutions to individual needs, goals and work situations.

All internal vacancies are advertised on the intranet. To make it easier to find new internal job opportunities the intranet site was made more flexible with the aim to increase job rotation.

A special focus will be made on retaining key personnel through professional development programs and challenging business assignments.

Nordea has introduced seniority programmes in some countries in order to make it possible for senior staff to continue longer on the labour market. In addition it supports a smooth transformation of knowledge and experience to younger and less experienced employees. The annual retirement rate is just below 2%.

Employee satisfaction survey results	2004	2005	2006
Satisfaction and motivation	70	71	71
Development	66	67	68
Considered a good workplace	68	71	73
Proud to tell others where I work	71	73	75
Recommend others to start working in Nordea	67	69	72

All employees participate in a unified profit sharing programme. Performance criteria for allocation are determined by the Board early each year and reflect internal goals as well as benchmarking with competitors.

The incentive systems in Nordea are described in the Corporate Governance chapter, page 61.
Due to the cross-border nature of the Nordea Group special cross-border arrangements have been agreed with the unions in the Nordic countries. These agreements allow staff representatives to be involved in certain decision making processes involving cross-border aspects. A full range of professional leadership training programmes covering everything from potential managers to top executives have been conducted during 2006.

Developing strong leadership capabilities

In order to secure the right leadership capabilities an executive development programme was conducted covering 350 top executives of Nordea. The aim was to secure consistency in execution of the Nordea strategy and to increase the speed of execution. Special focus was put on the essential leadership capabilities to manage future challenges.

To increase the number of females in manager and especially executive positions is a priority throughout Nordea.

As a general policy both genders should be represented among the final three candidates when recruiting for managerial and executive positions.

A mentor programme to further develop potential female managers has been introduced.

As a result of the activities the percentage of females in managerial positions has increased during the last years.

Attracting new employees

In 2006, 2,400 new employees were welcomed into the Nordea organisation. All new employees participate in the Nordea introduction programme to quickly become a part of Nordea. The introduction ensures that all employees have a common understanding of Nordea strategy, organisation and culture.

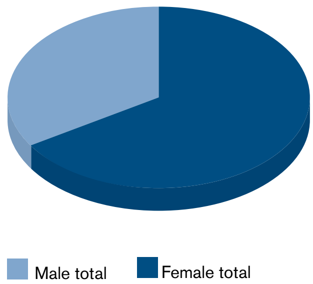
In addition, it is important that new employees establish networks with other new colleagues all over the bank. The programme will be renewed during the spring 2007.

Students are a prioritised target group when Nordea recruits. In 2006 Nordea successfully implemented a new branding concept in order to attract s tudents.

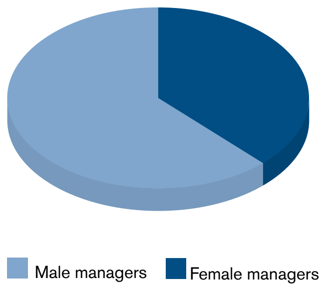
Nordea has a special focus on development of trainees. In 2006, 129 recent graduates participated in the renowned international Nordea Trainee programmes. The one-year trainee programme gives trainees a comprehensive view of Nordea through jobrotation and training seminars.

The program has proven to be a true success as more than 90% of the almost 400 trainees recruited since 2000 have chosen to stay within Nordea. External survey has ranked the Nordea Trainee programme as one of the best on the market.

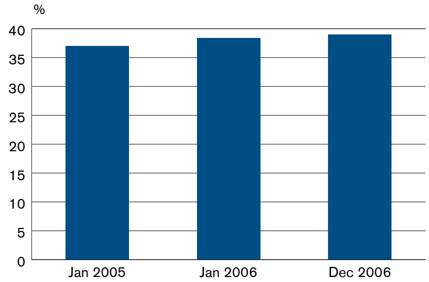
Male and Female
% of employees



Male and female managers
% of managers



Female managers
%



Financial Review 2006

Nordea is the leading financial services group in the Nordic and Baltic Sea region. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has almost 10 million customers, more than 1,100 branch offices and a leading netbanking position with 4.6 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

Legal structure
Nordea Bank AB (publ), corporate registration number 516406-0120, is the parent company of Nordea Group. The company is domiciled in Stockholm. Nordea is in the process of simplifying its legal structure. The aim is that Nordea Bank AB (publ) will be converted into a European company, a "Societas Europaea", ("SE"), in accordance with the European Company Statute. The conversion is conditional on, among other things, Nordea obtaining necessary approvals from the relevant authorities and is expected to lead to improved operational efficiency, reduced operational risk and complexity as well as enhanced capital efficiency. Nordea is continuing the preparation for this conversion while awaiting satisfactory regulatory and legislative solutions to particularly one obstacle that otherwise would risk distorting competition.

Following a review made by the EU Commission on the issues relating to the operation of deposit guarantee schemes in the EU and EEA countries it is clear that a satisfactory solution for Nordea is to be found through local or regional solutions.

In light of this the next steps of the conversion process will be to find suitable solutions to mainly the deposit guarantee issue through dialogue with legislators and supervisory authorities in the Nordic countries. When such solutions have been found the final conversion process in itself is estimated to take up to one year from start to execution.

Changes in Group structure
On 7 November 2006, Nordea signed an agreement to purchase a 75.01 per cent stake in JSB Orgresbank in Russia for USD 313.7 million (EUR 246 million). The remaining 24.99 per cent will be split evenly between the current management shareholders of Orgresbank and the European Bank for Reconstruction and Development (EBRD). The transaction is expected to be completed during the first quarter 2007. Orgresbank has reported a net profit for 2006 of approx. EUR 15m.

With this investment, Nordea will capture the growth opportunities in the Russian corporate and retail banking segments. It will also strengthen Nordea's platform for servicing Nordic customers conducting business in Russia, as well as create new opportunities for existing customers of Orgresbank.

Result summary full year 2006
Nordea's increased focus on profitable organic growth and cross-selling continues to pay off with a strong performance in all business areas. The momentum was increasingly evident throughout the year, creating a solid platform for further growth.

Nordea's operating profit in 2006 increased by 25% to EUR 3,820m and net profit by 39% to EUR 3,153m. Total income increased by 12% and total expenses by 4%, resulting in a return on equity of 22.9% and a cost/income ratio of 52%. Total income includes EUR 199m from the sale of shares in International Moscow Bank (IMB) reported in the third quarter. Excluding the gain from IMB, total income increased by 9% and return on equity was 21.5%. Loan losses were positive for the eleventh consecutive quarter. For the full year, net recoveries amounted to EUR 257m.

Income
All business areas performed strongly in 2006 with double- digit volume growth in most segments. Total income increased by 12% to EUR 7,377m.

Net interest income grew by 6% to EUR 3,869m. Total lending to the public increased by 14% to EUR 214bn and volume growth compensated for the margin pressure. Deposits increased by 9% to EUR 126bn and deposit margins improved following higher market interest rates, which means that deposit margins are recovering after a long period of pressure following declining rates.

Net interest income in Retail Banking increased by 5%, supported by growth in lending to small and medium-sized enterprises (SMEs), consumer lending and improved income from deposits as a result of better margins and higher volumes.

In Corporate and Institutional Banking, net interest income increased by 15% following stabilising margins and growth in lending in the Shipping, Offshore and Oil Services Division, as well as in Poland and the Baltic countries where lending increased by 40%. Net interest income in Poland and the Baltics increased by 25%. Corporate deposits increased by 9% and contributed positively to the increase in net interest income.

Assets under management (AuM) increased by 9% to EUR 161bn compared to last year. Inflow was particularly strong in Private Banking. Income in Asset Management increased by 18% reflecting higher AuM, better product mix, high transaction and performance fees leading to improved income margins.

Net commission income increased by 7% to EUR 2,074m. Savings-related commissions income grew by 9%, of which asset management commissions increased by 9% following growth in assets under management and high transaction and performance fees, particularly in the fourth quarter. Commissions from payments increased by 7% to EUR 738m of which card commissions by 12% to EUR 296m as a result of growth in the number of transactions as well as increased penetration among gold customers.

Net gains/losses on items at fair value increased by 35% to EUR 1,036m. Net gains/losses in Business Areas increased by 23% to EUR 967m driven by a doubling of income from structured products as well as client-driven FX and fixed-income transactions. In Group Treasury, net gains/losses were EUR 99m compared to EUR 1m last year, following both a strong investment result and a solid performance for Group Funding. The result also improved in the Life business.

Other income increased by 122% to EUR 318m, including EUR 199m from the divestment of IMB. Excluding IMB, other income was stable.

Expenses

Total expenses increased by 4% to EUR 3,822m. The increase reflects Nordea's decision to put further emphasis on the growth ambition and prioritised investments in certain areas with sizeable potential, as well as an increase in variable salaries and profit-sharing in light of the strong result. Excluding the increase in variable salaries and profit sharing, total expenses increased by approx. 3%.

Staff costs increased by 8% to EUR 2,251m. The strong performance in 2006 in all business areas has resulted in increasing variable salaries as well as an increased reservation for profit-sharing which explains approx. one third of the increase in staff costs. In addition, Nordea has chosen to increase the number of employees in order to meet the demand for Nordea's products and services. The average number of FTEs increased by approx. 340, or 1.2% compared to last year and the general wage inflation was approx. 3.5% during the year. Excluding the expansion in growth areas such as Poland and the Baltics, Life and Sweden, the average number of employees was unchanged in 2006. Within the Group, the shift towards increasing number of advisory and sales related employees in Business Areas and a falling number in processing and staff units, continued. In the fourth quarter, the number of employees decreased by approx. 150 FTEs.

Other expenses were EUR 1,485m, up by 2% compared to last year. Higher business volumes have resulted in an increase in transaction and sales-related expenses.

Depreciation decreased by 34% to EUR 86m following Nordea's sourcing strategy as well as reduced leasing activity.

The reported cost/income ratio continued down to 52% compared to 56% in 2005. Excluding the sale of shares in IMB, the cost/income ratio was 53%. Since 2002, Nordea has reduced its costs by approx. 2 %, which is unique in a European context. Business volumes, measured by total assets, have increased by approx 40% during the same period.

The reported gap between income and cost growth was 8%-points in 2006. When excluding the full impact from the sale of shares in IMB, ie the capital gain as well as the lower contribution under equity method, the gap was 5.4%-points.

Loan losses
Net loan losses were positive at EUR 257m reflecting low new provisions coupled with recoveries maintained at a high level. The large movements in gross provisions are mainly due to changes in group-wise provisions. Based on a recent decision by the Danish FSA, Nordea Bank Denmark has restated group-wise loan loss provisions in 2005 by approx. EUR 60m. This release of provisions is reflected in the Group numbers for the fourth quarter 2006. Credit quality remains strong in all markets.

Taxes
The effective tax rate in 2006 was 19%, when excluding the tax-free gain from IMB, following revaluation of the deferred tax asset in Finland. In 2005, the effective tax rate was 26%. During 2006 the revaluation of the tax asset in Finland has reduced the tax expenses by approx. EUR 340m. The remaining unrecognised tax asset amounts to approx. EUR 370m.

Net profit
Net profit increased by 39% to EUR 3,153m, corresponding to a return on equity of 22.9% compared to 18.0% last year. Earnings per share increased by 41% to EUR 1.21. Excluding the gain from IMB, return on equity was 21.5% and earnings per share EUR 1.14.

Tax claim from Swedish authorities
The Swedish tax authorities have notified Nordea that the taxable income for Nordea's wholly owned subsidiary Nordea Fastigheter AB will be increased by SEK 225m and SEK 2,711m, for the years 2003 and 2004, respectively. The total potential tax claim, including a surcharge, amounts to approx EUR 100m and is related to the sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden.

Nordea is of the opinion that all tax rules and regulations have been complied with in the transactions, and that the previously reported gain is correctly treated from a tax perspective. Since this divestment structure was a well established practice for many real-estate companies divesting their portfolios, Nordea will strongly contest both the ordinary tax claim and the tax surcharge by taking the decisions to the Swedish courts.

Financial structure
Total assets increased by 7% or EUR 21bn to EUR 347bn during 2006. All balance sheet items in foreign currencies are translated to EUR at the year-end rates. See Note 1 for more information on accounting policies and used cross currency rates.

The increase in the balance sheet reflects higher business volumes and fair value changes due to changed interest, currency exchange rates as well as share prices.

The Euro weakened against the Swedish krona but strengthened against the Norwegian krona during 2006. The Danish krona was unchanged v.s. the Euro. The net effect of changes in currency exchange rates amounted to a total increase in Group assets of EUR 2.3bn. Liabilities increased with EUR 2.2bn.

Lending
The growth in the balance sheet was driven by a strong increase in loans and receivables to the public with a 14% increase, or EUR 26bn, to EUR 214bn.

Trading assets
Investments in interest bearing securities and shares increased by EUR 3.5bn, or 10%, to EUR 54bn. The increase is to major part stemming from invested net premiums in the Life business of EUR 2.7bn. Higher volumes of shares and securities and positive fair value changes explain the remaining portion.

Deposits and funding activities
The growth of the total assets was financed by a strong development in deposits and borrowings from the public, which increased by EUR 11bn or 9% to EUR 126bn. During 2006 long- term issue together with subordinated liabilities under Nordea funding programmes in the bank and the mortgage companies amounted to EUR 22bn. Total debt securities in issue as per December 31, 2006 amounted to EUR 92bn in total.

Life activities
Net premiums received in the Life business are invested in investment securities and investment properties. Premiums received and fair value changes in investments lead to an increase of liabilities to policyholders by EUR 4bn, or 16%.

Off balance sheet items
Nordea's trading in derivatives is disclosed both on and off balance.

The balance sheet items "Derivatives" reflects the net present value of derivatives contracts. The nominal value of derivative contracts is disclosed on the off balance sheet line Commitments.

The derivatives volume, measured in nominal terms, increased by EUR 385bn, or 18%, to EUR 2,538bn. High activity in the financial markets supported the volume growth. For more information on derivatives, see the Notes 1, 21 and 46.

Proposed dividend
The Board of Directors will propose to the AGM a dividend of EUR 0.49 per share, corresponding to a payout ratio of 40% of net profit. This represents an increase of 40% or EUR 0.14 per share. The dividend payment amounts to EUR 1,271m.

The ex-dividend date for the Nordea share is 16 April. The proposed record date for the dividend is 18 April 2007, and dividend payments will be made on 25 April.

The dividend is denominated in EUR, though payments are made in the local currency of the country where the shares are registered. Dividend payments can be made in EUR if the shareholder has a EUR account registered with the relevant securities register.

Lars G Nordström to retire as Group CEO in April 2007. Christian Clausen appointed successor
Nordea's President and Group CEO Lars G Nordström will retire from his position in connection with Nordea's next AGM that will take place on 13 April 2007. The Board of Directors has appointed Christian Clausen to succeed Lars G Nordström as President and Group CEO of Nordea.

Christian Clausen is 51 years old and is currently Head of Asset Management & Life and since 2001 member of Group Executive Management in Nordea.

Rating
See page 142 for information on the Ratings of the Nordea Group.

Personnel
Personnel expenses and the division between countries and gender are disclosed in note 8.

Incentive systems
A description of the Profit sharing scheme the executive incentive programme in Nordea can be found on page 61.

Legal proceedings
Within the framework of the normal business operations, the Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

Environmental concerns
In accordance with Group Corporate Citizenship Principles, Nordea is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative environmental impact of its business activities. The Nordea Group has adopted an environmental policy that provides guidance on how the group entities manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group. The policy also guides policymaking and business initiatives regarding financial involvement by business units and cooperation with suppliers.

Outlook
Based on solid macroeconomic forecasts for the Nordic area, double-digit growth in business volumes is expected for 2007. Despite the current pressure on lending margins Nordea expects the strong revenue growth to continue in 2007. This will mainly be driven by the strong business platform and the increased momentum in the organic growth strategy. In addition, more focus on risk-adjusted pricing, combined with expected higher market interest rates, will positively affect the revenue generation in 2007. The quality of the credit portfolio remains strong, however lower expected recoveries means that new provisions are expected to exceed reversals in 2007.

The organic growth strategy leads to investments, in particular in reference to the accelerated growth plan in the Nordic markets, investments in Private Banking, and increased growth ambitions in Poland. These previously communicated investments amount to approx. EUR 60m. The cost increase in 2007 is expected to be of the same magnitude as in 2006. The gap between revenue and cost growth is for the full year 2007 expected to be 3–4 %-points.

The gap and the cost forecasts are excluding the acquisition of Russian Orgresbank (see page 68 for details on Orgresbank).

The average standard tax rate for Nordea's business based on current tax regulations is approx. 27%. The effective tax rate for 2007 is expected to be approx. 3–5 %-points lower than this average.

Annual General Meeting 2007
The AGM will be held on Friday 13 April 2007 in Stockholm.

Risk management

Being exposed to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to loans and receivables to the public. Management of risk is one of the key success factors in the financial services industry and Nordea has clearly defined policies and instructions for risk management.

Nordea aims at an overall balanced risk-taking in order to enhance shareholder value. Economic Capital is allocated to the business areas and is included in the calculation of Economic Profit, which is a key performance indicator in the Group.

Risk management principles and control

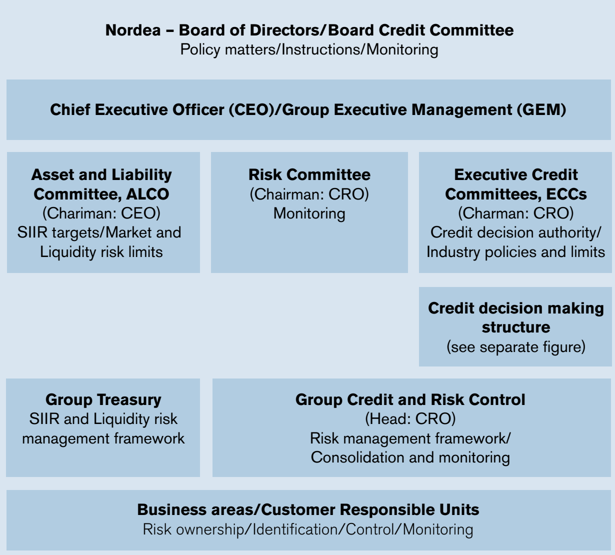
The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring the Group's risk exposure. Risks in Nordea are measured and reported according to common principles and policies approved by the Board. The Board of Directors decides on policies for credit, market, liquidity and operational risk management. All policies are reviewed at least annually.

In the credit instructions, the Board of Directors decides on powers-to-act for credit committees at different levels within the business areas in Nordea. These authorisations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Board's Credit Committee monitors the development of the credit portfolio including industries and major customer exposures.The Board of Directors also decides on the limits for the market and liquidity risk in the Group.

The Chief Executive Officer (CEO) and Group Executive Management (GEM) regularly review reports on risk exposures and have established the following committees for risk management:

- The Asset and Liability Committee (ALCO), chaired by the CEO, decides upon issues of major importance concerning the Group's financial operations and financial risks. ALCO decides on the targets for the Group's risk management regarding Structural Interest Income Risk (SIIR). Group Credit and Risk Control has the authority to issue supplementary limits, where it is deemed necessary. ALCO also decides, within the scope of resolutions adopted by the Board of Directors, the allocation of the market risk limits and liquidity risk limits to business areas as well as the investment return targets for the investment portfolio. The limits for the business areas are set in accordance with the business strategies and are as a minimum reviewed annually. The heads of the business areas allocate the respective ALCO limits within the business area and may introduce more detailed limits and other risk mitigating techniques such as stop-loss rules.
- The Risk Committee monitors developments of risks on aggregated level. Chairman of the Risk Committee is the Chief Risk Officer (CRO) who is also head of Group Credit and Risk Control.
- Executive Credit Committees (Corporate and Retail), chaired by the

Risk management organisation structure



CRO, decide on major credit risk limits and industry policies for the Group. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

Other credit risk limits, which are not decided by the Executive Credit Committees, are determined by decision-making authorities on different levels (see figure). The responsibility for a credit exposure lies with a customer responsible unit. Customers are assigned a rating/scoring in accordance with the Nordea framework for quantification of credit risk.

Group Credit and Risk Control is responsible for the risk management framework. The framework consists of policies, instructions and guidelines for the whole Group. However, for SIIR and liquidity risk, the framework is developed by Group Treasury.

Each business area is primarily responsible for managing the risks in its operations, including identification, control and reporting, while Group Credit and Risk Control consolidates and monitors the risks on Group level.

Credit risk

Credit risk is the risk of loss if counterparts of Nordea fail to fulfil their agreed obligations and that the pledged collateral does not cover Nordea's claims.

The credit risks in Nordea arise mainly from various forms of lending to the public (corporates and personal customers), but also from guarantees and documentary credits, such as letters of credit. Furthermore, credit risk includes transfer risk, settlement risk and credit risk in financial instruments such as derivatives.

The credit risk from guarantees and documentary credits arises from the potential claims on customers, which occur if Nordea would be claimed in connection with an issued guarantee or documentary credit.

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart. Settlement risk is the risk of losing the principal of a financial instrument if a counterpart defaults during the settlement process. Transfer risk is a credit risk attributable to the transfer of money from another country where a borrower is domiciled, and is affected by changes in the economic and political situation of countries.

Responsibility and control processes

The decisions regarding credit risk limits for customers and customer groups are made by the relevant credit decision authorities on different levels within the Group (see figure).

The responsibility for credit risk lies with the customer responsible unit, such as a branch office, which on an ongoing basis assesses the customers' ability to fulfil their obligations and identifies deviations from agreed conditions and weaknesses in the customers' performance.

If credit weaknesses are identified in relation to a customer exposure, that exposure is assigned special attention in terms of review of the risk. In addition to the continuous monitoring, an action plan is established outlining how to minimise a potential credit loss. If necessary, a special team is set up to support the customer responsible unit.

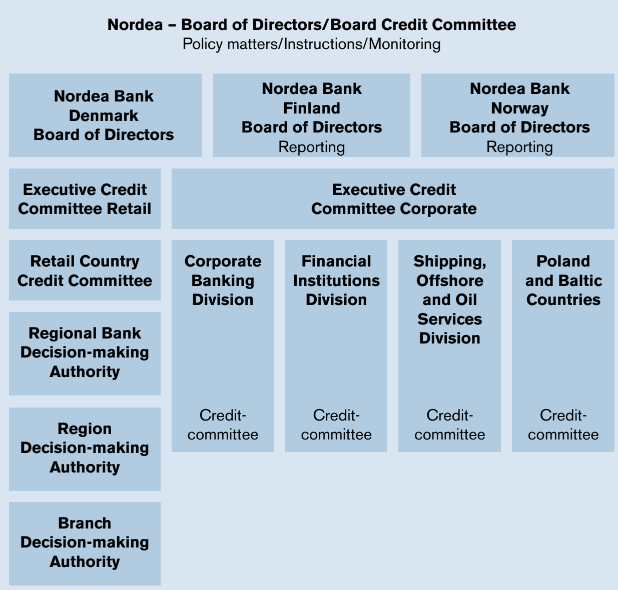
In the process to identify indication of impairment, Nordea works with a continuous process to review the economic status of the credit exposures.

Weak and impaired exposures are closely and continuously monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for provisions.

An exposure is impaired, and a provision is recognised, if there is objective evidence, based on loss events or observable data, that there is impact on the customer's future cash flow to the extent that full repayment is unlikely, collateral included. The size of the provision is equal to the estimated loss considering the discounted value of the future cash flow and the value of pledged collateral. Impaired exposures can be either performing or non-performing. Impaired exposures are treated as in default when determining default probability in order to quantify Expected Loss and Economic Capital.

Risks in specific industries are controlled through industry policies setting requirements and limits on the overall industry exposure and these risks are monitored by industry monitoring groups. Corporate customers' environmental risks are taken into

Credit decision-making structure



account in the overall risk assessment through the so-called Environmental Risk Assessment Tool. This tool is in the process of being extended also to include social and political risk. The extended tool will be implemented during 2007. For larger project finance transactions, Nordea has adopted the Equator Principles, which is a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. The Equator Principles are based on the policies and guidelines of the World Bank and International Finance Corporation (IFC).

Measurement methods

Quantification of credit risk was initially developed in Nordea as part of the Economic Capital framework. With the approaching Basel II framework significant efforts have been made in respect of aligning the internal quantification of credit risk with the external requirements set by Basel II.

Rating and scoring

Rating and scoring are key components in the risk management framework for credit risk. The common denominator of the rating/scoring models is the ability to rank the customers and predict defaults. While the rating models are used for corporate customers and bank counterparts, scoring models are used for personal customers and small business customers.

The internal rating represents an estimate of the repayment capacity of the corporate customers or bank counterparts. Every rating grade has a Probability of Default percentage (PD) assigned to it, which is used as an input in the Economic Capital framework and will in the future also be used in the Basel II framework.

The internal rating scale for corporate rating models consists of 18 grades for non-defaulted customers. It is a descending scale with grade 6+ representing the highest repayment capacity and rating grade 1– representing the lowest repayment capacity. Rating grade 4– and better are comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grade 2+ to 1– are considered as weak, and require special attention. In addition, there are three rating grades for counterparts fulfilling Nordea's internal definition of default.

Ratings are normally assigned in conjunction with limit/credit proposals or the annual review of the customers, and approved by the credit committees. The consistency and transparency of the ratings are ensured by the use of rating models, which have been developed for medium sized and large corporates as well as for bank counterparts. The models are based on an overall rating framework, in which financial factors are combined with qualitative factors. Adjustments of the factors have been made in respect of the size of the customers and specific industry segments in order to ensure that the model ranks the customers correctly.

Nordea has established an internal validation process in accordance with the Basel II requirements with the purpose of ensuring and improving the performance of Nordea's rating models, procedures and systems. The annual validation also captures the assessment of the relevant risk factors within the model.

Scoring models are pure statistical methods to predict the probability of customer default. Nordea utilises three types of scoring models - application, behaviour and bureau scoring models - in the credit process. The models are mainly used in the personal customer segment but also for small corporate customers. The scoring models support both the credit approval process, e g automatic approvals or decision support, and the risk management process, e g "early warning" for high risk customers and monitoring of portfolio risk levels.

As part of Nordea's Basel II activities, a systematic review of the use of scoring models has been conducted. This work comprises activities making all existing scoring models and their use compliant with Nordea's ambition regarding Basel II. Beginning in 2007, internal scoring models will be used in the Economic Capital framework to identify the default risk and PD of scored customers.

Quantification of credit risk

The most important parameters when quantifying the credit risk are the probability of default (PD), the loss given default (LGD), and the exposure at default (EAD). The parameters are used to quantify Expected Loss (EL) and Economic Capital (EC) for credit risk, which both are used in the calculation of Economic Profit (EP).

The PD is the most important parameter when measuring credit risk. In general, historical losses and defaults are used to calibrate the PDs attached to each rating grade. LGD is measured taking into account the collateral coverage of the exposure, the counterpart's balance-sheet components, and the presence of any structural support. LGD is also estimated using internal historical losses, where applicable. EAD is for many products equal to the outstanding exposure, but for some products, such as credit lines and derivative contracts, the EAD can be higher than the utilised exposure. The set up for EAD estimation is similar to that for LGD.

Nordea calculates Economic Capital for credit risk with capital factors, which are differentiated based on combinations of PD and LGD. The capital factors are estimated using the output from a credit portfolio model. In addition to estimating these factors the portfolio model is used to assess portfolio imbalances such as concentration risk.

As a complement to the ordinary credit risk quantification, comprehen-

Definition of Expected Loss (EL):
The EL is the normalised loss rate calculated based on the current portfolio. EL is measured using the formula, EL = PD x LGD x EAD, where

- PD is a measure of the probability that the counterpart will default,
- LGD is a measure of how much is expected to be lost in the event of default and
- EAD is a measure of the expected exposure in the event of default.

Credit risk exposure

(excluding cash and balances at central banks and settlement risk exposure)

EURm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Loans and receivables to credit institutions	26,792	31,578	24,774
Loans and receivables to the public	213,985	188,460	161,060
Unutilised credit commitments etc	76,776	58,089	56,535
Guarantees and documentary credits	22,495	16,349	13,955
Credit risk exposure in derivatives [1]	21,315	22,363	19,594
Treasury bills and interest-bearing securities issued by public bodies	6,710	8,514	5,876
Other interest-bearing securities	9,730	7,800	18,658
Interest-bearing securities pledged as collateral in repurchase agreements	10,496	11,674	–
Total credit risk exposure in the banking operations	**388,299**	**344,827**	**300,452**
Lending in the life insurance operations	767	874	269
Interest-bearing securities in the life insurance operations	19,304	15,413	13,839
Total credit risk exposure including life insurance operations	**408,370**	**361,114**	**314,560**

[1] After closeout netting and collateral agreements, including current market value exposure as well as potential future exposure.

Loans and receivables to the public, by customer type

EURm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Corporate customers	113,484	53.0	99,948	53.0	83,945	52.1
Personal customers	96,418	45.1	84,614	44.9	73,425	45.6
Public sector	4,084	1.9	3,898	2.1	3,690	2.3
Total	**213,985**	**100.0**	**188,460**	**100.0**	**161,060**	**100.0**

Loans and receivables to corporate customers, by industry

EURm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Real estate management	30,724	27.1	26,197	26.2	23,441	27.9
Construction	3,386	3.0	2,899	2.9	2,856	3.4
Agriculture and fishing	6,365	5.6	5,825	5.8	5,223	6.2
Transport [1]	5,889	5.2	5,576	5.6	4,648	5.5
Shipping [1]	5,714	5.0	5,282	5.3	3,817	4.6
Trade and services	11,095	9.8	9,980	10.0	8,558	10.2
Manufacturing	14,995	13.2	13,528	13.5	12,011	14.3
Financial operations [2,3]	12,749	11.2	10,520	10.5	10,715	12.8
Renting, consulting and other company services [2]	12,476	11.0	9,640	9.7	5,701	6.8
Other	10,090	8.9	10,501	10.5	6,975	8.3
Total	**113,484**	**100.0**	**99,948**	**100.0**	**83,945**	**100.0**

[1] The lending part of the shipping exposure is in the table above partly included in the industry "Shipping", partly in other industries, such as "Transport".

[2] A reclassification from "Financial operations" to "Renting, consulting and other company services" has affected the figures for 2005.

[3] Financial operations includes reversed repurchase agreements EUR 8,345 m (EUR 8,356)

Loans and receivables to corporate customers, by size of loan

EURm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
0–10	49,632	43.7	44,642	44.6	37,851	45.1
10–50	28,224	24.9	25,273	25.3	21,384	25.5
50–100	11,710	10.4	10,892	10.9	8,481	10.1
100–250	10,265	9.0	8,106	8.1	6,348	7.6
250–500	5,660	5.0	4,571	4.6	4,977	5.9
500–	7,992	7.0	6,464	6.5	4,904	5.8
Total	**113,484**	**100.0**	**99,948**	**100.0**	**83,945**	**100.0**

sive credit risk stress testing is performed as part of Nordea's Internal Capital Adequacy Assessment Process (ICAAP). In order to facilitate the estimation of the credit risk parameters as well as to perform various portfolio analyses, a Group-wide credit database is used.

Expected Loss (EL)

Expected Loss (EL) is an important component in the calculation of Economic Profit (EP), both on a portfolio and an individual credit level. EL, and the parameters of EL (PD, LGD and EAD), are calculated based on the current portfolio, but reflecting the normalised losses over a cycle. The EL used for EP calculation is approximately 17.0 bps in 2007.

Credit risk analysis

The credit risk exposure is measured and presented as the principle amount (at amortised cost) of on-balance-sheet claims or off-balance-sheet potential claims on customers and counterparts, net after allowances. The total credit risk exposure has increased by 13% to EUR 388bn during 2006 (EUR 345bn), excluding the exposures related to the Life insurance operations.

The largest credit risk exposure is loans and receivables to the public (lending), which in 2006 increased by 14% to EUR 214bn (EUR 188bn). Lending to corporate customers was EUR 113bn (EUR 100bn), an increase by 14%, and lending to personal customers was EUR 96bn (EUR 85bn), an increase by 14%. The portion of lending of the total lending portfolio was to corporate customers 53% (53%) and to personal customers 45% (45%).

Loans and receivables to credit institutions, mainly in the form of interbank deposits, amounted to EUR 27bn at the end of 2006 (EUR 32bn). Of these loans, less than 10% was to credit institutions outside OECD.

Loans and receivables to corporate customers

The main increases in the portfolio were in the sectors: "Real estate management", "Renting, consulting and other company services" "Financial operations" and "Manufacturing".

Real estate management remains the largest industry sector in Nordea's lending portfolio, with EUR 30.7bn (EUR 26.2bn). Relatively large and financially strong companies dominate the portfolio, with 71% (68%) of the lending in rating grades 4– and higher. There is a high level of collateral coverage, especially for exposures which fall into lower rating grades (3+ or lower). Almost half of the lending to the real estate management industry or EUR 13.5bn, is to companies in Sweden and almost half is to companies managing residential real estate.

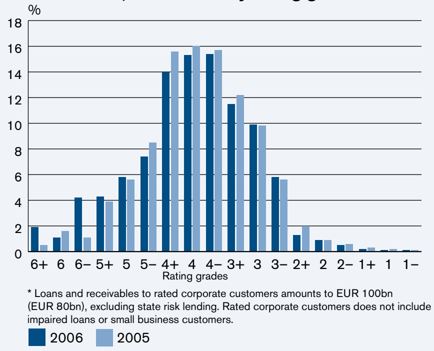
The shipping exposure increased, despite the effect of the weakened US Dollar, to EUR 10.5bn (EUR 8.7bn), of which EUR 7.9bn (EUR 7.5bn) was utilised. The portfolio is diversified by type of vessel, has a focus on large industrial players and has an even distribution between Nordic and non-Nordic customers. Shipping is an industry in which Nordea has a global customer strategy. The shipping portfolio exhibits continued volume growth and strengthening of credit quality.

The distribution of loans and receivables to corporates by size of loans shows a high degree of diversification where approximately 70 % of the corporate volume is for lending with a size up to EUR 50m for each customer. This distribution has been stable over the last years.

One important credit risk mitigation technique is pledging of collateral. This is particularly important in lending to medium-sized and smaller corporates. In the case of larger corporates, pledged collateral is used to a lesser extent. In corporate exposures, the main collateral types are real estate mortgages, floating charges and leasing objects. The collateral coverage is higher for exposures to financially weaker customers than for exposures to financially stronger customers.

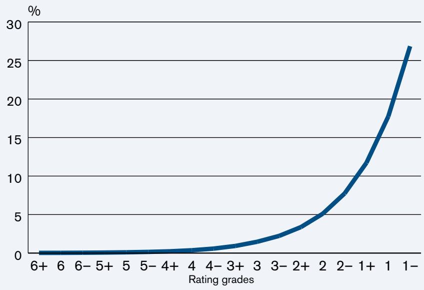
Credit risk mitigation by the use of credit default swaps has been done to a limited extent, normal syndication of loans being the primary tool for managing the size of large credit exposures.

Loans and receivables to rated corporate customers*, distributed by rating grades



* Loans and receivables to rated corporate customers amounts to EUR 100bn (EUR 80bn), excluding state risk lending. Rated corporate customers does not include impaired loans or small business customers.

Probability of Default (PD) 2006



Loans and receivables to real estate management companies, by country

EURbn	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Denmark	3.5	11	2.6	10	2.0	9
Finland	6.4	21	5.7	22	4.7	20
Norway	6.3	21	5.2	20	4.5	19
Sweden	13.5	44	12.1	46	11.4	48
Baltic countries	0.4	1	0.2	1	0.1	0
Other	0.6	2	0.4	2	0.7	3
Total	**30.7**	**100**	**26.2**	**100**	**23.4**	**100**

Shipping exposure

EURbn	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Bulk carriers	1.5	15	1.4	16	1.1	17
Product tankers	1.5	14	1.1	13	0.7	11
Cruise and ferries	1.4	13	0.7	8	0.7	12
Crude tankers	1.3	12	1.3	15	0.8	13
Chemical tankers	1.0	10	0.7	8	0.5	7
Gas tankers	0.9	9	0.6	7	0.4	7
Liners	0.6	6	0.8	9	0.6	9
Others	2.2	21	2.1	24	1.5	24
Total exposure	**10.5**	**100**	**8.7**	**100**	**6.3**	**100**
Utilised exposure	7.9		7.5		5.3	

[1] The lending part of the shipping exposure is in the previous page included in the industy "Shipping", partly in other industries, such as "Transport".

Loans and receivables to personal customers, by type of loan

EURm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Mortgage loans	74,392	77.2	64,499	76.2	56,380	76.8
Consumer loans	22,026	22.8	20,115	23.8	17,045	23.2
Total	**96,418**	**100.0**	**84,614**	**100.0**	**73,425**	**100.0**

Mortgage loans to personal customers, by country

EURm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Denmark	19,188	26	17,671	28	15,707	28
Finland	17,762	24	15,071	23	13,403	24
Norway	13,529	18	11,589	18	9,090	15
Sweden	22,066	30	19,253	30	17,809	31
Baltic countries	1,299	2	723	1	371	1
Poland [1]	369	0	192	0	-	-
Other	179	0	-	-	-	-
Total	**74,392**	**100**	**64,499**	**100**	**56,380**	**100**

[1] For 2004, the figure for Poland is included in the figures for Sweden.

Impaired loans to the public and to credit institutions

EURm 31 Dec 2006	Loans and receivables to credit institutions	Loans and receivables to the public: Corporate customers[1]	Loans and receivables to the public: Personal customers	Total
Impaired loans, gross, individually assessed	8	1,288	572	1,868
Allowances for individually assessed loans	7	635	121	764
Impaired loans, net, individually assessed	1	653	451	1,104
Allowances / impaired loans, gross, individually assessed (%)	93%	49%	21%	41%
Impaired loans, gross , individually assessed /lending (%)	0.0%	1.1%	0.6%	0.8%
Allowances for collectively assessed loans	13	287	54	354
Total allowances (individually and collectively)/lending (%)[2]	0.1%	0.8%	0.2%	0.5%

EURm 31 Dec 2005	Loans and receivables to credit institutions	Loans and receivables to the public: Corporate customers[1]	Loans and receivables to the public: Personal customers	Total
Impaired loans, gross, individually assessed	7	1,928	591	2,526
Allowances for individually assessed loans	7	867	190	1,064
Impaired loans, net, individually assessed	0	1,061	401	1,462
Allowances / impaired loans, gross, individually assessed (%)	100%	45%	32%	42%
Impaired loans, gross, individually assessed / lending (%)	0.0%	1.9%	0.7%	1.1%
Allowances for collectively assessed loans	11	301	105	417
Total allowances (individually and collectively)/lending[2]	0.1%	1.1%	0.3%	0.7%

[1] "Corporate customers" include Public sector in Loans and receivables to the public.
[2] In addition to allowances (for loans and receivables), there are provisions (for off-balance sheet items) of EUR 39m (EUR 23m).

Impaired loans, individually assessed to corporate customers, gross, by industry

EURm	31 Dec 2006	% of lending to the industry	31 Dec 2005	% of lending to the industry
Real estate management	129	0.4	218	0.8
Construction	48	1.4	83	2.9
Agriculture and fishing	43	0.7	141	2.4
Transport	63	1.1	92	1.6
Shipping	26	0.5	47	0.9
Trade and services	213	1.9	328	3.3
Manufacturing	405	2.7	588	4.3
Financial operations	42	0.3	48	0.5
Renting, consulting and other company services	189	1.5	243	2.5
Other	127	1.3	139	1.3
Total[1]	**1,285**	**1.1**	**1,927**	**1.9**

[1] Excluding public sector EUR 3m (EUR 1m)

Rating distribution
The graph shows that the rating distribution for medium and large corporate customers is concentrated within rating grades 5 to 3–. About 69% (68%) of the exposure is rated 4– or higher.

Rating grades 4– and better are comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grades 2+ to 1– are considered as weak, and require special attention. Impaired exposures are not included in the rating distribution.

Loans and receivables to personal customers
In 2006, mortgage loans increased by 15% while consumer loans increased by 10%. The portion of mortgage loans was 77% (76%).

Regarding mortgage loans to personal customers, the collateral coverage is high, whereas consumer loans to personal customers have a lower degree of collateral coverage.

Geographical distribution
Lending distributed by borrower domicile shows that the Nordic market accounts for 91% (91%). Other EU countries represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited.

Transfer risk
The transfer risk exposure is dominated by a few countries and is trade-related and primarily short-term. The largest exposure is to China, which is an example of a country of great importance for Nordea's Nordic corporate customers. To recognise the risk related to lending to developing countries, Nordea carries transfer risk allowance and provisions. The total transfer risk allowance and provisions at the end of 2006 was EUR 125m (EUR 118m).

Impaired loans
Nordea has as of end of December 2006 changed the principles for disclosure of impaired, but performing, loans, which increases the size of impaired loans. This change does not reflect increased risk, but since the size of allowances for impaired loans are unchanged, the ratio between allowances and impaired loans decreases. In the following, the comparison figures have been changed in accordance with the new principle.

The part of impaired loans and receivables that is not covered by allowances, i e the value of impaired loans net, is assessed to be fully covered by various types of held security or operational future cash flow.

Impaired loans, gross, have decreased to EUR 1 868m from EUR 2 526m, during 2006. Allowances for individually assessed loans decreased to EUR 764m from EUR 1 064m. The

Loans and receivables to the public, by geographical area

EURm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Nordic countries	194,424	90.9	171,124	90.8	147,881	91.7
of which Denmark	58,123	27.2	50,447		42,029	
of which Finland	42,361	19.8	38,160		34,029	
of which Norway	34,742	16.2	29,686		24,048	
of which Sweden	59,198	27.7	52,831		47,824	
Baltic countries	3,501	1.6	2,386	1.3	1,311	0.8
Poland	1,266	0.6	919	0.5	984	0.6
EU countries other	7,876	3.7	7,374	3.9	5,820	3.6
USA	1,564	0.7	2,519	1.3	1,637	1.1
Asia	2,070	1.0	1,269	0.7	933	0.6
Latin America	1,232	0.6	1,093	0.6	961	0.6
OECD other	743	0.3	795	0.4	634	0.4
Non-OECD other	1,310	0.6	981	0.5	899	0.6
Total	**213,985**	**100.0**	**188,460**	**100.0**	**161,060**	**100.0**

Transfer risk exposure [1]

EURm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Asia	874	641	476
Eastern Europe and CIS	359	302	217
Latin America	303	328	215
Middle East	292	438	340
Africa	124	46	26

[1] Base for transfer risk allowances and provisions, defined as all countries excluding A-rated countries according to EIU and excluding Poland and the Baltic countries. Exposure net of ECA guarantees.

Distribution of allowances to corporate customers, by industry

EURm	31 Dec 2006 Individually assessed loans	%	Collectively assessed loans	%	31 Dec 2005 Individually assessed loans	%	Collectively assessed loans	%
Real estate management	57	9.0	9	3.1	79	9.1	50	16.6
Construction	21	3.3	4	1.4	39	4.5	0	0,0
Agriculture and fishing	21	3.3	30	10.5	46	5.3	88	29.2
Transport	27	4.3	10	3.5	48	5.5	6	2.0
Shipping	7	1.1	0	0.0	11	1.3	3	1,0
Trade and services	107	16.9	0	0.0	150	17.3	0	0,0
Manufacturing	213	33.5	135	47.1	296	34.2	52	17.3
Financial operations	20	3.1	0	0.0	24	2.8	0	0,0
Renting, consulting and other company services	113	17.8	13	4.5	122	14.1	0	0,0
Other	49	7.7	86	29.9	51	5.9	102	33.9
Total[1]	**635**	**100.0**	**287**	**100.0**	**866**	**100.0**	**301**	**100.0**

[1] Individually assessed loans excluding public sector EUR 0 (EUR 1m)

ratio of allowances to cover impaired loans, gross, was 41% (42%). In addition, allowances for collectively assessed exposures were EUR 394m (EUR 440m), including provisions for off-balance sheet items.

The net effect in the profit and loss account from credit risk impairments was in 2006 positive net loan losses of EUR 257m (positive with EUR 137m), of which EUR 198m (EUR 151m) relates to corporate customers and EUR 59m (EUR –14m) to personal customers. Nordea has realised net impairment losses of EUR 55m (EUR 72m) and recognised new allowances of EUR 478m (EUR 499m) and reversals of allowances of EUR 701m (EUR 539m). Recoveries on realised losses from previous years were EUR 89m (EUR 169m).

Settlement risk

Settlement risk is a type of credit risk that arises during the process of settling a contract or executing a payment. The risk amount is the principal of the transaction, and a loss could occur if a counterpart should default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of payment or security has been finally confirmed.

The settlement risk on individual counterparts is restricted by settlement risk limits. Each counterpart is assessed in the credit process and clearing agents, correspondent banks and custodians are selected with a view of minimising settlement risk.

Nordea is a shareholder of, and participant in, the global FX clearing system CLS (Continuous Linked Settlement), which eliminates the settlement risk of FX trades in those currencies and with those counterparts that are eligible for CLS-clearing. As a result, Nordea's settlement risk exposure against major trading counterparts has decreased considerably over the last years.

Risk in derivatives

Derivative contracts are financial instruments, such as futures, forwards, swaps or options that derive their value from underlying interest rates, currencies, equities, credit spreads or commodity prices. The derivative contracts are often OTC-traded, meaning that the terms connected to the specific contract are agreed upon on individual terms with the counterpart.

Nordea mainly enters into derivative contracts based on customer demand, both directly and in order to hedge positions that arise through such activities. Furthermore, the Group, through Group Treasury uses interest rate swaps and other derivatives in its hedging activities of the assets and liabilities on the balance sheet.

The derivative contracts are valued at fair value on an ongoing basis and affect the reported result and also the balance sheet. Nordea uses a fair value valuation model for calculating the market value of OTC derivatives. Derivatives affect credit risk, market risk, SIIR and liquidity risk exposures.

Specification of loans and receivables to the public, by geographical area

31 Dec 2006 EURm	Denmark	Finland	Norway	Sweden	Baltic countries	Poland	EU countries other	USA	Latin America	Asia	Other OECD	Other non-OECD	Total
Loans and receivables, not impaired	57,936	42,001	34,677	59,094	3,494	1,239	7,871	1,564	1,227	2,070	742	1,310	213,224
Impaired loans and receivables	522	751	210	248	15	54	37	6	5	1	3	8	1,860
Loans and receivables, before allowances	58,458	42,752	34,887	59,342	3,509	1,293	7,908	1,570	1,232	2,071	744	1,318	215,083
Specific allowances for individually assessed loans	–278	–250	–63	–93	–7	–25	–32	–6	0	–1	–2	0	–757
Allowances for collectively assessed significant loans	–51	–123	–43	–34	0	–2	0	0	0	0	0	–8	–261
Allowances for collectively assessed not significant loans	–7	–18	–38	–17	0	0	0	0	0	0	0	0	–80
Loans and receivables, total	58,123	42,361	34,742	59,198	3,501	1,266	7,876	1,564	1,232	2,070	743	1,310	213,985

Loans and receivables to the public and credit institutions, by type of loan

EURm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Property loans	105,116	90,696	79,461
Credit card loans	1,350	1,057	1,014
Financial leases	166	40	240
Other	134,145	128,245	105,119
Total	**240,777**	**220,038**	**185,834**

Restructured loans and receivables current year

EURm	31 Dec 2006	31 Dec 2005
Loans and receivables before restructuring, book value	110	295
Loans and receivables after restructuring, book value	99	231

Assets taken over for protection of claims

EURm	31 Dec 2006	31 Dec 2005
Current assets, book value:		
Land and buildings	0	1
Shares and other participations	0	3
Other assets	3	2
Total	**3**	**6**

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart under the contract.

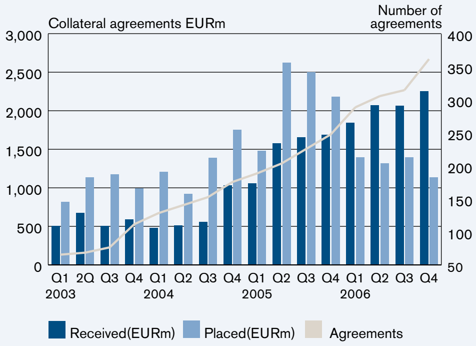
This credit risk exposure is treated in the same way as other types of credit risk exposure and is included in customer limits.

This credit risk exposure is measured as the sum of current exposure and potential future exposure. The potential future exposure is an estimate, which reflects possible changes in market values during the remaining lifetime of the individual contract and is measured as the notional amount multiplied by a risk weight.

The size of the risk weight depends on the contract's remaining lifetime and the volatility of the underlying asset.

To reduce the exposure towards single counterparts, risk mitigation techniques are widely used in Nordea. The most common is the use of close-out netting agreements, which allow the bank to net positive and negative replacement values of contracts under the agreement in the event of default of the counterpart. In line with the market trend Nordea also mitigates the exposure towards large banks, hedge funds and institutional counterparts by an increasing use of collateral management arrangements, where collateral is placed or received to cover the current exposure. Another risk mitigation technique used is agreements that give Nordea the option to terminate contracts at a specific point of time or upon the occurrence of credit-related events.

Collateral arrangements – derivatives



Market risk

Market risk is the risk of a loss in the market value of portfolios and financial instruments (the so-called market price risk) or an adverse effect on earnings or equity capital (the so called structural market risk) as a result of movements in financial market variables.

The market price risk exposure in Nordea is primarily towards interest rates and equity prices and to a lesser degree to foreign exchange rates, commodity prices and credit spreads. The net exposure derives to a large extent from the investment portfolios of Group Treasury and from the client driven trading activity of Nordea Markets. Furthermore, market risk on Nordea's account arises from the mismatch of the market risk exposure on assets and liabilities in Nordea Life and Pensions and internal defined benefit pension plans. For all other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items. This is achieved by transactions in Group Treasury.

The structural market risks stem from interest rates and foreign exchange rates:

- Structural Interest Income Risk (SIIR) is the risk of a decrease in the net interest income if market rates rise or fall. SIIR measures the net interest income sensitivity of the whole balance sheet (including lending, funding and deposits) over a one-year horizon and is described below. The basic principle is that SIIR is reduced by matching assets, liabilities and off-balance-sheet items in order to keep the risk within the decided targets and limits.
- Structural foreign exchange risk primarily arises from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding. Furthermore, structural foreign exchange risk arises from earnings and cost streams generated in foreign currencies or from foreign branches. For the individual Nordea companies, this is handled in each company's foreign exchange position. Payments coming to parent companies from subsidiaries as dividends are exchanged to the functional currency of the parent company.

Market price risk appetite

The Board of Directors has formulated market price risk appetites for both the investment and the trading activities. For the investment portfolios, the Board of Directors has set the maximum level of risk such that it should not lead to an accumulated loss in investment earnings in excess of EUR 150m at any time in a financial year. The compliance with the risk appetite is ensured by market risk limits and stop-loss rules. For trading activities, the risk appetite and the market risk

Credit risk exposure in derivatives (after closeout netting and collateral agreements)

	31 Dec 2006			31 Dec 2005			31 Dec 2004		
EURm	Current exposure	Potential future exposure	Total credit risk	Current exposure	Potential future exposure	Total credit risk	Current exposure	Potential future exposure	Total credit risk
Public entities	195	913	841	443	812	1,092	527	1,012	1,288
Financial institutions	1,298	16,648	16,229	1,987	17,508	16,569	3,078	14,282	14,859
Corporates	581	4,720	4,244	1,394	3,698	4,702	1,259	3,337	3,447
Total	**2,074**	**22,281**	**21,315**	**3,824**	**22,018**	**22,363**	**4,864**	**18,631**	**19,594**

limits are set in relation to the earnings these activities generate.

Reporting and control processes
The CRO receives daily reporting on the Group's consolidated market risk. GEM receives reports on a monthly basis, and the Board of Directors on a quarterly basis.

Adherence to limits is crucial and if a limit decided by the Board of Directors, ALCO or the CRO were to be violated, the decision-making body would be informed immediately.

Measurement methods
As there is no single risk measure that captures all aspects of market risk, Nordea on a daily basis uses several risk measures including Value-at-Risk (VaR) models, stress testing, Jump-to-Default exposure, scenario simulation and other non-statistical risk measures such as basis point values, net open positions and option key figures.

Normal market conditions
VaR is used by Nordea to measure interest rate, foreign exchange, equity and credit spread risks. A VaR measure across these risk categories, allowing for diversification among them, is also used. For interest rate, foreign exchange and equity risk, the VaR figures include both linear positions and options.

VaR is a statistical risk measure, which in Nordea is based on the last two years' historical changes in market prices and rates, a holding period of 10 banking days and a probability of 99%. Nordea's historical simulation VaR model is based on the expected shortfall approach, which implies using the average of a number of the most adverse simulation results as an estimate of VaR.

The book value of private equity funds and the market risk in structured equity derivatives are limited and monitored in the daily market risk management process, but are not included in the VaR figures.

From the end of 2006, Nordea's VaR model is the basis for calculating risk weighted assets for general market risk from equities, interest rates and foreign exchange in the trading books of all four Nordic countries, as well as for specific market risk from equities and interest rates in the major portfolios. As a consequence, the Group's risk- weighted assets for market risk have been reduced by around EUR 7bn from end of third quarter to EUR 9.1bn at end of 2006.

The risk on commodity positions, both linear and non-linear, is measured using scenario simulation. The scenarios are based on the sensitivity to changes in commodity prices and their volatility.

The market risk on Nordea's account due to a mismatch between the market risk exposure on policy holders' assets and liabilities in Nordea Life and Pensions is measured as the loss sensitivity for two standard market scenarios, which represent normal and stressed market conditions, respectively.

Back-tests of the VaR-model are performed daily in accordance with the guidelines laid down by the Basel Committee on Banking Supervision in order to test the reliability of the VaR and simulation models. The models have shown reliable statistical characteristics throughout 2006.

Stress testing
Stress tests are used to estimate the possible losses that may occur under extreme market conditions. Nordea performs daily stress tests based on the current portfolio and information about the daily financial market developments since the beginning of 1993. In addition, Nordea's portfolios are stress tested for subjective scenarios, which are most often based on selected historical events prior to 1993 or adverse scenarios relevant at the current state of the economic cycle or geopolitical situation. Market risk is also a part of Nordea's comprehensive ICAAP stress testing.

Market risk analysis
The analysis is based on the consolidated risk stemming from both investment and trading activities. Overall, fluctuations in the risk levels for the various categories of risks have been moderate over the year.

Nordea's market risk associated with the mismatch between policyholders' assets and liabilities in Nordea Life and Pension is analysed separately. The scenario for normal market conditions shows a risk of EUR 12m at the end of 2006 (EUR 0.2m). The market risk from the internal pension plans is also measured separately.

Total risk
The total VaR was EUR 34m (EUR 50m) at the end of 2006 recognising a noticeable diversification effect between interest rate, equity and foreign exchange and credit spread risk, as the total VaR is lower than the sum of the risk in the four categories.

Interest rate risk
The total interest rate VaR ended 2006 at EUR 23m (EUR 35m). The total gross sensitivity to a 1-percentage-point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to

Market risk

EURm	Measure	31 Dec 2006	2006 high	2006 low	2006 average	31 Dec 2005
Total risk	VaR	34.3	61.2	30.8	41.5	49.7
Interest rate risk	VaR	23.0	48.5	17.7	29.2	35.4
Equity risk	VaR	27.1	36.2	13.9	23.6	23.7
Foreign exchange risk	VaR	4.2	7.6	2.1	4.2	2.3
Credit spread risk	VaR	1.7	7.6	1.6	4.0	-
Diversification effect	% of total VaR	39%				
Commodity risk, linear	Simulation	4.0	11.8	2.3	5.0	11.7
option risk, non-linear risk	Simulation	2.9	7.9	1.8	4.9	6.0

move adversely for Nordea, was EUR 183m at the end of 2006 (EUR 261m). The largest part of Nordea's interest rate sensitivity stemmed from interest rate positions in Danish Kroner, Euro, Swedish Kronor, US Dollars and Norwegian Kroner.

Equity risk
At the end of 2006, Nordea's equity VaR stood at EUR 27m (EUR 24m) and the net sensitivity to a 10% movement in equity prices was EUR 35m (EUR 28m). The largest equity exposure was to the financial sector.

Foreign exchange risk
Nordea's foreign exchange VaR of EUR 4m (EUR 2m) at year-end is relatively low compared to the interest rate and equity risk exposure. The gross sensitivity to a 5% change in the exchange rate of all currencies vis-à-vis the Euro was EUR 25m (EUR 23m).

Credit spread risk
Credit spread VaR remained fairly stable throughout the year and was EUR 2m at year-end.

Commodity risk
Nordea's exposure to commodity risk, primarily pulp and paper, is solely related to client-driven activities. The linear commodity risk was EUR 4m (EUR 12m) at the end of 2006 and the net sensitivity to a 10% movement in all relevant commodity prices was EUR 0.1m. The commodity option risk was EUR 3m (EUR 6m).

Structural Interest Income Risk

Structural Interest Income Risk (SIIR) is the amount Nordea's accumulated net interest income would change during the next 12 months if all interest rates change by one percentage point.

It reflects the mismatch in the balance sheet items and the off-balance-sheet items when the interest rate re-pricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly.

Measurement methods
The basic measures for SIIR are the two re-pricing gaps measuring the effect on Nordea's net interest income for a 12 months period of a one percentage point increase, respectively decrease, in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period. Main elements of the customer behaviour and Nordea's decision-making process concerning Nordea's own rates are, however, taken into account. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative. Similarly in an increasing rate environment Nordea may choose not to increase interest rates on all customer deposits immediately.

SIIR analysis
At the end of the year, the SIIR for decreasing market rates was EUR –220m (EUR –175m) and the SIIR for increasing rates was EUR 206m (EUR 154m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

Liquidity risk

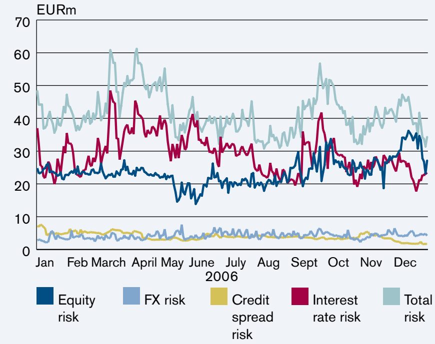
Liquidity risk is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due.

Measurement methods
The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. Nordea's liquidity risk management includes a business continuity plan and stress testing for liquidity management. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed.

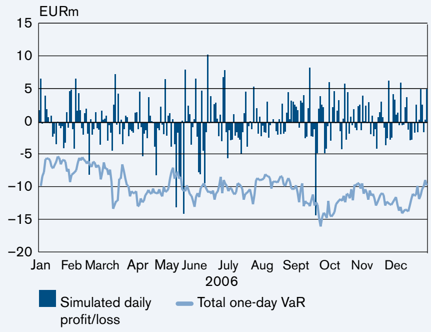
In order to avoid short-term funding pressures, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Funding gap risk is measured for each currency and as a total figure for all currencies combined.

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The liquidity buffer consists of high-grade liquid securities that

Market risk, VaR



Backtesting, one-day VaR and simulated daily profit/loss



can be sold or used as collateral in funding operations.

The structural liquidity risk of Nordea is measured by the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans and other loans with a term to maturity longer than 6 months. ALCO has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities. The table shows the maturity of financial liabilities. Nordea manages the liquidity risk inherent in financial liabilities with the funding gap risk, the liquidity buffer and the net balance of stable funding, which are presented in the liquidity risk analysis below.

Liquidity risk analysis
The short-term liquidity risk has been held at moderate levels throughout 2006. The average funding gap risk, i e the average expected need for raising liquidity in the course of the next 14 days, has been EUR 2.8bn (EUR 2.3bn).

SIIR, Gap analysis 31 Dec 2006

Re-pricing gap for increasing interest rates

EURm Interest Rate Fixing Period	Group balance sheet	Within 3 months	3–6 months	6–12 months	1–2 years	2–5 years	>5 years	Non Repricing	Total
Assets									
Interest bearing assets	289,121	190,288	16,543	12,957	7,134	9,616	25,128	27,454	289,121
Off-balance sheet items	0	2,639,283	17,380	18,357	19,977	17,278	3,883	0	2,716,158
Non interest bearing assets	57,769	0	0	0	0	0	0	57,769	57,769
Total assets	**346,890**	**2,829,571**	**33,924**	**31,314**	**27,111**	**26,894**	**29,011**	**85,223**	**3,063,048**
Liabilities and equity									
Interest bearing liabilities	250,333	153,729	11,168	20,026	18,627	18,728	24,048	4,007	250,333
Off-balance sheet items	0	2,656,646	19,045	16,025	11,458	9,568	3,415	0	2,716,158
Non interest bearing	96,557	0	0	0	0	0	0	96,557	96,557
Total liabilities and equity	**346,890**	**2,810,375**	**30,214**	**36,051**	**30,085**	**28,296**	**27,463**	**100,564**	**3,063,048**
Exposure		**19,196**	**3,710**	**–4,737**	**–2,974**	**–1,402**	**1 549**	**–15,342**	
Cumulative exposure			**22,906**	**18,169**	**15,195**	**13,793**	**15,342**	**0**	

Liquidity risk, contractual maturity analysis for financial liabilities

Contractual cash flows

EURm Remaining contractual maturity	31 dec 2006 Payable on demand	Other within 1 year	1–5 year	>5 year	Total
Liabilities	105,723	89,092	38,843	35,442	269,099
EURm Remaining contractual maturity	31 dec 2005 Payable on demand	Other within 1 year	1–5 year	>5 year	Total
Liabilities	86,917	103,252	25,697	38,966	254,832

Nordea's liquidity buffer has been in the range EUR 13.9–27.0bn (EUR 13.7–26.3bn) throughout 2006 with an average of EUR 18.5bn (EUR 19.1bn). Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular.

The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2006. The yearly average for the net balance of stable funding was EUR 9.7bn (EUR 7.4bn).

Operational risk

In the Group's Policy for Internal Control and Risk Management, operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, from people and systems, or from external events. Legal and Compliance risks as well as Crime risk and Process risks, including IT risk, constitute the main sub-categories to Operational risk.

Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties.

Solid internal control and quality management, consisting of a risk-management framework, leadership and skilled personnel, is the key to successful operational risk management. An annual report on the quality of Internal Control in the Group is submitted to the Board, incorporating all main issues on financial and operational risks.

Each business area is primarily responsible for managing its own operational risks. Group Credit and Risk Control develops and maintains a framework for identifying, assessing, monitoring and controlling operational risks and supports the line organisation in implementing the framework.

Information security, physical security and crime prevention are important components when managing operational risks. To cover this broad scope, the Group security function is included in Group Credit and Risk Control, and close cooperation is maintained with Group IT as well as Group Legal and Group Compliance.

The main processes for managing operational risks are an ongoing monitoring through self-assessment and the documenting and registering of incidents and quality deficiencies. The analysis of operational risk-related events, potential risk indicators and other early-warning signals are in focus when developing the processes.

The mitigating techniques consist of business continuity plans together with crisis management preparedness and a broad insurance cover for handling major incidents. Mitigation efforts target reliability and continuity in the value chains rather than focusing on single units in the organisation. Special emphasis is put on quality and risk analysis in change management and product development.

The techniques and processes for managing operational risks are structured around the risk sources as described in the definition of operational risk. This approach improves the comparability of risk profiles in different business areas and globally throughout the organisation. It also supports the focus on limiting and mitigating measures in relation to the sources, rather than the symptoms.

Life insurance risk and market risks in the Life insurance operations

The Life insurance business of Nordea Life and Pension is characterised by very long-term contracts with pension savings contracts having durations of more than 40 years. The two major risks in the Life Insurance business are life insurance risks and market risks. These risks have to the largest extent effects on policyholders and to a lesser extent effects on Nordea's own account.

The life insurance risk is the risk of unexpected losses due to changes in mortality rates, longevity rates, disability rates and selection effects.

These risks are primarily controlled using actuarial methods, ie through tariffs, rules for acceptance of customers, reinsurance contracts, stress tests and provisions for risks. A continuous supervision of the appropriateness of the parameters in the risk models is undertaken to ensure that changes in the underlying risk are properly taken into account.

The market risk for Nordea's own account of Life insurance operations arises from mismatch of the market risk exposure on assets and liabilities in Nordea Life and Pensions and is measured as loss in operating income as a result of movements in financial market prices. The income model is primarily fee-based, contingent but not directly dependent on investment return. The market risk of separated equity capital in Life and Pensions is included in the consolidated risk figure.

Life insurance risk and market risks in the Life insurance operations

EURm	31 Dec 2006		31 Dec 2005	
Change in assumptions	Effects on policy-holders	Effect on Equity	Effects on policy-holders	Effect on Equity
Mortality – increased living with 1 year	–68.3	–9.1	–94.8	–12.7
Mortality – decreased living with 1 year	81.1	10.2	113.5	14.4
Disability – 10 % increase	–14.0	–0.4	–19.1	–1.0
Disability – 10 % decrease	13.4	0.4	18.3	1.0
50 bp increase in interest rates	52.5	–5.7	–103.0	–4.0
50 bp decrease in interest rates	–74.7	3.6	178.0	3.0
12 % decrease in all shareprices	–608.8	–6.0	–451.0	0.0
8 % decrease in property value	–183.4	0.0	–200.7	0.0
8 % loss on counterparts	–46.3	–5.0	–160.1	–23.1

Liabilities to policyholders categorised by guaranteed return

31 Dec 2006 EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct	Over 5 pct.	Total liabilities
Technical provision	6,202	4,308	7,747	10,045	7	28,309

31 Dec 2005 EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct	Over 5 pct.	Total liabilities
Technical provision	3,935	1,434	6,046	13,401	7	24,823

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	–Mortality	Yes
	–Disability	Yes
	–Return guaranties	Yes
Unit-Link	–Mortality	Yes
	–Disability	Yes
	–Return guaranties	No
Health and personal accident	–Mortality	No
	–Disability	Yes
	–Return guaranties	No
Financial contract	–Mortality	No
	–Disability	No
	–Return guaranties	No

Risk reports for credit, market and liquidity risk– Parent company

Credit risk exposure

(excluding cash and balances at central banks and settlement risk exposure)

Parent company

EURm	31 Dec 2006	31 Dec 2005
Loans and receivables to credit institutions	36,970	28,638
Loans and receivables to the public	21,501	19,069
Unutilised credit commitments etc	20,986	17,644
Guarantees and documentary credits	14,014	14,056
Credit risk exposure in derivatives [1]	315	–
Treasury bills and interest-bearing securities issued by public bodies	4,186	1,187
Other interest-bearing securitites	1,240	4,192
Interest-bearing securities pledged as collaterals in repurchase agreements	599	1,244
Total credit risk exposure in the banking operations[2]	**99,811**	**86,030**

[1] After closeout netting and collateral agreements, including current market value exposure as well as potential future exposure.
[2] For 2005, excluding Credit risk in derivatives

Loans and receivables to the public, by customer category

Parent company

EURm	31 Dec 2006	%	31 Dec 2005	%
Corporate customers	17,088	79.5	15,405	80.8
Personal customers	3,932	18.3	3,224	16.9
Public sector	481	2.2	440	2.3
Total	**21,501**	**100.0**	**19,069**	**100.0**

Loans and receivables to corporate customers, by industry

Parent company

EURm	31 Dec 2006	%	31 Dec 2005	%
Real estate management	5,170	30.2	4,592	29.8
Construction	440	2.6	317	2.1
Agriculture and fishing	584	3.4	517	3.4
Transport	857	5.0	764	5.0
Shipping	437	2.6	446	2.9
Trade and services	2,036	11.9	1,851	12.0
Manufacturing	3,281	19.2	2,838	18.4
Financial operations	987	5.8	1,049	6.8
Renting, consulting and other company services	1,531	9.0	951	6.2
Other	1,765	10.3	2,080	13.5
Total	**17,088**	**100.0**	**15,405**	**100.0**

Loans and receivables to corporate customers, by size of loan

Parent company

EURm	31 Dec 2006	%	31 Dec 2005	%
0-10	5,247	30.7	5,528	35.9
10-50	4,150	24.3	4,234	27.5
50-100	2,468	14.4	1,931	12.5
100-250	2,506	14.7	2,452	15.9
250-500	1,549	9.1	1,260	8.2
500-	1,168	6.8	0	0.0
Total	**17,088**	**100.0**	**15,405**	**100.0**

Loans and receivables to personal customers, by type of loan

Parent company

EURm	31 Dec 2006	%	31 Dec 2005	%
Mortgage loans	1,337	34.0	1,110	34.4
Consumer loans	2,595	66.0	2,114	65.6
Total	**3,932**	**100.0**	**3,224**	**100.0**

Impaired loans to the public and to credit institutions

Parent company EURm 31 Dec 2006	Loans and receivables to credit institutions	Loans and receivables to the public: Corporate customers[1]	Loans and receivables to the public: Personal customers	Total
Impaired loans, gross, individually assessed	8	158	40	206
Allowances for individually assessed loans	7	88	3	99
Impaired loans, net, individually assessed	1	70	37	107
Allowances/impaired loans, gross, individually assessed (%)	93%	56%	7%	48%
Impaired loans, gross, individually assessed /lending (%)	0.0%	0.9%	1.0%	0.4%
Allowances for collectively assessed loans	12	25	14	51
Total allowances (individually and collectively)/lending (%)[2]	0.1%	0.6%	0.4%	0.3%

EURm 31 Dec 2005	Loans and receivables to credit institutions	Loans and receivables to the public: Corporate customers[1]	Loans and receivables to the public: Personal customers	Total
Impaired loans, gross, individually assessed	7	209	43	259
Allowances for individually assessed loans	7	96	5	108
Impaired loans, net, individually assessed	0	113	38	151
Allowances/impaired loans, gross, individually assessed (%)	100%	46%	12%	42%
Impaired loans, gross/lending, individually assessed loans (%)	0.0%	1.3%	1.3%	0.5%
Allowances for collectively assessed loans	11	33	22	66
Total allowances (individually and collectively) /lending[2]	0.1%	0.8%	0.8%	0.4%

[1] "Corporate customers" include Public sector in Loans and receivables to the public.
[2] In addition to allowances (for loans and receivables), provisions for off-balance sheet items were EUR 27m (EUR 23m).

Impaired loans, individually assessed to corporate customers, gross by industry

Parent company

EURm	31 Dec 2006	% of lending to the industry	31 Dec 2005	% of lending to the industry
Real estate management	34	0.2	70	1.5
Construction	1	0.1	3	1.0
Agriculture and fishing	2	0.4	11	2.2
Transport	7	0.3	1	0.2
Shipping	5	1.2	35	7.9
Trade and services	13	0.5	14	0.7
Manufacturing	62	1.7	48	1.7
Financial operations	0	0.0	3	0.2
Renting, consulting and other company services	32	1.7	21	2.2
Other	2	0.1	2	0.1
Total	**158**	**0.6**	**209**	**1.4**

Restructured loans and receivables current year

Parent company

EURm	31 Dec 2006	31 Dec 2005
Loans and receivables before restructuring, book value	0	0
Loans and receivables after restructuring, book value	0	0

Assets taken over for protection of claims

Parent company

EURm	31 Dec 2006	31 Dec 2005
Current assets, book value:		
Land and buildings	0	0
Shares and other participations	0	3
Other assets	0	0
Total	**0**	**3**

Market risk

Parent company

EURm	VaR	31 Dec 2006	2006 high	2006 low	2006 average	31 Dec 2005
Total risk	VaR	22.5	58.0	13.1	31.5	13.3
Interest rate risk	VaR	16.1	55.9	8.0	27.8	10.8
Equity risk	VaR	14.1	17.1	9.7	13.4	10.5
Foreign exchange risk	VaR	0.9	2.3	0.3	0.8	0.3
Diversification effect	% of total VaR	28%				

Contractual maturity analysis for financial liabilities

Liquidity risk - contractual cash flows

Parent company

EURm Remaining contractual maturity	31 Dec 2006 Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	36,631	27,869	10,565	1,677	76,741

Corporate governance

Good corporate governance practices aim to ensure that companies are run in the best interests of their shareholders. Through the codification of corporate governance and a systematic method to handle corporate governance issues all through the organisation, focus can be spent on content rather than form.

Corporate governance in Nordea follows generally adopted principles of corporate governance including the rules and principles set forth in the Swedish Code of Corporate Governance (the Code). In practice, Nordea has applied the Code for two full years. During this time Nordea has systematically developed corporate governance practices throughout the organisation, freeing up time for business discussions at all levels, whether at the annual general meeting, in the board room or in the internal work of the company, all in the best interests of the shareholders.

Nordea has extensive experience in working across borders in the Nordic countries and aims to be a driver in further developing corporate governance in the Nordic area. In line with this Nordea is taking part in OMX's work in respect of harmonisation of disclosure rules.

Division of powers and responsibilities

Pursuant to the provisions of the Swedish Companies Act, the Banking and Financing Business Act, the Articles of Association and the internal instructions laid down by the Board of Directors, the management and control of Nordea is divided among the shareholders (in the General Meeting), the Board of Directors and the President and CEO.

Pursuant to the Swedish Companies Act, the General Meeting is the Company's highest decision-making body, where the shareholders exercise their voting rights. At the General Meeting decisions are taken regarding the annual accounts, dividend, election of the Board of Directors and auditors, remuneration to Board members and auditors as well as other matters in accordance with applicable Swedish legislation, the Articles of Association and the Code.

The Annual General Meeting (AGM) 2006 decided that General Meetings of Nordea in future are to be held in Stockholm. It was further decided to introduce the expanded proxy voting procedure set out in the new Swedish Companies Act, meaning that the Board may gather proxies at the Company's expense, if the Board so decides.

The Board has decided to use the expanded proxy voting procedure at the AGM 2007.

In 2007 Nordea will hold local shareholder information meetings in Copenhagen and Helsinki that will give the shareholders the possibility to meet representatives of the Board of Directors and GEM in person and provide an opportunity for a closer dialogue.

For the minutes of the AGM held on 5 April 2006, see www.nordea.com.

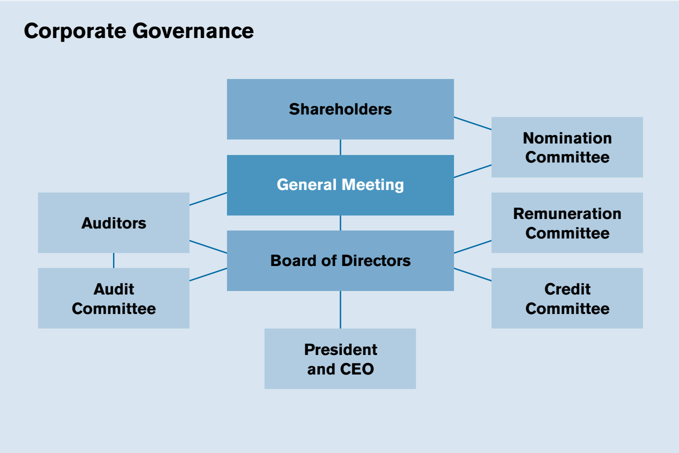
Voting rights

All shares in Nordea carry voting rights, with each share entitled to one vote at General Meetings. Nordea is not entitled to vote for own shares at General Meetings.

Nomination process

The AGM 2006 decided to establish a Nomination Committee with the task, for a period until the end of the next AGM, to present proposals for decisions on election of Board members, Chairman of the Board and auditor, as well as remuneration to the aforementioned. The Nomination Committee shall, according to the AGM resolution, consist of the Chairman of the Board and four other members. Shareholders with the four largest shareholdings in Nordea shall be entitled to appoint one member each. In addition, the Nomination Committee is entitled to co-opt a maximum of three persons who in respect of the work of the Committee possess the requisite knowledge and experience of the social, business and cultural conditions that prevail in the regions and market areas in which the Group's principal business operations are conducted. The Committee is constituted on the basis of the known shareholdings in the Company as per 30 September 2006. A co-opted member is entitled to remuneration from the Company for work carried out, as well as for costs incurred, as decided by the Nomination Committee. The Nomination Committee shall be entitled to employ, at the Company's expense, a recruitment consultant or any other resource that the Committee finds necessary in order to perform its duties.

The appointment of the Nomination Committee for the AGM 2007 was made public on 12 October 2006. The four shareholders with the largest holdings in the Company as per 30 September 2006 that wished to participate in the Nomination Committee appointed the following members: The Swedish Government appointed Malin Björkmo, Nordea Danmarkfonden appointed Mogens Hugo Jørgensen, Alecta appointed Staffan



Grefbäck and AMF Pension appointed Christer Elmehagen. The Committee, also including the Chairman of the Board of Directors, Hans Dalborg, elected Malin Björkmo Chairman of the Committee. The Nomination Committee has subsequently decided to appoint one co-opted member – Juha Rantanen.

The proposals of the Nomination Committee will be presented to the shareholders in the notice of the AGM 2007. A report on the work of the Committee, including explanation for proposals, will be available to the shareholders on www.nordea.com.

Nordea Board of Directors

According to the Articles of Association the aim shall be that the Board, as a whole, for its operations possesses the requisite knowledge and experience of the social, business and cultural conditions prevailing in the regions and market areas in which the Group's principal operations are conducted.

Further the Board of Directors shall consist of at least six and no more than fifteen members elected by shareholders at the General Meeting. The mandate period for the Board members is one year. Nordea has no specific retirement age for Board membership nor is there a time limit for how long a Board member may serve on the Board.

The Board currently consists of eleven members elected by the General Meeting and three members and one deputy member appointed by the employees.

The following Board members are elected by the shareholders:
Hans Dalborg, Chairman
Timo Peltola, vice Chairman
Kjell Aamot
Harald Arnkværn
Gunnel Duveblad
Birgitta Kantola
Anne Birgitte Lundholt
Claus Høeg Madsen
Lars G Nordström, President and CEO
Björn Savén
Maija Torkko

The following Board members are appointed by the employees, one of whom at a time is a deputy member:
Bertel Finskas
Kari Ahola (deputy 18 December 2006 – 30 April 2007)
Liv Haug (deputy 1 November 2005 – 30 April 2006)
Nils Q. Kruse (deputy 1 May 2006 – 31 October 2006)

At the AGM 2006 all Board members were re-elected, except for Jørgen Høeg Pedersen who declined re-election. In addition Björn Savén was elected new Board member. Kari Ahola was appointed by the employees on 18 December 2006 and replaced Rauni Söderlund (deputy 1 November-17 December 2006) from the said date.

Secretary of the Board of Directors is Kari Suominen, Company Secretary.

Nordea complies with applicable rules regarding the independence of the Board. The Nomination Committee considers all Board members elected by the shareholders independent of the Company's major shareholders. All of the members elected by the shareholders are independent of the Company and its executive management, with the exception of Lars G Nordström. He is employed as President and CEO of the Group. Furthermore, he is the only Board member elected by the shareholders working in an operative capacity in the Company.

The Board members and the deputy Board member appointed by the employees are employed by the Group and therefore not independent of the Company.

Further information about the Board members is to be found in the separate section "Board of Directors", page 144.

The work of the Board of Directors follows an annual plan, which also establishes the management reporting to the Board. The statutory meeting following the AGM 2006 appointed the vice Chairman and the Board Committee members. The Board has later adopted rules of procedures for the Nordea Board of Directors (Charter), containing inter alia rules pertaining to the areas of responsibility of the Board and the Chairman, the number of meetings, documentation of meetings and rules regarding conflicts of interest. Furthermore, the Board of Directors has adopted Instructions for the CEO specifying the CEO's responsibilities as well as other policies, instructions and guidelines for the operations.

During the year the Board follows up on the strategy, the financial position and development and risks on a regular basis. The financial targets and the strategy are reviewed annually. The

Board of Directors annually carries out a self-assessment process, through which the performance and the work of the Board is thoroughly evaluated and discussed by the Board.

The Board is charged with the organisation of Nordea and the management of the Company's operations and the overall management of the Nordea Group's affairs in accordance with applicable rules and regulations, the Code, the Articles of Association and the Charter. The Board shall ensure that the Company's organisation in respect of accounting, management of funds, and the Company's financial position in general includes satisfactory controls. The Board is ultimately responsible for ensuring that an adequate and effective system of internal control is established and maintained. Group Internal Audit (GIA) issues yearly to the Board an overall Assurance Statement on Nordea's risk management control and governance process. The assurance statement for 2006 concludes that the internal control system is adequate and effective. Further information about internal control within Nordea is given below under heading "Internal control". At least once a year the Board meets the external auditors without the presence of the CEO or any other Company executive.

The Chairman

The Chairman of the Board is elected by the shareholders at the AGM. According to the Charter, the Chairman shall see to that the Board work is pursued effectively and that the Board discharges its duties. The Chairman shall *inter alia* organise and lead the Board's work, keep in regular contact with the CEO, see to that the Board receives sufficient information and supporting data, and ensure that the work of the Board is evaluated annually.

Board Committees

An established principle in Nordea is that the members of the Board of Directors elected by the shareholders, in addition to working in plenary meetings, shall conduct their responsibilities through separate working committees. The duties of the Board Committees, as well as working procedures are defined in specific instructions adopted by the Board. Each Committee shall regularly report on its work to the Board. The minutes are communicated to the Board.

The Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities by reviewing the Nordea Group's quarterly financial reporting, external auditor's observations and conclusions on the Group's semi-annual and annual financial statements and external audit plan, as well as the systems of internal control established by the Board, the CEO and GEM, and the audit arrangement between Group Internal Audit (GIA) and the external auditors. The Committee is further responsible for the guidance and evaluation of GIA.

Members of the Audit Committee during 2006

Members: Harald Arnkværn (Chairman)
Gunnel Duveblad (from AGM 2006)
Claus Høeg Madsen
Maija Torkko

The members of the Audit Committee are independent of the Company and the executive management of the company, as well as of the Company's major shareholders.

Lars G Nordström and Dag Andresen, Group Chief Audit Executive (CAE), are present at meetings with the right to participate in discussions, but not in decisions.

The Credit Committee

The Credit Committee continuously reviews and monitors adherence to the established Credit Policy and Strategy as well as Credit Instructions for the Nordea Group and evaluates the overall quality of the credit portfolio.

Members of the Credit Committee during 2006

Members: Hans Dalborg (Chairman)
Harald Arnkværn
Birgitta Kantola
Anne Birgitte Lundholt
Lars G Nordström
Jørgen Høeg Pedersen (until AGM 2006)
Timo Peltola

The Head of Group Credit and Risk Control, Carl-Johan Granvik, is present at meetings with the right to participate in discussions, but not in decisions.

The Remuneration Committee

The Remuneration Committee is responsible for preparing and presenting proposals to the Board of Directors on remuneration issues. This includes proposals regarding the Company's guidelines for remuneration to the executive officers, the terms of employment for the CEO and CAE and alterations of the terms of employment for GEM as a whole. At the request of the Board the Committee also prepares other issues of principle for the consideration of the Board. The CEO also consults with the Committee before determining the terms of employment of the individual members of GEM.

Members of the Remuneration Committee during 2006

Members: Hans Dalborg (Chairman)
Kjell Aamot
Gunnel Duveblad (until AGM 2006)
Timo Peltola
Björn Savén (from AGM 2006)

The members of the Remuneration Committee are independent of the Company and the executive management of the Company, as well as of the Company's major shareholders.

The CEO participates in the meetings without the right to vote. The CEO does not participate in considerations regarding his own employment terms and conditions.

The CEO and Group Executive Management

The President and CEO is appointed by the Board of Directors and is charged with the day-to-day management of Nordea Bank and the Nordea Group's affairs in accordance with rules and regulations and instructions provided by the Board of Directors. In the instructions the Board has laid down rules for the authority and obligations of the CEO. The instructions further regulate the interaction between the CEO and the Board. The President and CEO works closely with the Chairman of the Board, inter alia with planning of Board meetings.

The CEO is responsible to the Board for the management of the Nordea Group's operations and he is also responsible for developing and maintaining effective systems for internal control within the Group. The CEO works together with senior officers within the Group in GEM. Presently GEM consists of eight members and the CEO. GEM has recorded meetings every week. These meetings are chaired by the CEO, who reaches decisions after consulting with the other members of GEM.

Appointment of a new CEO

Nordea's President and CEO Lars G Nordström will, after more than four years, retire from his position in connection with the next AGM, 13 April 2007. On 29 November 2006 the Board appointed Christian Clausen to succeed Lars G Nordström as President and CEO.

The appointment is a result of a thorough selection process, in which the Board together with a recruitment consultant firm compared the internal candidates with the external. A number of both internal and external candidates were considered. The Board came to the conclusion that the ability to lead and having been part of the merger which created Nordea as we see it today, is a unique experience which Nordea will benefit from also going forward. In that respect Christian Clausen was the best-suited candidate, also taking into consideration his leadership abilities, strategic vision and his time in the management team in Nordea.

Remuneration to CEO and Group Executive Management including incentive systems

Approved principles for remuneration and other terms of employment for GEM for 2006

The AGM 2006 approved the following principles for remuneration and other terms of employment for GEM. Nordea maintains remuneration levels and other conditions needed to recruit and retain members of GEM with competence and capacity to deliver according to predetermined targets. Remuneration and conditions in line with market levels are thus the overriding principle for GEM compensation.

Fixed salaries are paid for fully satisfactory performance. In addition, variable salary parts can be offered to reward performance meeting requirements in relation to clear objectives and within transparent programmes. The variable salary shall as a general rule not exceed 50% of the fixed salary. Variable salaries and incentive programmes are determined by the extent to which personal goals have been fulfilled in combination with the level of return on equity achieved or other financial targets.

Non-monetary benefits are given as a means to facilitate GEM members' performance. The level of these benefits is determined by what is considered fair in relation to general market practice. The members of GEM shall be offered retirement benefits in accordance with market practice in the country of which they are permanent residents. Notice and severance pay in total shall not exceed 24 months' salary.

Further information about remuneration is to be found in note 8 on page 99.

Proposal for guidelines for remuneration to the executive officers for 2007

The Board of Directors proposes that the AGM 2007 decides on the following guidelines for remuneration to the executive officers.

Nordea maintains remuneration levels and other conditions needed to recruit and retain executive officers with competence and capacity to deliver according to Group targets. Salaries and other remuneration in line with market levels is thus the overriding principle for compensation to executive officers within Nordea. The term executive officers includes the CEO of Nordea Bank AB (publ) and the executives reporting directly to him also being members of GEM.

Fixed salaries are paid for fully satisfactory performance. In addition variable salary parts can be offered to reward performance meeting requirements in relation to clear objectives and within transparent programmes. The variable salary and cash remuneration according to the existing incentive programme for members of GEM shall as a general rule not exceed 50% of fixed salary, and is determined by to what extent predetermined personal objectives are met and the level of return on equity or other financial targets are reached, respectively.

The Board has proposed to the AGM 2007 to introduce a share- and performance-based Long Term Incentive Programme, which requires an initial investment in Nordea shares by the participants. According to the programme the remuneration is proposed to be given in the form of a right to acquire Nordea shares, and requires, for full outcome, that certain predetermined financial targets are reached. The programme has a cap. The members of GEM will be invited to join the Long Term Incentive Programme. On a yearly basis the Board will evaluate whether a similar incentive programme should be proposed to the AGM. If approved, the Long Term Incentive Programme will replace the executive incentive programme and the variable cash remuneration to GEM shall be reduced and as a general rule not exceed 35% of fixed salary. If the AGM does not approve the Long Term Incentive Programme, the variable cash remuneration to GEM shall as a general rule not exceed 50% of fixed salary as today.

Non-monetary benefits are given as a means to facilitate GEM members' performance. The levels of these benefits are determined by what is considered fair in relation to general market practise. The members of GEM shall be offered retirement benefits in accordance with market practice in the country of which they are permanent residents. Notice and severance pay in total shall not exceed 24 months of fixed salary for members of GEM, apart from the new CEO who during the first two years has an additional 6 months severance pay.

The Board of Directors may deviate from the guidelines stated above, if there in a certain case are special reasons for this.

Additional information to the Board's proposal for guidelines

Previous undertakings not yet due: In accordance with the principles approved by AGM 2006 the remuneration for the CEO and other members of GEM consists of fixed and variable salary. Variable salary outcomes are determined by a combination of Group performance in relation to a predetermined level of return on equity and the attainment of personal objectives approved at the outset of the year. Variable salary outcomes can reach a maximum of 35% of fixed salary, or 47% if incentive systems are included with respect to 2006 and will be decided during 2007.

Deviations from approved principles 2006: According to the employment agreement entered into with the new CEO, he will have the right to notice and severance pay in total of 30 months' salary during the first two years. The reason for the deviation from the principle approved by AGM 2006 with respect to notice and severance pay not exceeding 24 months of fixed salary is that the new CEO will move to Sweden with his family.

Estimated cost for variable remunerations in 2007: It is estimated that the total cost for variable salaries, excluding incentive systems, for GEM can reach a maximum of approx. EUR 2.0m.

The maximum cost for the proposed Long Term Incentive Programme allocated to GEM members, assuming maximum investments by all GEM members and that all criteria are fully met, will amount to approx. EUR 2.7m. However, the expected cost based on 50% fulfilment of the performance criteria for this programme amounts to approx. EUR 1.2m. The calculated IFRS value of the programme for GEM is approx. EUR 1.0m.

If the Long Term Incentive Programme is not approved by the AGM 2007, the existing executive incentive programme will continue. The maximum cost allocated to GEM members will amount to approx. EUR 0.9m.

Incentive systems

In 2006, a total of EUR 80m was provided for under Nordea's profit sharing schemes and executive incentive programme. Of this, EUR 75m was provided for under the ordinary profit sharing scheme for all employees. EUR 5m was provided for under the executive incentive programme comprising some 350 managers, GEM members included.

None of the existing systems are based on the value of the Nordea share and both systems are capped. For 2007 Nordea's Board of Directors has decided to increase the threshold in the existing profit sharing scheme to support the increased ambition level. The performance criteria still reflect internal goals as well as benchmarking with competitors.

For 2007, each employee can receive a maximum of EUR 3,000, of which EUR 2,200 is based on a pre-determined level of return on equity, and an additional EUR 800 based on Nordea's relative performance compared to a Nordic peer group as measured

Meetings and attendance

The table shows the number of meetings held by the Board of Directors and its committees as well as the attendance of the individual Board members:

	Board of Directors	Audit Committee	Credit Committee	Remuneration Committee
Number of meetings	17	9	6	7
(of which per capsulam)	(4)	(2)	(–)	(1)
Meetings attended:				
Hans Dalborg	17		6	7
Timo Peltola	17		5	7
Kjell Aamot	17			7
Kari Ahola[1]	1			
Harald Arnkværn	17	9	6	
Gunnel Duveblad	17	5[2]		2[3]
Bertel Finskas	17			
Liv Haug	16			
Birgitta Kantola	17		6	
Nils Q. Kruse	14			
Anne Birgitte Lundholt	17		6	
Claus Høeg Madsen	17	9		
Lars G Nordström	17	8[4]	6	7[4]
Jørgen Høeg Pedersen[5]	4		2	
Björn Savén[6]	13			5
Rauni Söderlund[7]	15			
Maija Torkko	16	9		

[1] Board member from 18 December 2006.
[2] Committeee member from AGM 2006.
[3] Committeee member until AGM 2006.
[4] Lars G Nordström is present without the right to vote and does not participate in deliberations on his own terms of employment.
[5] Board member and Committee member until AGM 2006.
[6] Board member and Committee member from AGM 2006.
[7] Board member until 17 December 2006

by return on equity. If all performance criteria are met, the cost of the scheme will amount to a maximum of EUR 85m.

As stated above, the Board has proposed a Long Term Incentive Programme to replace the existing executive incentive programme following approval of the AGM 2007.

If the Long Term Incentive Programme is not approved by the AGM 2007, the existing executive incentive programme will continue. The three performance criteria for this programme will be risk adjusted profit, gap between income and cost development and ROE compared with Nordic peers. For 2007, managers can receive up to a maximum of 15% of one year's fixed salary if all performance criteria are met. Pay-out from the profit sharing scheme is however deducted. The maximum cost of the programme will amount to EUR 10m.

The proposal for the Long Term Incentive Programme will be presented to the shareholders in the notice of the AGM 2007.

Internal control

Internal control is a process carried out by the Board of Directors, management and other staff within Nordea, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations,
- reliability of operational and financial reporting,
- compliance with external and internal regulations, and
- safeguarding of assets, including sufficient management of risks in operations.

Internal control is based on the control environment which includes the following elements: values and management culture, goal-orientation and follow-up, a clear and transparent organisational structure, segregation of duties, the four-eyes principle, quality and efficiency of internal communication and an independent evaluation process.

The framework for internal control aims at creating the necessary preconditions for the whole organisation to contribute to the effectiveness and the high quality of internal control.

The framework is based on clear definitions, assignments of roles and responsibilities, common tools and procedures, and is expressed in a common language. The main components of the framework are:

- risk management,
- measurement systems and reporting procedures,
- control activities, and
- management monitoring.

Report on Internal Control over Financial Reporting according to the Code

In accordance with instructions given by the Swedish Corporate Governance Board (Kollegiet för svensk bolagsstyrning) on 5 September 2006 the Board's Report on Internal Control over Financial Reporting for the Financial Year 2006 is submitted in a separate section of the Corporate Governance Report 2006, which is attached to this annual report. The Report on Internal Control over Financial Reporting does not include a statement as to how well the internal control has functioned during the most recent financial year and it has not been reviewed by the auditors.

Internal audit

Group Internal Audit (GIA) is an independent function commissioned by the Board of Directors. The Audit Committee is responsible for guidance on and evaluation of GIA within the Nordea Group. The Group Chief Audit Executive (CAE) has overall responsibility for GIA. The CAE reports functionally to the Board of Directors and the Audit Committee. The CAE reports administratively to the CEO. The Board of Directors approves the appointment and dismissal of the CAE.

GIA does not engage in consulting activity unless the Audit Committee gives special assignments. The purpose of the GIA assurance activity is to add value to the organisation by assuring the quality of the risk management, control and governance process as well as promoting continuous improvement.

All activities, including outsourced activities and entities of the Group fall within the scope of GIA.

GIA operates free from interference in determining the scope of internal auditing, in performing its audit work, and in communicating its results. GIA is authorised to carry out all investigations and obtain all information that is required to discharge its duties. The work of GIA shall comply with the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and the Standards for Information Systems Auditing issued by the Information Systems Audit and Control Association. The annual audit plans are based on a comprehensive risk assessment.

External audit

According to the Articles of Association one or two auditors shall be elected by the General Meeting of shareholders for a term of four years. At the re-election of auditors the General Meeting may decide that the assignment will continue for a term of three years. At the AGM 2003 KPMG Bohlins AB was re-elected auditor for the time period up to the end of the AGM 2007. During 2006 a tender process has been initiated. The Audit Committee is responsible for assisting the Nomination Committee in preparing a proposal to the AGM 2007. To its help a separate project has been set up, which is charged with the responsibility for preparing the tender documentation, evaluating the bids and making a recommendation. The proposal of the Nomination Committee will be presented to the shareholders in the notice of the AGM 2007.

The Swedish Financial Supervisory Authority has (from 30 March 2006) appointed, Svante Forsberg, Deloitte AB, to participate in the audit of Nordea Bank AB (publ) together with KPMG Bohlins AB, replacing Lars Bonnevier, Ernst & Young AB.

Corporate Governance Report

Nordea's Corporate Governance Report 2006 is attached to this annual report. The report, including the Report on Internal Control over Financial Reporting, has not been reviewed by the auditors.

Retail Banking

Retail Banking has the customer responsibility for personal and the corporate customers that are do not have external credit rating. Furthermore Retail Banking delivers products to these customers and customers served by Corporate and Institutional Banking within the areas of Corporate Lending, Cards, Consumer Credits, Housing and Cash Management.

Customer service is conducted through 12 fully developed Regional Banks in the four Nordic countries. To secure local presence each of the Regional banks are divided in to in total 72 Branch Regions operating according to one common Retail Operating Model. Products and service concepts are delivered from units in Segments & Products.

Strategic development

In 2006 Nordea confirmed that Retail Banking is a growth business with strong results in personal and corporate business. The strong development was based on continuing the transformation of Retail Banking initiated in 2005 with the implementation of the Retail Operating Model and the customer focused advisory services.

The strategic development in 2006 has been on delivering organic growth by leveraging the potential in the customer base which is twice as large as the closest Nordic peer. Pertaining to personal customers increased revenue comes from focusing on the Gold segment and the private banking area. In the corporate area focus is on deepening customer relation and increasing product penetration.

In all dimensions Retail Banking's income stream is well diversified. Strategically Retail Banking focuses creating income and income growth from all product groups, all segments and all markets. The cross selling strategy shows its success by the fact that the traditional dependence on household mortgages has been changed so that this area only provides 11% from the total income. However mortgages continue to be an important area not least because they provide the foundation to the total customer relationship. Nordea has invested in increasing income from the savings area by establishing savings specialists in all branch regions and increasing the focus on private banking. This resulted in the savings and trading-related income to cover 20% of Retail income.

Product development is focused to continuously satisfy customer needs. The full range product portfolio and new unique offerings create a strong basis for customer contacts which is important for the perception of price for value. New products are introduced to balance price competition and increase customer satisfaction. In particular within the housing and mortgage area, Nordea has successfully introduced a series of new products for which customers are willing to pay a higher margin for than the traditional products.

The Retail Operating Model makes it possible for Nordea to roll out initiatives and products simultaneously in four markets with decreased time to market. In 2006 Retail Banking has focused on getting full effect from this model while continuing to developing the franchise. The proportion of sales staff is being increased with a special focus on increasing the number of personal banking advisers and making sure that the customer portfolios for advisers have a size making it possible to proactively serve customers with the greatest potential. In Sweden, personal banking advisers and savings specialists have been hired, and new branches and venues have been opened in order to increase the distribution power to grasp the growth opportunity in this market.

Retail banking has a strong focus on cost. The increase of the sales staff is possible through continued implementation of efficiency measures in the branch network and support functions and through efficiently using the three integrated distribution channels. The growth strategy and cost control resulted in strong improvement in C/I ratio with a change from 56% to 53%.

Result 2006

In 2006, income in Retail Banking increased by 7% to EUR 5,012m. Net interest income increased by 5% to EUR 3,185m. Strong volume growth offset the pressure on lending margins. Lending margins were down year-on-year reflecting continued competition in all segments. The strongest margin pressure was seen in mortgage loans to personal customers in Finland, Norway and Sweden.

Net commission income increased by 6% to EUR 1,372m with strong growth in commissions on investments products. This is partly driven by the strong net inflow to Private Banking activities as a result of the combined efforts by Retail Banking and Asset Management & Life.

Net gains/losses increased by 52% to EUR 361m reflecting the successful selling of Markets' products to SME clients.

Total expenses increased by 2% to EUR 2,667m.

Loan losses were positive at EUR 220m.

Operating profit increased by 18% to EUR 2,565m.

RAROCAR was 26% (24%).

The cost/income ratio was 53% (56%).

Operating profit by market

	Total 2006	Total 2005	Regional banks in Denmark 2006	Regional banks in Denmark 2005	Regional banks in Finland 2006	Regional banks in Finland 2005	Regional banks in Norway 2006	Regional banks in Norway 2005	Regional banks in Sweden 2006	Regional banks in Sweden 2005	Nordic Functions 2006	Nordic Functions 2005
Net interest income	3,185	3,043	927	854	873	808	495	494	856	836	34	51
Net fee and commission income	1,372	1,299	372	367	364	332	133	120	504	481	–1	–1
Net gains/losses on items at fair value	361	237	117	87	82	36	70	57	90	57	2	0
Equity method	21	26	21	26	0	0	0	0	0	0	0	0
Other operating income	73	69	9	11	18	29	8	15	6	3	32	11
Total income incl. allocations	**5,012**	**4,674**	**1,446**	**1,345**	**1,337**	**1,205**	**706**	**686**	**1,456**	**1,377**	**67**	**61**
Staff costs	–1,119	–1,050	–372	–354	–285	–275	–161	–153	–290	–256	–11	–12
Other expenses	–1,516	–1,469	–346	–332	–370	–362	–231	–215	–557	–571	–12	–16
Depreciations etc.	–32	–59	–11	–8	–1	–3	–8	–8	–9	–9	–3	–31
Expenses incl. allocations	**–2,667**	**–2,605**	**–729**	**–694**	**–656**	**–640**	**–400**	**–376**	**–856**	**–836**	**–26**	**–59**
Loan losses	220	97	151	21	13	5	63	86	–1	–18	–6	3
Operating profit	**2,565**	**2,166**	**868**	**672**	**694**	**570**	**369**	**396**	**599**	**523**	**35**	**5**
Cost/income ratio, %	53	56	50	52	49	53	57	55	59	61		
RAROCAR, %	26	24	26	24	33	28	19	20	23	22		
Other information, EURbn												
Lending	171.9	152.0	52.5	45.1	39.5	35.6	28.8	25.2	51.1	46.1		
Deposits	88.2	80.4	21.7	20.3	25.8	24.8	14.7	12.9	26.0	22.4		
Economic Capital	5.8	5.5	1.9	1.7	1.4	1.3	1.0	1.0	1.6	1.5		

Corporate and Institutional Banking

Corporate and Institutional Banking delivers a wide range of products and services to large corporate and institutional customers and to retail corporate customers. The business area has customer responsibility for large corporate customers listed on the main stock exchanges and other customers with an external credit rating as well as shipping, offshore and oil services companies, and financial institutions. In addition, Nordea's banking activities in Poland and the Baltic countries, comprising full-service banking activities for all customer groups, are also part of Corporate and Institutional Banking.

Strategic development in 2006

The main focus for CIB in 2006 was to secure a robust top-line growth, while keeping the costs firmly under control. The way to achieve this goal was to target the large transactions in the marketplace, while also continuing to improve and grow the day-to-day business with our customers. In executing this strategy, CIB recorded a record year in 2006, supported by strong performance in all business divisions. The achievements in 2006 is a solid base for further improvements of the CIB market position.

Corporate Banking Division maintained the leading position in the Nordic countries and the activity during 2006 was at a high level. A main driver was the sustained high M&A activity, further enhancing the Acquisition Finance-related income. In addition, Corporate Finance won several important mandates during the year, underlining the value of Nordea's integrated business model and focus on skill-based advisory services. Also the daily business, such as cash management, continued to gain volume in a competitive market.

Financial Institutions Division's strategic development in 2006 was characterised by two main themes. Firstly, the division has strengthened the market position and broadened the customer base. Key areas of development were the hedge fund business, where the offering of a wide product portfolio has allowed for a broadening of the customer base, as well as the capture of growth in securities services business where Nordea has leveraged its leading pan-Nordic position. Secondly, cross-selling teamwork, along with the full leveraging of the relationship management process, has served to underline Nordea's standing as one of the key suppliers of custody and financial markets services in the Nordic region.

In 2006 the Shipping, Offshore and Oil Services Division successfully defended Nordea's position as one of the world's leading banks in this area, as evidenced by public league tables. The business activity remained high throughout the year, supported by a strong underlying demand within the sectors. Companies in the offshore area (mobile drilling rigs and supply vessels) continued to be very active throughout the year, on the back of high energy prices. In shipping, the strong market fundamentals that were seen in previous years continued in 2006.

Markets' strategy continued along two lines in 2006; Firstly, Markets continued to strengthen the structuring specialist capabilities with the aim of growing the share of income from non-standard products. Secondly, Markets continued to focus on making Markets' products a natural part of the customer offering towards Retail corporate clients. During the year, customer activity was high in all major product areas.

In Poland and the Baltic countries the growth trend continued in 2006 and business activity was high throughout the year. The increase in total lending was 39% for the year. Nordea continued to gain market share in this fast growing markets. During the year the Division opened 22 new banking units and expanded the ATM network, based on a long-term agreement with Sampo and First Data International. In order to capture a larger part of the growth in Poland, by far the largest market in the region, Nordea has launched an ambitious growth plan for the coming years. The overall objective is to increase the sales capacity by opening up to 150 new branches in two to three years. This is a large effort, but is based on a strong track-record and proven concept for the opening of new branches. Including a continuation of the ongoing expansion in the Baltic countries, a competitive branch network will be achieved.

Result 2006

CIB experienced a solid development in 2006. Total income reached EUR 1,429m, with the impact from the sale of the shares in IMB representing EUR 199m. Excluding this effect the income rose 12% for the year and all divisions contributed to the positive development.

Net interest income increased by 15%. This development reflects a solid growth in lending, where volumes grew by 12%, as well as deposit volumes. The growth rate was highest in Poland and Baltic countries, but also Corporate Banking Division and Shipping, Offshore and Oil Services Division showed a robust growth. Non-interest income rose 11%, to a great extent reflecting several large deals executed by Corporate Banking Division and strong trading income.

Total costs increased by 5% reflecting a substantial volume growth, higher performance-related salaries and a higher number of FTEs. The total number of FTEs reached 3,605 by the end of the year, an increase of 12% during the year. The increase is mostly attributable to Poland and the Baltic countries.

Operating profit reached EUR 865m for the year, an increase of 18% when excluding the impact of the sale of the IMB shares. The profit growth is a result of strong topline growth, moderate cost development and positive net loan losses. The risk adjusted return on capital at risk reached 29%. The cost/income-ratio was 42%. The improved C/I-ratio highlights CIB's ability to manage revenue growth and significantly increased market activity without a corresponding increase in costs.

Operating profit by main area

	Total		Corporate Banking Division[1]		Financial Institutions Division[1]		Shipping, Offshore and Oil Services Division[1]		Poland and Baltics		Other		Markets[2]	
EURm	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net interest income	489	426	192	174	48	41	153	135	85	68	11	8	76	50
Net fee and commission income	364	348	159	132	89	94	43	35	25	20	48	67	73	86
Net gains/losses on items at fair value	320	284	61	86	132	97	17	12	22	19	88	70	661	506
Equity method	36	21	29	18	0	0	0	0	0	0	7	3	0	0
Other operating income	220	15	206	5	8	1	3	3	3	4	0	2	0	0
Total income incl. allocations	**1,429**	**1,094**	**647**	**415**	**277**	**233**	**216**	**185**	**135**	**111**	**154**	**150**	**810**	**642**
Staff costs	–346	–322	–77	–76	–16	–16	–16	–16	–38	–33	–199	–181	–193	–173
Other expenses	–241	–238	–68	–78	–125	–126	–26	–23	–42	–32	20	21	–155	–138
Depreciations etc.	–10	–11	–1	–1	0	0	0	0	–7	–10	–2	0	0	0
Expenses incl. allocations	**–597**	**–571**	**–146**	**–155**	**–141**	**–142**	**–42**	**–39**	**–87**	**–75**	**–181**	**–160**	**–348**	**–311**
Loan losses	33	40	30	20	1	0	1	7	–5	–4	6	17	0	–4
Operating profit	**865**	**563**	**531**	**280**	**137**	**91**	**175**	**153**	**43**	**32**	**–21**	**7**	**462**	**327**
Other information, EURbn														
Lending	36.4	32.4	12.7	11.1	1.5	1.7	9.4	8.5	4.6	3.3	8.2	7.8	8.2	7.9
Deposits	29.3	26.8	7.8	7.0	13.0	10.9	4.3	4.3	2.3	1.8	1.9	2.8	2.0	2.9
Economic capital	1.9	1.8	0.9	0.9	0.2	0.2	0.3	0.2	0.1	0.1	0.4	0.4	0.7	0.7

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

[2] Markets has product responsibility for trading products such as FX, fixed-income and related derivatives and is evaluated by 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.

Orgresbank

During the year Nordea took two decisive steps in the development of the strategy for the Russian Market. The first step was the divestment of the minority shareholding in International Moscow Bank. The sale was closed in the third quarter and resulted in a gain of EUR 199m. The aim of the divestment was to enable the establishment of fully-controlled operations, in order to take full advantage of the growing Russian market. This was achieved by the acquisition of a majority shareholding in Orgresbank, which was signed in the fourth quarter. Following the completion of the acquisition, expected towards the end of the first quarter of 2007, Nordea will hold just over 75% of the shares in Orgresbank. The rest of the shares are held by EBRD, The European Bank for Reconstruction and Development, and the current management of the bank, which will hold close to 12,5% each. The EBRD is a very experienced institution in the financial sector in Eastern Europe and will be able to contribute with substantial knowledge and support.

Orgresbank ranks among the top 50 Russian banks as measured by tier 1 capital. The bank has total assets of around EUR 700m and around 1000 employees. Total income for 2006 amounted to approximately EUR 55m, with a net profit of just over EUR 15m. The branch network consists of 35 offices in five regions, with focus on the Moscow and S:t Petersburg areas. The head office is located in Moscow. The core activities of the bank have been related to the corporate and SME segments, where the bank has around 4,000 customers.

Orgresbank will provide Nordea with an attractive platform for future growth in the Russian market. With the product and financial support from Nordea, Orgresbank will be able to target a higher number of the large corporates in Russia. Longer-term, the growth opportunities are attractive within the household customer and SME segments. Today, the bank has around 15,000 household customers and the aim is to grow this customer base substantially over the coming years. In order to achieve this target, Nordea will support an expansion of the branch network and the development of e-banking services. The focus products will be mortgages, car loans and cards. Other areas where Nordea will support Orgresbank include risk management and Nordea Markets products, such as foreign exchange, fixed income and equities. Nordea will, through the acquisition, also be able to better serve its Nordic, Polish and Baltic corporate customers, which are increasingly moving into the Russian market.

Asset Management & Life

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

During 2006 focus within Asset Management & Life has been to continue the implementation of the product strategy "new, more flexible" while keeping the good momentum in our institutional business, Private Banking and Life & Pensions. These activities contributed to a record breaking result in Asset Management & Life. Assets under management (AuM) grew to EUR 161bn.

Strategic development in 2006

New products

Nordea's product strategy was renewed in 2005 and named "new, more flexible". The aim of the strategy was to roll out new actively managed products and investment processes, including the reengineering of old products with unsatisfactory performance. Hence, offering a broad range of products covering all market climates and client profiles.

The launch of new products has been successful, especially the absolute return and aggregate products. Sales of new products have contributed with 90% of total sales in 2006. Nordea Invest Stable Equity became the best selling Equity fund launch in Denmark ever.

Since launch in 2005 of the new series of new flexible products Nordea has migrated EUR 11bn from traditional products into new aggregate and absolute return products (All equity, Dynamic Fixed Income and Stable Return products) benefiting income growth due the higher margins on new products compared to traditional products. The investment performance on the new innovative products has in general been strong in 2006, also compared to the more traditional products, and they have proven true to their concept by delivering strong and stable performance, even during the turmoil in the equity markets in May 2006.

Nordea's focus is to continue to develop new products that meet client demands and to maintain a focused and flexible product range offering value added products to our clients.

Growth plan Sweden

In order to strengthen the Swedish market position, especially within the savings and pensions area a range of initiatives has been implemented. These initiatives aims at leveraging more effectively on the already extensive customer base in Sweden by hiring and training more Private Banking advisers, investment and pension specialists to increase the advisory capacity, and more corporate and private sales people as well as to invest in infrastructure supporting the branch network and the mass market concepts.

So far Growth Plan Sweden has delivered good results, especially within Life & Pensions where the market share of L&P premium on the private market has increased from 6.0% to 8.3% in a year (premiums income rolling 12 month, fourth quarter 2006). Within Life & Pensions there is continued focus on expanding the multi-channel distribution network. Special focus and efforts are put into the development of the corporate bancassurance, leveraging the bank's corporate relationships. During 2006 Life has seen a positive development of corporate products across all markets.

The investment fund market share is also increasing on new sales in the three largest segment excluding PPM; household, corporate customers and insurance companies.

Increase efficiency

During 2006 a range of initiatives to improve efficiency was launched. The initiatives are vital in the pursuit of reducing complexity and freeing up resources to invest in new products, specialists and sales people, thereby staying competitive in the long run.

The vision of applying one operating model within the Nordea savings area has been taken a step further in 2006 in most areas of Asset Management & Life and has included the merger of functions, activities and processes, but has also been extended to our product, concept and service platforms.

In combination with the process of implementing one operating model within Asset Management & Life, a series of lean projects has been run to streamline the work flows and to improve the quality.

The first results of these initiatives are reflected in the cost/income ratio which has been reduced from 52% in 2005 to 50% in 2006.

Result

The product result for 2006 in Asset Management increased by 23% to EUR 375m supported by the robust sales of new products with higher margins and a high level of transaction income. Total expenses were EUR 234m up 11% compared to year end 2005 – influenced by investments in new products and sales force, however combined with the appliance of strict cost management.

Life & Pensions continue to produce solid profits. The product result for 2006 was EUR 243m, an increase of 10% compared to 2005, not least due to a strong fourth quarter result 2006.

Operating profit and key figures – Asset Management activities

EURm	2006	2005
Net interest income	47	40
Net fee and commission income	663	562
Net gains/losses on items at fair value	25	23
Equity method	0	0
Other income	14	12
Total income	**749**	**637**
Staff costs	–145	–124
Other expenses	–86	–84
Depreciations etc.	–3	–3
Operating expenses	**–234**	**–211**
Estimated distribution expenses in Retail Banking	–140	–121
Product result	**375**	**305**
of which income within Retail Banking	323	264
Margins [1]		
Income margins (bps)	70	64
Operating expenses margin (bps)	–22	–21
Distribution expenses margin (bps)	–13	–12
Result margin (bps)	35	31
Cost/income ratio, %	50	52
Economic capital	162	155
Assets under management, EURbn	161	148
Number of employees (full-time equivalents)	940	909

[1] Annualised margins calculated using average AuM for Asset Management Activities excl. Nordic Private Banking activities. In 2006 these assets were EUR 111bn.

Key figures – Life activities

EURm	2006	2005
Profit drivers		
Traditional insurance:		
Fee contribution/ profit sharing	152	141
Contribution from cost result	–9	0
Contribution from risk result	28	24
Inv. return on shareholders' equity	18	11
Other profits	19	21
Total Profit Traditional	**208**	**197**
Total profit Unit-linked	**52**	**40**
Estimated distribution expenses in Retail Banking	–17	–16
Total product result	**243**	**221**
of which income within Retail Banking	139	94
Key figures		
Premiums written, net of reinsurance	3,768	3,092
of which from Traditional business	2,197	2,059
of which from Unit-linked business	1,572	1,033
Total operating expenses	**174**	**138**
Investment assets:		
Bonds	15,642	16,357
Equities	4,843	3,781
Alternative investments	2,345	1,795
Property	3,017	2,579
Unit-linked	6,683	5,338
Total investment assets	**32,530**	**29,850**
Investment return %	4.7	9.9
Technical provisions	30,765	28,513
of which financial buffers	2,277	1,654
Economic capital	1,035	974
Number of employees (full time equivalents)	1,176	1,124

Market Consistent Embedded Value (MCEV)

Nordea's MCEV estimates the value a shareholder would put on Nordea's portfolio of in-force life and pension business based on objective market prices. There is no franchise value or other additional value included in MCEV.

Following the introduction of a fee-based model in 2002 and the definition of profit drivers on an IFRS basis in 2004, Nordea discloses MCEV for this business. While statutory accounting is an important tool to assess the performance of the business in the present period, MCEV measures the value of contracts over their whole contractual lifetime. Particularly in a period of growth, this is an important supplement to statutory accounting as growth might produce immediate statutory losses stemming from sales commissions and prudent reserving, while the expected future profits are measured by the MCEV.

The current implementation of MCEV in Nordea builds on knowledge and techniques that have been in use in Nordea for several years within areas such as product development, Economic Capital and target valuations.

The estimation is done by valuing the dividend stream stemming from the individual life insurance companies consistently with the price that these future dividend streams could achieve in the capital markets. The dividend streams are projected stochastically through Monte Carlo simulation. Each scenario in the simulation leads to one possible dividend stream and this stream is valued through discounting with objective, scenario specific, market consistent discount rates. The average of the values from each scenario is defined as the MCEV of the life insurance company.

All options and guarantees given to policyholders and other financial risks are accounted for in the model through the impact on future dividends. Financial risks lead to approximately 65% of total Economic Capital requirements for Nordea's Life and Pensions business.

Non-financial risks comprise life insurance risk, business risk and operational risk. Most non-financial risks are covered in the MCEV calculation on a deterministic basis through appropriate assumptions on eg mortality, lapses and expenses. There is no allowance in the model for the uncertainty around these assumptions. Instead, Nordea calculates the sensitivity towards the major assumptions.

MCEV gives management a tool to ensure profitability in the long term eg by focusing growth on areas and products creating value for shareholders. Major growth and investment alternatives in Nordea Life & Pensions are analysed from an MCEV perspective - as well as from all other relevant perspectives - before they are decided upon. This includes major product initiatives and decisions on bonus and crediting.

Nordea believes that information on MCEV allows investors and analysts to perform a fair valuation of Nordea's life and pensions business. The measure is consistent with the evolution of European regulatory standards and the model surrounding it will form the basis of Nordea's approach towards calculating the capital requirements for the life and pensions business under Solvency II.

Nordea's model for MCEV has been implemented with external assistance from Mercer Oliver Wyman. Neither the model itself, nor the specific calculations, have been audited by the external auditor.

The MCEV of Nordea's life and pension business was EUR 2,873m at the end of 2006.

Strong premium income from new sales has contributed to a value of New Business of EUR 188m which is well above the indicated target. This gives an MCEV margin on New Business of 32%. Financial markets have been favourable to the business and Nordea has managed to benefit from this by building up additional financial buffers and lowering the cost of guarantees given to policyholders. Combined with the expected MCEV earnings caused by the shortening of the dividend stream this gives an impact of EUR 471m. Finally, a number of other components have had smaller impact on Nordea's MCEV. These include the effect of customers transferring from higher guarantee products into lower guarantee products, changes to assumptions on cost, life risk, future policyholder behaviour and from improved modelling capabilities of business features.

Nordea's MCEV is sensitive to both external factors and internal assumptions. During 2006, the sensitivity to the level of interest rates has been significantly decreased due to the general increase of interest rates moving well above the levels of guarantees given to policyholders and the increase of financial buffers. Additionally, there is an important diversification effect from business lines with different exposures to interest rates.

MCEV composition of Nordea Life & Pensions

EURm	Traditional business	Unit Linked business*	EURm
Denmark	977	91	1,068
Finland	577	255	833
Norway	458	103	561
Sweden	145	111	256
Poland		151	151
Holding			5
Total	**2 158**	**711**	**2 873**

*Includes New Traditional business

Reconciliation between MCEV of Nordea Life & Pensions in 2005 and 2006

EURm	Total
MCEV 2005	2,283*
Value of new business	**188**
Additional financial earnings	471
Other	–40
Divided paid in 2006	–29
MCEV 2006 –after dividend	**2 873**

*Includes all entities and Holding company. This is comparable to the 2,309 mEUR disclosed in March 2006,

Sensitivity analysis

Scenario	Change in MCEV
100 bp downward shift of the yield curve	–3.2%
100 bp upward shift of the yield curve	1.9%
+10% equity return in first year	3.2%
–10% equity return in first year	–7.2%
10% increase in surrender assumptions	–0.9%
10% decrease in surrender assumptions	1.1%
10% increase in maintence costs	–1.2%
10% decrease in maintence costs	1.1%

Group Treasury

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

Group Investment's activities are related to the Group's equity. Within certain risk limits, Group Investment takes positions mainly in fixed-income instruments including derivatives. Earnings in Group Investment are defined as the net of return on investment and the return target, ie the expected average medium-term risk-free return over time, defined as the funding cost. The funding cost is directly correlated to the interest paid to business areas on their allocated economic capital. The rate is set annually and it is adjusted based on the prevailing market rate. In 2006, the funding cost was 3.25%.

Group Funding is responsible for all funding for the Group and functions as a centre for all flows of funds within the Group. All assets and liabilities, with either fixed or floating rate, are funded through Group Funding. This process allows Group Funding to match any surplus liquidity in one part of the organisation with liquidity needs of the same maturity and currency in another part of the organisation. The difference of approx. EUR 90 bn between assets and liabilities, stemming from customer activity, represents the amount of funding that Nordea is raising from the domestic and international fixed income and money market. To facilitate its funding operations, Nordea has sizeable funding programmes in all relevant markets, allowing investors access to a true pan-nordic credit risk. Group Funding aims further to generate income by utilising opportunities based on the slope and movement in the yield curves.

The improved credit rating and strong balance sheet of Nordea, coupled with the strong name recognition in the international capital market is increasingly providing opportunities for attractive funding opportunities.

Operating profit

	Total		Group Investment		Group Funding	
EURm	2006	2005	2006	2005	2006	2005
Net interest income	118	110	–35	–60	153	170
Net fee and commission income	–8	–6	–5	–3	–3	–3
Net gains/losses on items at fair value	99	1	89	40	10	–39
Equity method	18	7	18	7	0	0
Other operating income	18	25	19	25	–1	0
Total income incl. allocations	**245**	**137**	**86**	**9**	**159**	**128**
Staff costs	–16	–15	–5	–6	–11	–9
Other expenses	–28	–30	–8	–9	–20	–21
Depreciations etc.	0	0	0	0	0	0
Expenses incl. allocations	**–44**	**–45**	**–13**	**–15**	**–31**	**–30**
Operating profit	**201**	**92**	**73**	**–6**	**128**	**98**

Strategic Development 2006

In 2006 Nordea carried on its issuance activities both in the Nordic and international capital markets, including covered bonds and other senior funding, at attractive spreads. The liquidity in the Bank's funding programmes has been very good. To further support its existing funding programmes and broaden the investor base, Nordea launched a domestic French CP programme EUR 6bn in December.

On 30 June 2006 Nordea Hypotek in Sweden converted all of its outstanding bonds amounting to approx. EUR 15.2bn to covered bonds. After the conversion Nordea issues covered bonds on a regular basis. The covered bonds received Aaa/AAA rating from Moody's and Standard and Poor's.

The domestic Swedish covered bond market, fourth largest in Europe, represent the core funding source for Nordea Hypotek. However, the covered bond issuance will allow Nordea to expand its funding of the mortgage portfolio also into the international capital markets.

In October Nordea Hypotek issued an inaugural EUR 1.25bn covered bond targeted to international investors. The Nordea Hypotek transaction is the first EUR denominated covered bond to be executed under the Swedish Covered Bond Act. Other senior funding activities included a USD 2bn Extendible Short-Term Programme in the US markets.

During 2006 Nordea raised approx. EUR 1.3bn equivalent in dated subordinated loans in different European markets. The speed of execution and the quality of the order book gives a good reflection of the strong appeal of Nordea in capital markets.

At the end of December, the price risk involved in Group Treasury's interest rate positions, calculated as VaR, was EUR 8m compared to EUR 18m at the end of September. The risk related to equities, calculated as VaR, was EUR 25m compared to 28m at the end of September.

The structural interest income risk (SIIR) in the Group,which shows the effect on net interest income in the next 12 months, was EUR 206m assuming increased market rates by 100 basis points and EUR -220m assuming decreased market rates by 100 basis points.

Result 2006

Group Treasury's result is divided into investment-related result and funding-related result. Earnings in Group Investment are defined as the net of return on investment and the return target, ie the expected average medium-term risk-free return over time, defined as the funding cost. The funding cost is directly correlated to the interest paid to business areas on their allocated economic capital. The rate is set annually and it is adjusted based on the prevailing market rate. For 2006, the funding cost was 3.25%.

Operating profit in Group Treasury was EUR 201m, more than a doubling compared to 2005. Of the total result EUR 73m (EUR -6m) derives from Group Investment and EUR 128m (EUR 98m) from Group Funding, supported by successful positions in the money market.

5 year overview

Key financial figures

Income statement

EURm	2006	2005	2004	2003[1]	2002[1]
Net interest income	3,869	3,663	3,495	3,658	3,754
Net fee and commission income	2,074	1,935	1,794	1,533	1,573
Net gains/losses on items at fair value	1,036	765	679	369	253
Equity method	80	67	55	57	52
Dividend	6	11	6	–	–
Other income	312	132	98	263	226
Total operating income	**7,377**	**6,573**	**6,127**	**5,880**	**5,858**
General administrative expenses:					
Staff costs	–2,251	–2,082	–2,021	–2,151	–2,346
Other expenses	–1,485	–1,455	–1,466	–1,381	–1,481
Depreciation, amortisation and impairment charges of tangible and intangible assets	–86	–131	–168	–299	–330
Total operating expenses	**–3,822**	**–3,668**	**–3,655**	**–3,831**	**–4,157**
Loan losses	257	137	–27	–363	–261
Disposals of tangible and intangible assets	8	6	300	–115	–
Operating profit insurance	–	–	–	126	–148
Operating profit	**3,820**	**3,048**	**2,745**	**1,697**	**1,292**
Income tax expense	–667	–779	–667	–205	–405
Net profit for the year	**3,153**	**2,269**	**2,078**	**1,492**	**887**

Ratios and key figures

	2006	2005	2004	2003[1]	2002[1]
Earnings per share (EPS), EUR	1.21	0.86	0.74	0.51	0.30
Share price, EUR	11.67	8.79	7.43	5.95	4.20
Total shareholders' return, %	32.3	27.5	29.8	47.9	–28.1
Proposed/actual dividend per share, EUR	0.49	0.35	0.28	0.25	0.23
Equity per share[2,3], EUR	5.89	4.98	4.63	4.28	4.06
Shares outstanding[3], million	2,591	2,592	2,735	2,846	2,928
Return on equity, %	22.9	18.0	16.9	12.3	7.5
Assets under management, EURbn	161.0	147.6	126.1	110.8	96.5
Cost/income ratio, %	52	56	60	63	64
Tier 1 capital ratio, %	7.1	6.8	7.3	7.3	7.1
Total capital ratio, %	9.8	9.2	9.5	9.3	9.9
Tier 1 capital, EURm	13,147	11,438	10,596	9,754	9,612
Risk–weighted assets, EURbn	185	169	145	134	135
Number of employees (full-time equivalents)	29,248	28,925	28,929	30,674	37,562
Risk adjusted profit, EURm	2,107	1,783			
Economic profit, EURm	1,412	1,127			
Economic capital[4], EURbn	9.3	8.7			
EPS, risk adjusted, EUR	0.81	0.67			
RAROCAR, %	22.7	20.6			
Expected losses, bp	19	20			
MCEV, EURm	2,873	2,283			

[1] According to previous GAAP, not restated to IFRS.
[2] Equity excluding minority interests and revaluation reserves.
[3] See footnotes to Equity, Note 42.
[4] Annual average.

Quarterly development

EURm	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2006	2005
Net interest income	1,006	979	957	927	933	920	913	897	3,869	3,663
Net fee and commission income (Note 1)	549	497	521	507	529	469	484	453	2,074	1,935
Net gains/losses on items at fair value	310	224	223	279	184	175	254	152	1,036	765
Equity method	8	17	30	25	21	11	22	13	80	67
Dividend	–	–	6	–	–	1	10	–	6	11
Other income	26	217	48	21	29	25	11	67	312	132
Total operating income	**1,899**	**1,934**	**1,785**	**1,759**	**1,696**	**1,601**	**1,694**	**1,582**	**7,377**	**6,573**
General administrative expenses (Note 2):										
Staff costs	–606	–550	–552	–543	–532	–520	–515	–515	–2,251	–2,082
Other expenses	–391	–355	–372	–367	–393	–345	–364	–353	–1,485	–1,455
Depreciation, amortisation and impairment charges of tangible and intangible assets	–19	–23	–21	–23	–31	–31	–35	–34	–86	–131
Total operating expenses	**–1,016**	**–928**	**–945**	**–933**	**–956**	**–896**	**–914**	**–902**	**–3,822**	**–3,668**
Loan losses	82	55	89	31	7	23	101	6	257	137
Disposals of tangible and intangible assets	2	2	3	1	1	0	3	2	8	6
Operating profit	**967**	**1,063**	**932**	**858**	**748**	**728**	**884**	**688**	**3,820**	**3,048**
Income tax expense	–91	–191	–192	–193	–242	–165	–179	–193	–667	–779
Net profit	**876**	**872**	**740**	**665**	**506**	**563**	**705**	**495**	**3,153**	**2,269**
Earnings per share (EPS)	0.34	0.34	0.28	0.26	0.20	0.21	0.27	0.18	1.21	0.86
EPS, rolling 12 months up to period end	1.21	1.07	0.95	0.94	0.86	0.83	0.78	0.76	1.21	0.86

Note 1 Net fee and commission income, EURm	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2006	2005
Asset Management commissions	203	176	179	186	189	173	170	152	744	684
Life insurance	75	50	56	52	44	47	43	52	233	186
Brokerage	54	46	61	66	62	59	52	48	227	221
Custody	18	18	20	20	19	19	19	18	76	75
Deposits	9	11	9	11	14	11	12	11	40	48
Total savings related commissions	359	301	325	335	328	309	296	281	1,320	1,214
Payments	117	111	110	104	110	106	106	104	442	426
Cards	80	76	73	67	67	71	69	58	296	265
Total payment commissions	197	187	183	171	177	177	175	162	738	691
Lending	60	56	59	60	67	58	60	53	235	238
Guarantees and document payments	31	31	27	28	31	29	30	29	117	119
Total lending related to commissions	91	87	86	88	98	87	90	82	352	357
Other commission income	49	36	46	41	49	32	39	51	172	171
Fee and commission income	**696**	**611**	**640**	**635**	**652**	**605**	**600**	**576**	**2,582**	**2,433**
Life insurance	–16	–11	–11	–13	–6	–8	–8	–10	–51	–32
Payment expenses	–70	–57	–53	–49	–57	–53	–54	–48	–229	–212
Other commission expenses	–61	–46	–55	–66	–60	–75	–54	–65	–228	–254
Fee and commission expenses	**–147**	**–114**	**–119**	**–128**	**–123**	**–136**	**–116**	**–123**	**–508**	**–498**
Net fee and commission income	**549**	**497**	**521**	**507**	**529**	**469**	**484**	**453**	**2,074**	**1,935**

Note 2 General administrative expenses, EURm	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Q1 2005	2006	2005
Staff[1]	574	534	536	527	512	505	500	500	2,171	2,017
Profit sharing	32	16	16	16	20	15	15	15	80	65
Information technology[2]	110	106	120	120	133	112	124	116	456	485
Marketing	34	21	27	22	33	21	24	22	104	100
Postage, telephone and office expenses	44	44	47	53	48	49	50	52	188	199
Rents, premises and real estate expenses	87	88	80	83	82	87	84	84	338	337
Other	116	96	98	89	97	76	82	79	399	334
Total	**997**	**905**	**924**	**910**	**925**	**865**	**879**	**868**	**3,736**	**3,537**

[1] Variable salaries were EUR 188m in 2006 (2005: EUR 147m).

[2] Refers to IT operations, service expenses and consultant fees. Total IT-related costs in 2006, including staff etc, but excluding IT expenses in insurance operations, were EUR 628m (2005: EUR 636m).

Income statement

EURm	Note	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Operating income					
Interest income		9,669	8,100	1,955	1,387
Interest expense		–5,800	–4,437	–1,590	–943
Net interest income	3	**3,869**	**3,663**	**365**	**444**
Fee and commission income		2,582	2,433	608	549
Fee and commission expense		–508	–498	–127	–117
Net fee and commission income	4	**2,074**	**1,935**	**481**	**432**
Net gains/losses on items at fair value	5	1,036	765	186	–38
Profit from companies accounted for under the equity method	23	80	67	–	–
Dividends	6	6	11	4,739	1,023
Other operating income	7	312	132	130	122
Total operating income		**7,377**	**6,573**	**5,901**	**1,983**
Operating expenses					
General administrative expenses:					
Staff costs	8	–2,251	–2,082	–559	–500
Other expenses	9	–1,485	–1,455	–510	–536
Depreciation, amortisation and impairment charges of tangible and intangible assets	10,26,27	–86	–131	–99	–99
Total operating expenses		**–3,822**	**–3,668**	**–1,168**	**–1,135**
Loan losses	11	257	137	18	13
Impairment of securities held as financial non–current assets	25	–	–	–	–309
Disposals of tangible and intangible assets		8	6	–	–1
Operating profit		**3,820**	**3,048**	**4,751**	**551**
Appropriations	12	–	–	–33	595
Income tax expense	13	–667	–779	–76	–229
Net profit for the year		**3,153**	**2,269**	**4,642**	**917**
Attributable to:					
Shareholders of Nordea Bank AB (publ)		3,145	2,263	4,642	917
Minority interests		8	6	–	–
Total		**3,153**	**2,269**	**4,642**	**917**
Earnings per share, EUR	14	1.21	0.86		

Balance sheet

EURm	Note	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Assets					
Cash and balances with central banks		2,104	2,526	277	215
Treasury bills and other eligible bills	15	6,678	7,095	1,552	1,187
Loans and receivables to credit institutions	16	26,792	31,578	36,970	28,638
Loans and receivables to the public	17	213,985	188,460	21,501	19,069
Interest–bearing securities	18	29,066	24,632	3,874	4,192
Financial instruments pledged as collateral	19	10,496	11,674	599	1,244
Shares	20	14,585	12,901	691	496
Derivatives	21	24,207	28,876	812	706
Fair value changes of the hedged items in portfolio hedge of interest rate risk	22	–37	282	1	28
Investments in associated undertakings	23	398	566	29	28
Investments in group undertakings	25	–	–	16,561	16,551
Intangible assets	26	2,247	2,221	858	903
Property and equipment	27,28	307	303	57	43
Investment property	29	3,230	2,750	0	0
Deferred tax assets	13	382	352	39	45
Current tax assets		68	41	10	5
Retirement benefit assets	39	84	70	–	–
Other assets	30	10,726	9,817	5,321	1,196
Prepaid expenses and accrued income	31	1,572	1,405	285	185
Total assets		**346,890**	**325,549**	**89,437**	**74,731**
Liabilities					
Deposits by credit institutions	32	32,288	29,790	23,971	20,784
Deposits and borrowings from the public	33	126,452	115,550	30,482	26,579
Liabilities to policyholders	34	31,041	26,830	–	–
Debt securities in issue	35	83,417	82,609	12,638	10,248
Derivatives	21	24,939	28,602	1,153	571
Fair value changes of the hedged items in portfolio hedge of interest rate risk	22	–401	58	–96	3
Current tax liabilities		263	383	–	162
Other liabilities	36	22,177	18,044	2,418	2,176
Accrued expenses and prepaid income	37	2,008	1,874	294	223
Deferred tax liabilities	13	608	423	3	0
Provisions	38	104	100	28	26
Retirement benefit obligations	39	495	504	135	133
Subordinated liabilities	40	8,177	7,822	6,397	5,540
Total liabilities		**331,568**	**312,589**	**77,423**	**66,445**
Untaxed reserves	41	**–**	**–**	**5**	**2**
Equity	42				
Minority interests		46	41	–	–
Share capital		2,594	1,072	2,594	1,072
Share premium account/Statutory reserve		–	4,284	–	4,284
Other reserves		–111	–228	–	–
Retained earnings		12,793	7,791	9,415	2,928
Total equity		**15,322**	**12,960**	**12,009**	**8,284**
Total liabilities and equity		**346,890**	**325,549**	**89,437**	**74,731**
Assets pledged as security for own liabilities	43	18,136	22,620	745	1,409
Other assets pledged	44	3,053	4,529	2,312	4,338
Contingent liabilities	45	22,495	16,349	14,014	14,056
Commitments	46	2,619,090	2,213,772	234,398	146,098

Other notes:
Note 1 Accounting policies
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Note 24 Investments in joint venture
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Note 50 Assets and liabilities at fair value
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Note 53 Investments, customer bearing the risk
Note 54 Related-party transactions
Note 55 Acquisitions

Statement of recognised income and expense

	Group		Parent company	
EURm	2006	2005	2006	2005
Currency translation differences during the year	38	–2	–4	–3
Currency hedging	75	–80	–	–
Available-for-sale investments:				
Valuation gains/losses taken to equity	3	2	–	–
Mergers	–	–	–	98
Group contributions	–	–	–8	–
Tax on items taken directly to or transferred from equity	1	–1	2	–
Net income recognised directly in equity	**117**	**–81**	**–10**	**95**
Net profit for the year	3,153	2,269	4,642	917
Total recognised income and expense for the year	**3,270**	**2,188**	**4,632**	**1,012**
Attributable to:				
Shareholders of Nordea Bank AB (publ)	3,262	2,182	4,632	1,012
Minority interests	8	6	–	–
Total	**3,270**	**2,188**	**4,632**	**1,012**

Cash-flow statement

	Group		Parent company	
EURm	2006	2005	2006	2005
Operating activities				
Operating profit	3,820	3,048	4,751	551
Adjustments for items not included in cash flow	–954	74	–4,696	–675
Income taxes paid	–644	–577	93	–29
Cash flow from operating activities before changes in operating assets and liabilities	2,222	2,545	148	–153
Changes in operating assets				
Change in treasury bills and other eligible bills	554	1,247	–389	1,304
Change in loans and receivables to credit institutions	6,182	–7,979	–3,495	–4,214
Change in loans and receivables to the public	–25,396	–27,418	–2,436	–1,593
Change in interest-bearing securities	–2,548	–6,141	318	–1,273
Change in financial assets pledged as collateral	1,178	1,064	645	-352
Change in shares	–1,688	–2,808	–227	–94
Change in derivatives, net	878	–429	340	–87
Change in investment properties	–283	–266	–	–
Change in other assets	–946	–2,959	607	1,300
Changes in operating liabilities				
Change in deposits by credit institutions	2,567	–369	3,187	–2,101
Change in deposits and borrowings from the public	10,904	10,845	3,903	481
Change in liabilities to policyholders	2,512	3,333	–	–
Change in debt securities in issue	808	22,896	2,390	6,716
Change in other liabilities	4,121	4,534	–90	426
Cash flow from operating activities	**1,065**	**–1,905**	**4,901**	**360**
Investing activities				
Acquisition of group undertakings	77	–96	–42	–145
Sale of group undertakings	2	0	34	29
Merger of group undertakings	–	–	–	2
Acquisition of investments in associated undertakings	–14	–43	–1	–
Sale of investments in associated undertakings	416	48	–	–
Acquisition of property and equipment	–114	–56	–29	–18
Sale of property and equipment	40	70	2	2
Acquisition of intangible assets	–110	–54	–39	–9
Sale of intangible assets	10	1	–	5
Purchase/sale of other financial fixed assets	–307	–1,179	0	1
Cash flow from investing activities	**0**	**–1,309**	**–75**	**–133**
Financing activities				
Issued subordinated liabilities	1,281	2,860	1,285	2,860
Amortised subordinated liabilities	–495	–1,111	–304	–984
Repurchase of own shares incl change in trading portfolio	3	–1,105	–	–1,138
Dividend paid	–908	–740	–908	–740
Cash flow from financing activities	**–119**	**–96**	**73**	**–2**
Cash flow for the year	**946**	**–3,310**	**4,899**	**225**
Cash and cash equivalents at the beginning of year	3,676	6,922	1,209	984
Exchange rate difference	28	64	0	0
Cash and cash equivalents at the end of year	4,650	3,676	6,108	1,209
Change	**946**	**–3,310**	**4,899**	**225**

Comments on the cash flow statement

The cash flow statement has been prepared in accordance with IAS 7 with the exception of the classification of debt securities in issue. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Adjustment for non-cash items includes:

	Group		Parent company	
EURm	2006	2005	2006	2005
Depreciation	87	131	99	98
Impairment charges	–1	1	1	309
Loan losses	–169	99	4	16
Unrealised gains/losses	–135	–129	192	–107
Capital gains/losses (net)	–248	–10	–2	–
Change in accruals and provisions	27	11	–26	–7
Anticipated dividends	–	–	–4,499	–736
Group contributions	–	–	–233	–286
Translation differences	–230	79	–3	137
Other	–285	–108	–198	–99
Total	**–954**	**74**	**–4,665**	**–675**

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans and receivables, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

	Group		Parent company	
EURm	2006	2005	2006	2005
Interest payments received	9,351	8,635	1,893	1,396
Interest expenses paid	5,586	4,519	1,560	920

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets. Aggregated cash flows arising from acquisition and sale of group undertakings are presented separately and consist of:

	Group	
EURm	2006	2005
Acquisition of group undertakings		
Cash and cash equivalents	78	7
Loans and receivables to credit institutions	–	3
Interest-bearing securities	1,583	8
Shares	8	6
Property & equipment and intangible assets	81	65
Other assets	38	34
Total assets	**1,788**	**123**
Liabilities to policyholders	–1,700	–17
Other liabilities and provisions	–45	–3
Total liabilities	**–1,745**	**–20**
Purchase price paid[1]	**43**	**–103**
Reclassified from investments in associated companies	–43	–
Cash and cash equivalents in acquired group undertakings[2]	77	7
Net effect on cash flow	**77**	**–96**

[1] Including translation difference and allocated expenses, see also Note 55 Acquisitions.
[2] Cash and cash equivalents in Nordea Life Assurance 1 Sweden AB (publ) earlier operating under mutual principles and not consolidated.

	Group	
EURm	2006	2005
Sale of group undertakings		
Cash and cash equivalents	4	2
Loans and receivables to the public	40	–
Property & equipment and intangible assets	36	–
Other assets	1	1
Total assets	**81**	**3**
Deposits by credit institutions	–72	–
Other liabilities and provisions	–2	–1
Total liabilities	**–74**	**–1**
Capital gain/loss on sold group undertakings	–1	0
Purchase price received	**6**	**2**
Cash and cash equivalents in sold group undertakings	–4	–2
Net effect on cash flow	**2**	**0**

	Parent company	
EURm	2006	2005
Merger of group undertakings[1]		
Cash and cash equivalents	–	2
Loans and receivables to credit institutions	–	446
Property & equipment and intangible assets	–	210
Other assets	–	1,212
Total assets	**–**	**1,870**
Deposits and borrowings from the public	–	429
Other liabilities and provisions	–	1
Total liabilities	**–**	**430**
Book value of merged group undertakings	**–**	**1,440**
Cash and cash equivalents in merged group undertakings	–	2
Net effect on cash flow	**–**	**2**

[1] Refers to the merger of Nordea Asset Management AB in 2005.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents assets:

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Cash and balances with central banks	2,104	2,526	277	215
Loans and receivables to credit institutions, payable on demand	2,546	1,150	5,831	994
Total	**4,650**	**3,676**	**6,108**	**1,209**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;

- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

Loans to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

Notes to the financial statements

Note 1:
Accounting policies

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1. Basis for presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU. Additional requirements in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (1995:1559) (ÅRKL), the recommendation RR30:05 "Supplementary Rules for Consolidated Financial Statements" of the Swedish Financial Accounting Standards Council (RR) as well as the accounting regulations of the Financial Supervisory Authority (FFFS 2005:33) have also been applied.

The disclosures, required in the standards and legislation above, have been included in the notes, Risk management section or in other parts of the "Financial statements".

On 28 February 2007 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting 13 April 2007.

2. Comparative figures

The comparative figures for 31 December 2005 includes effects of all changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation

The accounting policies and the basis for calculations are, in all material aspects, unchanged in comparison with the 2005 Annual Report.

The following four changes in the presentation have been made:

Increased transparency for Commissions

The presentation of "Net fee and commission income" has been changed, to better illustrate the nature of Nordea's commission income and expense. The effect on the current period has not been presented, as this information is not available. The effects are described in the following table.

	2005			
EURm	Reported	Reclass.	Restated	
Presentation before restatement				**Presentation after restatement**
Investment products/services	697	–13	684	Asset Management commissions
	–	75	75	Custody
Life insurance	198	–12	186	Life insurance
Brokerage	264	–43	221	Brokerage
Loans and receivables	335	–97	238	Lending
	–	265	265	Cards
Deposits, payments and e-services	709	–283	426	Payments
	–	48	48	Deposits
Guarantees and documentary payments	77	42	119	Guarantees and document payments
Other commission income	202	–31	171	Other commission income
Fee and commission income	**2,482**	**–49**	**2,433**	**Fee and commission income**
Life insurance	–91	59	–32	Life insurance
Payments and e-services	–162	–50	–212	Payment expenses
Other commission expenses	–294	40	–254	Other commission expenses
Fee and commission expenses	**–547**	**49**	**–498**	**Fee and commission expenses**
Net fee and commission income	**1,935**	**–**	**1,935**	**Net fee and commission income**

Presentation of revenue and expense from the life insurance business

The presentation of revenue and expense from the life insurance business has been changed. The traditional presentation and recognition of life premiums received and claims and benefits paid through the income statement has been replaced. The new revenue recognition principles mean that all premiums received are initially recognised against the balance sheet as deposits (deposit accounting). The received premiums are therefore not recognised through the income statement. All payments related to claims and benefits are initially recognised as reductions of the liability. Revenue is instead subsequently recognised, on the note line Insurance risk income, Life, when insurance risk premiums and administration fees are earned and debited the liability to the policyholder. The note line Insurance risk expense, Life is presented on a net basis. An increase/decrease of the expense is recognised when payments deviate from the originally expected payments. The expense line is also affected when increases/decreases of the life insurance provisions (e.g. inheritance gain) are made to reflect that the current estimates are different from what was earlier expected. The effect of changes in discount rates and financial results is incorporated on the note line Change in technical provisions, Life.

The new presentation of the life insurance business has no net impact on the income statement. The balance sheet presentation and classification is unaffected by the change in the principles for revenue and expense recognition of life insurance contracts.

Running property yield from investment properties within the life business, EUR 146m (EUR 150m), has furthermore been reclassified from "Other income" to be disclosed as an integrated part of Investment properties, Life, which also includes changes in fair value.

The table below describes the effect from the new presentation of Life.

	2006		2005	
EURm	Restated	Not restated	Restated	Reported
Income statement				
Net gains/losses on items at fair value	1,036	890	765	615
Other operating income	312	458	132	282
Total	**1,348**	**1,348**	**897**	**897**
Disclosure for Net gains/losses on items at fair value (note 5)				
Shares/participations and other share-related instruments	1,210	168	1,593	146
Interest-bearing securities and other interest-related instruments	580	453	1,109	63
Other financial instruments	–21	–21	29	29
Foreign exchange gains/losses	274	154	259	259
Premium income, Life	–	2,727	–	2,412
Investments, Life	–	1,601	–	2,616
Investment properties, Life	457	–	272	–
Change in technical provisions, Life	–883	–1,548	–1,989	–2,644
Claims paid, Life	–	–2,038	–	–1,720
Change in collective bonus potential, Life	–605	–606	–546	–546
Insurance risk income, Life	236	–	213	–
Insurance risk expense, Life	–212	–	–175	–
Total	**1,036**	**890**	**765**	**615**

Classification of interest income on funding swaps

The interest from interest rate- and currency swaps, related to Nordea's funding, has been reclassified to interest expense, leading to a change from gross to net accounting. This has been made to better illustrate the nature of the transactions. This has affected both interest income and interest expenses. Net interest income is unchanged. The table below describes the effect from the new presentation of the funding swaps on the current period and in the comparative figures.

	2006		2005	
EURm	Restated	Not restated	Restated	Reported
Interest income	9,669	11,045	8,100	8,453
Interest expense	–5,800	–7,176	–4,437	–4,790
Total	**3,869**	**3,869**	**3,663**	**3,663**

Classification of non-cash collaterals in the balance sheet
Securities pledged as security in repurchase agreements and in securities borrowing have, in the balance sheet, been reclassified to the item "Financial instruments pledged as collateral", in the cases where the counter party has the right to sell or repledge the securities transferred. This has affected "Treasury bills and other eligible bills" and "Interest-bearing securities". The table below describes the effect from the new presentation of non-cash collaterals on the current period and in the comparative figures.

	2006		2005	
EURm	Restated	Not restated	Restated	Reported
Treasury bills and other eligible bills	6,678	6,678	7,095	7,280
Interest-bearing securities	29,066	39,562	24,632	36,121
Financial instruments pledged as collateral	10,496	–	11,674	–
Total	**46,240**	**46,240**	**43,401**	**43,401**

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by management. The estimates are based on past experience and assumptions that management believes are fair and reasonable. These estimates and the judgement behind them affect the reported amounts of assets, liabilities and off-balance sheet items, as well as income and expenses in the financial statements presented. Actual outcome can later, to some extent, differ from the estimates and the assumptions made.

Certain accounting policies are considered to be particularly important to the financial position of Nordea, since they require management to make difficult, complex or subjective judgements and estimates, the majority of which relate to matters that are inherently uncertain. These critical judgements and estimates are in particular associated with:

- the fair value measurement of:
  – financial instruments and
  – investment properties.
- the impairment testing of:
  – goodwill and
  – loans and receivables.
- the recognition of tax assets.
- the actuarial calculations of pension liabilities.
- claims in civil lawsuits.

Fair value measurement
Financial instruments
Critical judgements are exercised when determining fair value of financial instruments in the following areas:

- The choice of valuation techniques
- The determination of when quoted prices fail to represent fair value
- The construction of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk
- The judgement of which market parameters that are observable

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. All such decisions are subject to approval by relevant Group functions.

See also the separate section 10 "Determination of fair value of financial instruments".

Investment property
Discounted cash flows are used for fair value measurement of these properties. In-house competences in Nordea perform the valuation, using instructions from and being closely monitored by the Financial Supervisory Authority in each respective market.

The forecast of future cash flows is based on Nordea's best estimates of future operating profit and return requirements for each individual property taking factors such as location and maintenance condition into consideration. A number of assumptions and estimates have material effect on the calculations and include parameters like inflation, trends in rents and costs, exit yield and discount rate. Changes to any of these parameters, following changes in market conditions, vacancy rates or other, affect the forecasted cash flows and thus the fair value of the investment property.

Judgements and assumptions are always required in establishing fair values. The fair values presented in the balance sheet and the changes of these values recorded in the income statement, are considered prudent and reflecting relevant economic factors.

See also the separate section 17 "Investment property".

Impairment testing
Goodwill
Goodwill is tested for impairment annually, involving an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit, to which the goodwill has been allocated. The cash-generating units are defined as segments in each legal entity in Nordea.

The forecasts of future cash flows are based on Nordea's best estimates of future revenues and expenses for the cash-generating units to which goodwill has been allocated. A number of assumptions and estimates have significant effect on these calculations and include parameters like macroeconomic assumptions, market growth, business volumes, margins and cost effectiveness. Changes to any of these parameters, following changes in market conditions, competition, strategy or other, affects the forecasted cash flows and may result in impairment charges of goodwill.

See also the separate section 15 "Intangible assets".

Loans and receivables
When testing individual loans for impairment, the most critical judgement, containing the highest uncertainty, relates to the estimation of the most probable future cash flows generated from the customer.

When testing a group of loans collectively for impairment, the key aspect is to identify the events and/or the observable data that indicate that losses have been incurred in the group of loans. Assessing the net present value of the cash flows generated by the customers in the group contains a high degree of uncertainty when using historical data and the acquired experience when adjusting the assumptions based on historical data to reflect the current situation.

See also the separate section 13 "Loans and receivables".

Recognition of tax assets

Nordea's recognition of deferred tax assets is subject to a continuous evaluation, involving assumptions and assessments of Nordea's future possibilities to utilise tax losses carried forward especially in Finland. The time frame for utilising the main part of the unrecognised tax assets expires in 2013.

See also the separate section 19 "Taxes".

Actuarial calculations of pension liabilities

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate, which is fixed based on swap rates with a maturity matching the duration of the pension liabilities. Other parameters like assumptions on salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in note 39.

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at market price at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations for the return on the different asset classes. The expected return is also disclosed in note 39.

See also the separate section 20 "Pensions".

Claims in civil lawsuits

Within the framework of the normal business operations, Nordea faces a number of claims in civil lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes are considered likely to have any significant adverse effect on Nordea or its financial position.

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank AB (publ), and those entities that meet the definition of a subsidiary according to IAS 27. This definition is generally fulfilled when the parent company owns, directly or indirectly through group undertakings, more than 50 per cent of the voting rights or otherwise has the power to govern the financial and operating policies of the entity.

All Group undertakings are consolidated using the purchase method, except for the forming of Nordea in 1997–98 when the holding in Nordea Bank Finland Plc was consolidated using the pooling method. The group undertakings are included in the consolidated accounts from the date on which control is transferred to Nordea and are no longer consolidated from the date on which control ceases.

Equity and net income attributable to minority interests are separately disclosed in the balance sheet and income statement.

In the consolidation process the reporting from the subsidiaries are adjusted to ensure consistency with IFRS principles applied by Nordea.

Investments in associated undertakings

The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Investments within Nordea's investment activities are handled in accordance with the requirements in IAS 39 and therefore measured at fair value.

The participation in VPC AB has increased during the year, so that the share of voting rights now exceeds 20 per cent (consolidation with the equity method was earlier based on significant influence).

Profits from companies accounted for under the equity method are in the income statement reported pre-taxes. Tax costs related to these profits are included in the income tax expense for Nordea. See note 13.

The 40 per cent holding in Nordic Processor AB is not accounted for using the equity method due to that the terms in the agreement, with the joint owner IBM, leads to that Nordea does not have significant influence. Nordea's accounts are therefore only affected through direct invoicing from Nordic Processor AB.

Joint ventures

Proportionate method of consolidation is used for investments where the contractual arrangements between the investors establish joint control over the economic activity of the entity. Nordea's share of the assets, liabilities, income and expenses of jointly controlled entities are combined line by line with corresponding items in Nordea's financial statements.

Special Purpose Entities (SPEs)

Nordea has engaged in the formation of a limited number of Special Purpose Entities (SPEs), in general for securitization purposes, allowing customers to invest in the assets of the SPE by investing in securities issued by the SPE. Legally the SPEs are independent entities and Nordea has no influence on the decision making process. The only risk involved follows from Nordea's loans to the SPEs. However, Nordea is the creator of the SPEs and obtain economic benefits through arranger fees and by acting as master servicer.

In accordance with SIC 12, most of the SPEs are therefore consolidated into Nordea. As Nordea has no ownership in these entities, their equity is reported in full as minority interests. Other effects on the balance sheet are minor.

For further information on the undertakings included in the Nordea Group see notes 23, 24 and 25.

Principles of elimination

Intra-group transactions and balances between the consolidated group undertakings are eliminated. Unrealised losses are eliminated unless the loss constitutes an impairment loss.

Currency translation of foreign entities

The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into EUR from their functional currency. The assets and liabilities of foreign entities have been translated at the closing rates, while items in the income statements are translated at the average exchange rate for the year. Translation differences are booked directly to equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as local currency assets and liabilities and are also translated at the closing rate.

Changes in Group structure
A description of the changes in the Group structure during the year is included in note 25 and note 55.

6. Recognition of operating income and expense

Net interest income
Interest income and expense are calculated and recognised based on the effective interest rate method or, if considered appropriate, based on a method that results in an interest income or interest expense that is a reasonable approximation of using the effective interest rate method as basis for the calculation.

Interest income and interest expenses related to the trading activities in Markets and to the investment and risk management activities in Life are recognised in the income statement in the item "Net gains/losses on items at fair value".

Net fee and commission income
Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose for which the fees are received. Fees are either recognised as revenue when services are provided or in connection to the execution of a significant act. Fees received in connection to performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act has been completed.

Commission expenses are transaction based and recognised in the period when the services are received.

Net gains/losses on items at fair value
Realised and unrealised gains and losses, including net interest in Markets and Life, on financial instruments measured at fair value are recognised in the item "Net gains/losses on items at fair value".

Realised and unrealised gains and losses derive from:
- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, which contains credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which includes realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from divestments as well as the running property yield stemming from the holding of investment properties in Life.

Life insurance
Gains and losses derived from assets in Life are split on the above-mentioned items, which are also lines in the note.

The note lines Change in technical provisions, Life and Change in collective bonus potential, Life, corresponds to the financial split on the above-mentioned lines. Nordea has therefore disclosed these lines separately in the note. Premiums received related to the financial risk is treated as a deposit. See further information in section 18 "Liabilities to policyholders".

The Life insurance risk result is separated form the financial result. As the insurance risk result is not material in comparison with other income and expense lines in the income statement, this result is presented within the note as Insurance risk income, Life and Insurance risk expense, Life.

Profit from companies accounted for under the equity method
The profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated companies. Profits from companies accounted for under the equity method are in the income statement reported pre-taxes. Tax costs related to these profits are included in the income tax expense for Nordea, see note 13.

Dividends
Dividends paid by group undertakings to the parent company are anticipated if the parent alone can decide on the size of the dividend, if the formal decision has been made before the financial report is published, and if the dividend does not exceed the dividend capacity of the group undertaking.

Dividends to the shareholders of Nordea Bank AB (publ) are recorded as a liability following the approval of the Annual General Meeting.

Dividends received by Markets and Life are recognised in the income statement as "Net gains/losses on items at fair value".

Other operating income
Net gains from divestments of shares and other operating income, not related to any other income line, are generally recognised when the transactions have been finalised.

7. Recognition and derecognition in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this is when Nordea performs, for example when Nordea repays a deposit to the counterpart, i.e. settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as note 52.

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates.

Foreign currency is defined as any other currency than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net gains/losses on items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in equity, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting equity when consolidating the group undertaking into Nordea. Any ineffectiveness is recognised in the income statement in the item "Net gains/losses on items at fair value".

Functional currency of the parent company, Nordea Bank AB (publ)

When defining the functional currency for Nordea Bank AB (publ), the company has been divided into two clearly separable parts, based on the underlying business activities in each part.

One part consists mainly of investment activities, including the company's holding of shares in subsidiaries. The functional currency for this entity has been defined as EUR, based on its primary economic environment.

The other part consists mainly of the Swedish banking business. The functional currency for this part has been defined as SEK, based on the primary economic environment in which these operations are performed.

This set-up best reflects the underlying business activities in the parent company, and affects only the consolidated accounts.

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so called hedge accounting. Following the implementation of IAS 39 all derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set in IAS 39. Nordea uses hedge accounting in the financial statement in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments. The overall purpose is to have a true and fair presentation of Nordea's economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are in general three forms of hedge accounting:

- Cash flow hedge accounting
- Fair value hedge accounting
- Hedges of net investments

In Nordea, fair value hedge accounting is applied for all hedges apart from hedges of net investments, meaning that both the hedging instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement. The reason why Nordea has chosen to apply fair value hedge accounting is that cash flow hedge accounting could cause volatility in equity. Looking forward there could be situations when Nordea starts to apply cash flow hedge accounting as a complement.

Fair value hedge accounting

Fair value hedge accounting is used for derivatives that serve to hedge changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea's financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item will be recognised separately in the income statement in the item "Net gains/losses on items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net gains/losses on items at fair value".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps. Currency interest rate swaps and cash instruments are only utilised in a few transactions. Cash instruments are only used as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

In order to apply hedge accounting it is required that the hedge is highly effective. A hedge is regarded as highly effective if at inception and throughout the life of the hedge it can be expected that changes in fair value of the hedged item can be essentially offset by changes in fair value of the hedging instrument. The result should be within a range of 80–125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. The change in the fair value on the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills and other eligible bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:

- Treasury bills and other eligible bills (when quoted prices in an active market are not available)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counter party credit risk and liquidity risk.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are fully based on data from observable markets. By data from observable markets, Nordea consider data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data is used, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the contract (see note 50).

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments, and incorporate the factors that market participants consider when setting a price.

Each new valuation model is subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

Loans and receivables to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

12. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets:

- Financial assets at fair value through profit or loss:
  - Held for trading
  - Financial assets designated as measured at fair value through profit or loss
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Financial liabilities designated as measured at fair value through profit or loss
- Other financial liabilities

The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value is recognised. In note 49 the classification of the financial instruments in Nordea's balance sheet is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value. All changes in fair values are recognised directly in the income statement in the item "Net gains/losses on items at fair value".

The category consists of two sub-categories; Held for trading and Financial assets/financial liabilities designated as measured at fair value through profit or loss.

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as short-selling positions.

The major parts of the sub-categories Financial assets/financial liabilities designated as measured at fair value through profit or loss are mortgage loans and related issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab and interest-bearing securities, shares and investment contracts in Life.

Loans and receivables

Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 "Loans and receivables".

Held to maturity investments

Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price. Subsequent to initial recognition, the instruments within this category are measured at amortised cost.

The investments classified into this category are entirely related to Life. This category is, from a Nordea perspective, only used to a limited extent due to the restrictions regarding disposals of instruments that once have been classified into this category.

Available for sale financial assets

Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in equity. Interest is recognised as interest income in the income statement. Foreign exchange effects and impairment losses from Available for sale financial assets are recognised in the income statement in the item "Net gains/losses on items at fair value".

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in equity are removed from equity and recognised in the income statement in the item "Net gains/losses on items at fair value".

This category is used only to a very limited extent in Nordea. See further note 49.

Other financial liabilities
Financial liabilities, other than those classified as Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interests from Other financial liabilities are recognised in the item "Interest expense" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as a stand-alone derivative at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified as Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Borrowed securities are recognised off balance sheet in the item "Assets pledged as security for own liabilities".

Cash collateral advanced to the counterparts are recognised on the balance sheet as "Loans and receivables to credit institutions" or as "Loans and receivables to the public". Cash collateral received from the counterparts are recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Interest income and expenses generated from these transactions are recognised in "Net gains/losses on items at fair value".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities received under reverse repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements are recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements are recognised on the balance sheet as "Loans and receivables to credit institutions" or as "Loans and receivables to the public".

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives". Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives".

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net gains/losses on items at fair value".

Financial guarantee contracts
Issued financial guarantee contracts are measured at the higher of either the received guarantee fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Provisions and changes in provisions are recognised in the income statement in the item "Loan losses".

The contractual amounts from financial guarantees are recognised off-balance sheet in the item "Contingent liabilities".

13. Loans and receivables
Loans and receivables not measured at fair value are measured at amortised cost (see also the separate section 7 "Recognition and derecognition in the balance sheet" as well as note 49 on classification of financial instruments).

Nordea monitors loans and receivables as described in the separate section on Risk management. Loans attached to individual customers or groups of customers are identified as impaired if there is objective evidence of impairment and an impairment test indicates a loss.

Impairment test of loans attached to individual customers
Nordea tests significant loans for impairment on an individual basis. The purpose of the impairment tests is to find out if the loans have been impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment and whether those can be regarded to be objective evidence of impairment.

In the process to conclude whether there is objective evidence of impairment, an assessment is done to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the book value of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

Loans that are not individually impaired will be transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test of loans attached to groups of customers
Groups of loans with similar risk characteristics are assessed for impairment for:
- loans that are individually significant but not impaired, and for
- loans that are not significant, which have not been tested for impairment on an individual basis.

Nordea monitors its portfolio through the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in the group. Common for the customers in the group is that they have similar risk characteristics. The methods used to perform the impairment tests differ somewhat depending on if the loans are not significant or significant. For groups of loans where the loans are not significant the methods used are based mostly on historical data and experienced judgement performed by management. For groups of loans where the loans are significant, Nordea uses the existing rating system as a basis when assessing the credit risk.

Impairment loss
If the book value of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Loan losses" in the income statement.

If the impairment loss is regarded as final, it is reported as a realised loss. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has stated a likely economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer and, if applicable, to a group of loans.

Restructured loans
In this context a restructured loan is defined as a loan where the creditor has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for the creditor. After a reconstruction the loan is normally regarded as not impaired under new conditions. Concessions made in a reconstruction are regarded as a final loss. If the creditor retains a possibility to regain the realised loan loss incurred, this is, in the event of a recovery, reported as a recovery of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans, shares issued by the obligor or other assets. Financial assets are accounted for as Available for sale, in accordance with IAS 39 (see section 12), and any other asset as Held for sale in accordance with IFRS 5. Assets Held for sale are measured at the lower of the book value and fair value less costs to sell. Depreciation ceases on recognition as Held for sale.

14. Leasing

Nordea as lessor
Finance leases
Nordea's leasing operations mainly comprise finance leases. Finance leases are reported as receivable from the lessee in the balance sheet item "Loans and receivables to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases
Assets subject to operating leases are in the balance sheet reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straight-line basis over the lease term. The lease income from operating leases is booked as interest income. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

Nordea as lessee
Finance leases
In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment of leased assets is done following the same principles as the ones for similar owned assets.

Operating leases
For operating leases the lease payments are recognised as expenses in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreements were initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, contain no economic benefits from appreciation in value of the leased property, and are thus classified as operating leases. Another systematic basis than straight-line has been used in accounting for these rents. This basis is more representative of the time-pattern of Nordea's economic benefit and resembles better an ordinary lease rent.

Embedded leases
Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and treated as leased assets.

15. Intangible assets
Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, computer software and customer related intangible assets.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisitions of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investments in associated undertakings". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software

Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life over three years and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and an appropriate portion of relevant overheads. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Depreciation is calculated on a straight-line basis over a period of 3 to 5 years.

Customer related intangible assets

When acquiring customer related contracts, with an existing market price, the fair value of these contracts is recognised as customer related intangible assets. Amortisation is performed over the expected lifetime of the contracts.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straight-line method over their useful lives, generally 5 years.

Impairment

Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to indication of impairment. The impairment charge is calculated as the difference between the book value and the recoverable amount.

At each balance sheet date, all other intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of the net selling price and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the segments, presented in the section 25 "Segment reporting". The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing. If the recoverable amount is less than the book value, the value is written down.

16. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are reported at their acquisition values less any accumulated depreciation according to plan and any accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use.

Depreciation is calculated on a straight-line basis as follows:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term.

Items of property and equipment are regularly tested for impairment and written down if necessary.

17. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. The majority of the properties in Nordea are attributable to Life. Investment properties are measured at fair value. The best evidence of a fair value is normally given by current prices on an active market for similar property in the same location and condition. In the absence of current prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used. For more details around the cash flow models see section 4 "Critical judgements and key sources of estimation uncertainty".

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net gains/losses on items at fair value".

18. Liabilities to policyholders

Liabilities to policyholders include obligations according to insurance contracts and investment contracts with policyholders.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Investment contracts are contracts with policyholders that have the legal form of insurance contracts but where the insurance risk transfer has been assessed to be insignificant.

The insurance risk is generally calculated as the risk sum payable as a percentage of the reserve behind the contract at the beginning of the contract period. It is Nordea's assessment that a risk percentage of five or higher is a significant insurance risk.

The contracts can be divided into the following classes:

- Insurance contracts:
  - Traditional life insurance contracts with and without discretionary participation feature
  - Unit Linked contracts
  - Health and personal accident
- Investment contracts:
  - Investment contracts with discretionary participation feature
  - Investment contracts without discretionary participation feature
- Other insurance related liabilities:
  - Collective bonus potentials
  - Provisions for claims

Insurance contracts

The measurement principles under local GAAP have been maintained consequently resulting in a non-uniform accounting policies method on consolidation.

Traditional life insurance provisions represent consolidated provisions for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland, Denmark, Poland, Luxembourg and Isle of Man.

In Denmark and Sweden the measurements are prepared by calculating the present value of future benefits, to which the policyholders are entitled. The calculation includes assumptions about market consistent discounting rates as well as expenses and risk. The principle of life insurance provisions has, for both Denmark and Sweden, changed in a way that is in accordance with allowed changes of accounting policies under IFRS 4. The discounting rate has changed from a single market discount rate to a measurement principle based discount rate on current term structure of interest rates. In Denmark, the provision, in addition, includes bonus potential on paid policies and on future premiums.

In Norway the provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal with the original tariff rates and assumptions about expenses and risk.

In Finland the provisions are measured on the basis of a retrospective method, which includes paid up premiums, benefits paid and interest and bonus credited.

The accounting policy for each company is based on the local structure of the business and is closely related to solvency rules, and national regulation concerning profit sharing and other requirements about collective bonus potential.

Unit-Linked contracts represent life insurance provisions relating to Unit-Linked policies written either without or with an investment guarantee. Unit-Linked contracts classified as insurance contracts include the same insurance risk elements as traditional insurance contracts. These contracts are mainly recognised and measured at fair value on the basis of:

- the fair value of the assets linked to the Unit Linked contracts, and
- the estimated present value of the insurance risk which is calculated in the same way as traditional insurance contracts considering the impact on every risk element included in the cash flows.

Health and personal accident provision includes premiums reserves and claims outstanding. This item is recognised and measured in the same way as general insurance contracts on deferred basis.

Investment contracts

Investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts.

However, investment contracts with discretionary participation features are, in line with IFRS 4, accounted for as insurance contracts using local accounting principles. Nordea Life & Pension has only a small number of these contracts.

Investment contracts without discretionary participation features are recognised and measured to fair value in accordance with IAS 39, Financial instruments, equal to fair value of the assets linked to these contracts.

Discretionary participating features (DPF)

Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate.

Nordea has chosen to classify discretionary participation features as liabilities in the balance sheet.

Other insurance related liabilities

Collective bonus potential (DPF-features) includes amounts allocated but not attributed to the policyholders. In Norway and Finland, collective bonus potential includes the policyholder's part of the total unrealised investment gains. In Sweden and Denmark, the main valuation principle is fair value and the policyholder's part of unrealised investment gains is therefore presented on the note line Change in collective bonus potential, Life.

The outstanding claims provision reflects claims and benefits payable but not finally released. The item includes claims incurred but not reported.

Liability adequacy test

The adequacy of insurance provisions is assessed at each reporting date, using current estimates of future cash flows. If needed, additional provisions are accounted for and recognised in the income statement.

19. Taxes

Income tax includes current tax as well as deferred tax. The income tax is recognised as expense or income and included in the income statement as income tax expense, except income tax arisen from transactions that are recognised directly in equity.

Current tax is based on the taxable income of Nordea and calculated using local rules and tax rates.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits. The assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits, can be utilised. Deferred tax assets and the recognition of deferred tax going forward are subject to continuous evaluation. Deferred tax liabilities are calculated on temporary differences and untaxed provisions.

Deferred tax assets and liabilities are not discounted. The assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the balance sheet date.

Current tax assets and current tax liabilities, as well as deferred tax assets and liabilities, are offset when the legal right to offset exist.

20. Pensions

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where they operate. Pension obligations in Nordea are predominantly reported per group undertakings in Sweden, Norway and Finland. The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (retirement benefit obligation). If not, the net amount is recognised as an asset (retirement benefit asset).

Non-funded pension plans are recognised as retirement benefit obligations.

Most pensions in Denmark, but also to a certain extent in Finland, are based on defined contribution plans that hold no pension liability for Nordea. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out by country and by pension plan in accordance with IAS 19.

Contributions to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. In defined benefit plans, actuarial calculations are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in note 39). When the net cumulative unrecognised actuarial gain or loss exceeds a "corridor", equal to 10 percent of the greater of either the present value of the defined benefit obligation and the fair value of the plan assets, the surplus or deficit is recognised in the income statement over the shorter of 10 years and the expected average remaining employment period. The net cumulative unrecognised actuarial gain or loss is defined as the difference between the expected trends in the defined benefit obligation and the fair value of the plan assets, and the actual trends.

21. Own shares

Own shares are not accounted for as assets. Acquisition of own shares is recorded as a deduction of retained earnings.

22. Equity

Minority interests

Minority interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank AB (publ).

Other reserves

Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include revaluation reserves in accordance with IAS 39 as well as translation differences in accordance with IAS 21.

Retained earnings

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

Also the equity method reserve, i.e. the earnings in associated companies, after the acquisition date, that have not been distributed are included in retained earnings.

Equity participation plans

Nordea is not providing any equity participation plans for management or employees.

23. Earnings per share (EPS)

Earnings per share is calculated as Net profit for the period divided by the weighted average outstanding number of ordinary shares. Dilution is not applicable.

24. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence

Shareholders with significant influence are shareholders that by any means have a significant influence over Nordea. At present no shareholder in Nordea is considered having such significant influence.

Group undertakings

For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in note 25.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing.

Associated undertakings

For the definition of Associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the Nordea Group is found in notes 23 and 24.

Key management personnel

Key management personnel include the following positions:

- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation and pensions as well as loans to key management personnel, see note 8. Information around other transactions between Nordea and key management personnel is found in note 54.

Other related parties

Other related parties comprise companies significantly influenced by key management personnel in Nordea Group as well as close family members to these key management personnel and companies significantly influenced by them. Other related parties also include Nordea´s pension foundations.

Information around transactions between Nordea and other related parties is found in note 54.

25. Segment reporting

Primary segments

Nordea's operations are organised into three business areas. The business areas are Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The latter segment is divided into two columns in note 2, due to transparency reasons. The business areas operate as profit centres.

According to IAS 14 the reporting of vertical integrated activities are encouraged, why, in addition to the results of the business areas, the result for Group Treasury, which conducts Nordea's financial management operations, is also disclosed.

Within Nordea, customer responsibility is fundamental. Nordea's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet.

Economic capital

Capital allocation is based on the internal framework for calculating economic capital, which reflects each business unit's actual risk exposure considering credit and market risk, insurance risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. Standard tax is applied when calculating risk adjusted return on economic capital.

Economic capital is allocated to business areas according to risks taken. As a part of net interest income business units receive a capital benefit rate corresponding to the expected average medium-term risk-free return. The cost above Libor from issued subordinated debt is also included in the business areas net interest income based on the respective use of economic capital.

Economic profit constitutes the internal basis for evaluating strategic alternatives as well as for the evaluation of financial performance.

Allocation principles

Cost is allocated based on calculated unit prices and the individual business areas' consumption. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit.

Assets, liabilities and economic capital are allocated to the business areas. Group Functions and Eliminations consists of income statement and balance sheet items that are related to the unallocated reconciling items/units.

Asset Management & Life has customer responsibility within investment management and private banking outside joint unit with Retail Banking. In addition, Asset Management & Life commands product responsibility for investment funds and life insurance products. The operating profit shown in note 2 includes the customer responsible units. The product result for Asset Management and Life respectively represent the Group's total earnings including income allocated to Retail Banking on these products, as well as sales and distribution costs within Retail Banking.

Transfer pricing
Funds transfer pricing is based on current market interest rate and applied to all assets and liabilities allocated to or booked in the business areas or group functions.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is reported in the relevant business area based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Retail Banking, as well as sales commissions and margins from the life insurance business.

Group functions and Eliminations
Group Functions and Eliminations include the unallocated results of the four group functions: Group Processing and Technology, Group Corporate Centre, Group Credit and Risk Control and Group Legal and Compliance. Group Treasury has been excluded from Group Corporate Centre, as this is treated as a vertical integrated segment and therefore reported separately.

Expenses in Group functions, not defined as services to business areas, and profits from associated undertakings that are not included in the customer responsible units are reported under this heading.

Secondary segments
In accordance with prevailing rules, the secondary segment reporting shows Nordea´s operations divided into the geographical areas where Nordea operates. These areas are Sweden, Denmark, Finland, Norway, Poland (including the Baltic countries), Eliminations and others. The geographical segment reporting does not reflect Nordea´s operational structure and management principles.

The secondary segment reporting comprises income, total assets and investments in tangible and intangible assets.

See further note 2 Segment reporting.

26. Parent company
The financial statement for the parent company, Nordea Bank AB (publ) has been prepared in accordance with IFRS with the amendments and exceptions following the recommendation RR32:05 "Accounting in legal entities" issued by the Swedish Financial Accounting Standards Council (RR) and the accounting regulations of the Financial Supervisory Authority (FFFS 2005:33).

Differences compared to IFRS
The accounting principles applied mainly differ from IFRS in the following aspects:

Amortisation of goodwill
The rules in IAS 38 stating that goodwill and other intangible assets with an indefinable useful life shall not be amortised are not applicable. Such assets are amortised in accordance with the same rules as other intangible assets.

Pensions
In Sweden, actuarial pension costs refer to commitments guaranteed by a pension foundation or recognised as a liability. In accordance with instructions from the Swedish FSA, the costs in Sweden are reversed in the item Pension adjustment and are substituted by pension benefits paid, contributions made to or received from the pension foundation, and recognised changes in the pension provisions. Special wage tax and return tax applicable to the Swedish pension system are also recognised in the Pension adjustment.

Group contributions
Group contributions paid or received between Swedish companies for the purpose of optimising Nordea's tax cost are in the legal entity reported as a decrease/increase of unrestricted equity (after adjustment for tax) in accordance with URA 7 (issued by the Swedish Financial Accounting Standards Council). Group contributions that can be regarded as substitute for dividends are booked as income by the receiving entity.

Untaxed reserves
The parent company reports untaxed reserves including deferred tax liabilities. Untaxed reserves consist of accumulated excess depreciations. In the consolidated financial statement they are split between equity (retained earnings) and deferred tax liability.

Changed accounting policies and presentation
The accounting policies and the basis for calculations are, in all material aspects, unchanged in comparision with the 2005 annual report.

The effects from the changes in the presentation, described for the Group in section 3, are where applicable described below. More detailed information is available in section 3.

Increased transparency for commissions

	2005			
EURm	Reported	Reclass.	Restated	
Presentation before restatement				**Presentation after restatement**
Brokerage	142	–	142	Brokerage
Loans and receivables	79	–	79	Lending
	–	65	65	Cards
Deposits, payments and e-services	260	–96	164	Payments
	–	31	31	Deposits
Guarantees and documentary payments	8	–	8	Guarantees and document payments
Other commission income	60	–	60	Other commission income
Fee and commission income	**549**	–	**549**	**Fee and commission income**
Payments and e-services	–89	–	–89	Payment expenses
Other commission expenses	–28	–	–28	Other commission expenses
Fee and commission expenses	**–117**	–	**–117**	**Fee and commission expenses**
Net fee and commission income	**432**	**–**	**432**	**Net fee and commission income**

Classification of non-cash collaterals in the balance sheet

	2006		2005	
EURm	Restated	Not restated	Restated	Reported
Treasury bills and other eligible bills	1,552	1,966	1,187	2,090
Interest-bearing securities	3,874	4,059	4,192	4,533
Financial instruments pledged as collateral	599	–	1,244	–
Total	**6,025**	**6,025**	**6,623**	**6,623**

27. Exchange rates

EUR 1 = SEK	2006	2005
Income statement (average)	9.2521	9.2874
Balance sheet (at end of period)	9.0394	9.3884

EUR 1 = DKK	2006	2005
Income statement (average)	7.4593	7.4518
Balance sheet (at end of period)	7.4556	7.4599

EUR 1 = NOK	2006	2005
Income statement (average)	8.0438	8.0106
Balance sheet (at end of period)	8.2300	7.9801

EUR 1 = PLN	2006	2005
Income statement (average)	3.8924	4.0248
Balance sheet (at end of period)	3.8292	3.8524

Note 2:
Segment reporting

Group

Business segments Income statement, EURm Customer responsible units	Retail Banking 2006	Retail Banking 2005	Corporate and Institutional Banking 2006	Corporate and Institutional Banking 2005	Asset Management 2006	Asset Management 2005	Life Insurance 2006	Life Insurance 2005	Business areas total 2006	Business areas total 2005	Group Treasury 2006	Group Treasury 2005	Group Functions and Eliminations 2006	Group Functions and Eliminations 2005	Total 2006	Total 2005
Net interest income	3,185	3,043	489	426	47	40	0	0	3,721	3,509	118	110	30	44	3,869	3,663
Net fee and commission income	1,372	1,299	364	348	311	262	31	43	2,078	1,952	–8	–6	4	–11	2,074	1,935
Net gains/losses on items at fair value	361	237	320	284	25	23	261	241	967	785	99	1	–30	–21	1,036	765
Profit from companies accounted for under the equity method	21	26	36	21	0	0	0	0	57	47	17	7	6	13	80	67
Other income	73	69	220	15	14	12	8	1	315	97	19	25	–16	21	318	143
Total operating income	**5,012**	**4,674**	**1,429**	**1,094**	**397**	**337**	**300**	**285**	**7,138**	**6,390**	**245**	**137**	**–6**	**46**	**7,377**	**6,573**
of which allocations	985	763	–526	–396	–323	–276	–139	–94	–3	–3	0	2	3	1	0	0
Staff costs	–1,119	–1,050	–346	–322	–132	–111	–92	–73	–1,689	–1,556	–16	–15	–546	–511	–2,251	–2 082
Other expenses	–1,516	–1,496	–241	–238	–67	–64	–73	–61	–1, 897	–1,859	–28	–30	440	434	–1,485	–1,455
Depreciation of tangible and intangible assets	–32	–59	–10	–11	–3	–2	–9	–4	–54	–76	0	0	–32	–55	–86	–131
Total operating expenses	**–2,667**	**–2,605**	**–597**	**–571**	**–202**	**–177**	**–174**	**–138**	**–3,640**	**–3,491**	**–44**	**–45**	**–138**	**–132**	**–3,822**	**–3,668**
of which allocations	–1,104	–1,091	–135	–151	24	19	0	0	–1,215	–1,223	–14	–15	1,229	1,238	0	0
Loan losses	220	97	33	40	4	0	0	0	257	137	0	0	0	0	257	137
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	8	6	8	6
Operating profit	**2,565**	**2,166**	**865**	**563**	**199**	**160**	**126**	**147**	**3,755**	**3,036**	**201**	**92**	**–136**	**–80**	**3,820**	**3,048**
Balance sheet, EURbn																
Loans and receivables to the public	172	152	36	32	3	2	1	1	212	187	0	0	2	1	214	188
Other assets	22	24	79	75	1	2	34	29	136	130	11	11	–14	–3	133	138
Total assets	**194**	**176**	**115**	**107**	**4**	**4**	**35**	**30**	**348**	**317**	**11**	**11**	**–12**	**–2**	**347**	**326**
Deposits and borrowings from the public	88	80	29	27	4	3	2	0	123	110	2	3	1	3	126	116
Other liabilities	100	90	84	78	0	1	32	29	216	198	9	8	–19	–9	206	197
Total liabilities	**188**	**170**	**113**	**105**	**4**	**4**	**34**	**29**	**339**	**308**	**11**	**11**	**–18**	**–6**	**332**	**313**
Economic capital / equity	6	6	2	2	0	0	1	1	9	9	0	0	6	4	15	13
Total liabilities and allocated equity	**194**	**176**	**115**	**107**	**4**	**4**	**35**	**30**	**348**	**317**	**11**	**11**	**–12**	**–2**	**347**	**326**
RAROCAR, %	26	24	29	19											23	21
Other segment items																
Capital expenditure	6	17	7	1	11	4	19	65	43	87	0	0	181	88	224	175
Product result					375	305	243	221								

Group

Geographical segments EURm	Sweden 2006	Sweden 2005	Finland 2006	Finland 2005	Norway 2006	Norway 2005	Denmark 2006	Denmark 2005	Poland 2006	Poland 2005	Eliminations and others 2006	Eliminations and others 2005	Total 2006	Total 2005
Net interest income	659	736	1,415	1,210	621	628	1,050	976	35	32	89	81	3,869	3,663
Net fee and commission income	769	628	398	357	246	245	402	464	24	8	235	233	2,074	1,935
Net gains/losses on items at fair value	203	–6	461	300	186	161	368	286	16	14	–198	10	1,036	765
Profit from companies accounted for under the equity method	0	–	31	20	7	5	41	32	–	–	1	10	80	67
Other income	161	54	293	59	11	17	107	115	4	3	–258	–105	318	143
Total operating income	**1,792**	**1,412**	**2,598**	**1,946**	**1,071**	**1,056**	**1,968**	**1,873**	**79**	**57**	–131	**229**	**7,377**	**6,573**
Total assets, EUR bn	**129**	**108**	**141**	**132**	**50**	**43**	**124**	**117**	**2**	**2**	–99	**–76**	**347**	**326**
Investments in tangible and intangible assets, EURm	69	32	60	16	12	11	44	99	2	2	37	15	224	175

Nordea's main geographical market comprises the Nordic countries and Poland (incl. Baltic countries). The split into geographical segments is based on the location of the legal entities in these countries.

Parent company
Business segments

Income statement, EURm	Retail Banking 2006	Retail Banking 2005	Institutional Banking 2006	Institutional Banking 2005	Asset Management 2006	Asset Management 2005	Group Treasury 2006	Group Treasury 2005	Corporate and Funcions and Eliminations 2006	Corporate and Funcions and Eliminations 2005	Total 2006	Total 2005
Customer responsible units												
Net interest income	607	580	73	53	–10	–6	40	–17	–345	–166	365	444
Net fee and commission income	492	437	82	83	–84	–75	–3	–2	–6	–11	481	432
Net gains/losses on items at fair value	82	64	–21	–26	0	5	8	7	117	–88	186	–38
Other income	6	3	22	22	2	2	2	4	4,837	1,114	4,869	1 145
Total operating income	**1,187**	**1,084**	**156**	**132**	**–92**	**–74**	**47**	**–8**	**4,603**	**849**	**5,901**	**1 983**
of which allocations	321	325	–93	–48	–190	–162	0	0	–38	–115	0	0

Parent company
Geographical segments

EURm	Sweden 2006	Sweden 2005	Finland 2006	Finland 2005	Norway 2006	Norway 2005	Denmark 2006	Denmark 2005	Others 2006	Others 2005	Total 2006	Total 2005
Net interest income	365	444	–	–	–	–	–	–	–	–	365	444
Net fee and commission income	483	434	–	–	–	–	–2	–2	–	–	481	432
Net gains/losses on items at fair value	186	–38	–	–	–	–	–	–	–	–	186	–38
Other income	411	461	4 046	43	126	247	236	329	50	65	4,869	1,145
Total operating income	**1,445**	**1,301**	**4 046**	**43**	**126**	**247**	**234**	**327**	**50**	**65**	**5,901**	**1,983**

Note 3:
Net interest income

EURm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Interest income				
Loans and receivables to credit institutions	797	521	913	522
Loans and receivables to the public	8,190	6,980	824	686
Interest-bearing securities	682	599	149	147
Other interest income	0	0	69	32
Interest income	**9,669**	**8,100**	**1,955**	**1,387**
Interest expense				
Deposits by credit institutions	–1,138	–635	–621	–390
Deposits and borrowings from the public	–2,105	–1,512	–341	–197
Debt securities in issue	–2,220	–2,012	–378	–172
Subordinated liabilities	–310	–244	–235	–152
Other interest expenses	–27	–34	–15	–32
Interest expense	**–5,800**	**–4,437**	**–1,590**	**–943**
Net interest income	**3,869**	**3,663**	**365**	**444**

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 7,152m (EUR 5,820m) for the Group and EUR 1,745m (EUR 1,240m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR 5,123m (EUR 3,458m) for the Group and EUR 1,659m (EUR 943m) for the parent company. The net interest income from derivatives, measured at fair value and related to Nordea's funding, decreases the total interest expense. For further information see also Note 1.

Net interest income EURm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Interest income	9,437	7,872	1,955	1,387
Leasing income, net	232	228	–	–
Interest expenses	–5,800	–4,437	–1,590	–943
Total	**3,869**	**3,663**	**365**	**444**

Note 4:
Net fee and commission income

EURm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Asset Management commissions	744	684	102	0
Life insurance	233	186	6	0
Brokerage	227	221	46	142
Custody	76	75	9	0
Deposits	40	48	25	31
Total savings related commissions	1,320	1,214	188	173
Payments	442	426	170	164
Cards	296	265	158	65
Total payment commissions	738	691	328	229
Lending	235	238	52	79
Guarantees and document payments	117	119	11	8
Total lending related to commissions	352	357	63	87
Other commission income	172	171	29	60
Fee and commission income	**2,582**	**2,433**	**608**	**549**
Life insurance	–51	–32	0	0
Payment expenses	–229	–212	–111	–89
Other commission expenses	–228	–254	–16	–28
Fee and commission expenses	**–508**	**–498**	**–127**	**–117**
Net fee and commission income	**2,074**	**1,935**	**481**	**432**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounts to EUR 256m (EUR 376m) for the Group and EUR 78m (EUR 111m) for the parent company.

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounts to EUR 1,204m (EUR 1,153m) for the Group and EUR 154m (EUR 142m) for the parent company. The corresponding amount for fee expenses is EUR 127m (EUR 117m) for the Group.

Note 5:

Net gains/losses on items at fair value

	Group		Parent company	
EURm	2006	2005	2006	2005
Shares/participations and other share-related instruments	1,210	1,593	39	27
Interest-bearing securities and other interest-related instruments	580	1,109	138	–9
Other financial instruments	–21	29	0	0
Foreign exchange gains/losses	274	259	9	–56
Investment properties, Life	457	272	–	–
Change in technical provisions, Life[2]	–883	–1,989	–	–
Change in collective bonus potential, Life	–605	–546	–	–
Insurance risk income, Life	236	213	–	–
Insurance risk expense, Life	–212	–175	–	–
Total	**1,036**	**765**	**186**	**–38**

Net gains/losses for categories of financial instruments[1]

	Group		Parent company	
EURm	2006	2005	2006	2005
Available for sale assets, realised	5	–	–	–
Financial instruments designated at fair value through profit or loss	20	43	0	0
Financial instruments held for trading	657	468	180	18
Financial instruments under hedge accounting	68	–15	6	0
of which net losses on hedging instruments	–388	–172	–323	–54
of which net gains on heged items	456	157	329	54
Other, not under IAS 39 or IFRS 4	0	0	–	–56
Financial risk income, net Life[2]	262	231	–	–
Insurance risk income, net Life	24	38	–	–
Total	**1,036**	**765**	**186**	**–38**

[1] The figures disclosed for Life, financial risk income and insurance risk income, are disclosed on gross basis, no internal elimination are included.
[2] Premium income amounts to EUR 2,491m for 2006 (EUR 2,199m for 2005)

Note 6:

Dividends

	Group		Parent company	
EURm	2006	2005	2006	2005
Shares	6	11	1	–
Investments in associated undertakings	–	–	2	1
Investments in group undertakings	–	–	4,736	1,022
Total	**6**	**11**	**4,739**	**1,023**

Note 7:

Other operating income

	Group		Parent company	
EURm	2006	2005	2006	2005
Divestment of shares	253	57	4	3
Income from real estate	19	9	–	–
Other	40	66	126	119
Total	**312**	**132**	**130**	**122**

Note 8:

Staff costs

	Group		Parent company	
EURm	2006	2005	2006	2005
Salaries and remuneration (specification below)	–1,634	–1,526	–352	–317
Pension costs (specification below)	–227	–215	–49	–49
Social insurance contributions	–259	–246	–122	–111
Allocation to profit-sharing foundation	–80	–65	–20	–11
Other staff costs	–51	–30	–16	–12
Total	**–2,251**	**–2,082**	**–559**	**–500**
Salaries and remuneration:				
To executives[1]				
– Fixed compensation and benefits	–17	–14	–6	–6
– Performance-related compensation	–8	–4	–5	–2
Total	**–25**	**–18**	**–11**	**–8**
To other employees	–1,609	–1,508	–341	–309
Total	**–1,634**	**–1,526**	**–352**	**–317**

[1] Executives include the Board of Directors of the parent company and operating subsidiaries, CEO, Group Executive Management as well as Managing Directors and Executive Vice Presidents in the parent company and operating subsidiaries (including former Board Members and Managing Directors).

	Group		Parent company	
EURm	2006	2005	2006	2005
Pension costs:				
Defined benefits plans (Note 39)	–97	–94	–	–
Actuarial pension costs (parent company only)	–	–	–30	–35
Defined contribution plans	–130	–121	–19	–14
Total	**–227**	**–215**	**–49**	**–49**

Compensation etc to the Board of Directors, CEO and Group Executive Management

Compensation to the Board and CEO	Fixed salary / Board fee[1]		Variable salary[2]		Benefits		Total	
EUR	2006	2005	2006	2005	2006	2005	2006	2005
Chairman of the Board Hans Dalborg	255,054	230,781	–	–	–	–	255,054	230,781
Vice chairman of the Board Timo Peltola	109,415	101,438	–	–	–	–	109,415	101,438
Other Board members (9 individuals)	658,394	595,546	–	–	–	–	658,394	595,546
CEO Lars G Nordström	849,980	798,664	336,385	288,728	33,356	32,565	1,219,721	1,119,957

[1] The Board fee includes fixed remuneration and meeting fees. These are booked in SEK and translated into EUR based on the average exchange rate each year.
[2] Represents payments based on performance pertaining to the previous year and includes also executive incentive payout.

Note 8: *cont.*

The remuneration for the Board resolved by the AGM 2006 was: The Chairman EUR 240,000, Vice Chairman EUR 93,000 and members EUR 72,000. In addition, remuneration for extra-ordinary board meetings was EUR 1,750 per meeting. Remuneration for committee meetings was EUR 2,250 for the chairman of the committee and EUR 1,750 for other members per meeting. The CEO and any other Board members employed by Nordea do not receive separate compensation for their Board membership. There are no commitments for severance pay, pension or other compensation to the members of the Board who are not, and have not been, employed by Nordea.

Hans Dalborg, Chairman of the Board, former CEO of Nordea, receives a pension amounting to a maximum of 65% of 180 Swedish "price base amounts" 2001, equal to SEK 36,900, and 32.5% of the remaining part of pensionable salary. The pension after the age of 65 is covered by insurance and fully paid.

The fixed salary, variable salary and contract terms for the CEO are proposed by the Board Remuneration Committee and approved by the Board. Variable salary, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary.

Additionally, the executive incentive programme, described in the Corporate governance section on page 60, can, for 2006, give a maximum of 12% of the fixed salary. The variable salary for 2005, totalling EUR 336,385 including payout from executive incentive programme, was determined by the Board in March 2006. Benefits received by the CEO include primarily car and housing benefits.

The present CEO's tenure continues until 13 April 2007, followed by retirement. After retirement the pension amounts to 70% of the pensionable income of SEK 6.7m (EUR 0.74m) for the first five years. Thereafter the pension is arranged in accordance with the occupational pension scheme of Swedish banks, with some adjustments. Earned pension rights from the age of 62 have been deferred monthly to be paid after the CEO's retirement.

A new CEO has been appointed and will succeed Lars G Nordström on 13 April 2007.

Compensation to Group Executive Management	Fixed salary		Variable salary [1]		One time payment		Benefits		Total	
EUR	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Group Executive Management (8 individuals excluding the CEO)	4,193,605	3,986,380	1,617,423	1,267,594	2,478,342[2]	–	132,590	133,013	8,421,960	5,386,987

[1] Represents payments based on performance pertaining to previous year including executive incentive payout.

[2] One time salary payment of EUR 2,478,342 (NOK 19.8m), resulting from a renegotiated contract with the Norwegian GEM member (see below).

The Board remuneration Committee prepares alterations in salary levels for Group Executive Management (GEM) as a whole, as well as alterations in retirement benefits, contract terms and conditions, for resolution by the Board. Following consultation with the Board Remuneration Committee the CEO determines the salary terms for members of GEM. Variable salary, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary. Additionally, the executive incentive programme, described in the Corporate governance section on page 60, can, for 2006, give a maximum of 12% of the fixed salary. Variable salaries for 2006 will be determined and paid during 2007. Benefits received by some of the GEM-members include primarily car and/or housing benefits. Nordea, currently, has no incentive system, based on the value of the Company's share price.

In accordance with their employment contracts, Finnish, Norwegian and Swedish executives are entitled to 6 months' salary during the notice period before termination, and with regard to severance pay, this may not total more than 18 months' salary and must be reduced by the salary amount that the executive receives as a result of any other employment during these 18 months. For the Danish executives the notice period is 12 months and the severance pay is 12 months if a competing firm does not employ them. The new CEO has during the first two years an additional 6 months severance pay.

GEM members are entitled to retire with pension at the age of 60. One GEM member has the option to retire at the age of 58. Danish executives can remain employed at their discretion until the age of 62. The Danish members of GEM receive 50% of the salary for life, of which one contract being annually adjusted by the general level of salary increases in Nordea Bank Denmark. The Finnish members of GEM receive 60% of their pensionable income for life, annually adjusted by the Finnish TEL-index. The contract with the Norwegian member of GEM, principally based on the contract from his position as CEO of Christiania Bank and Kreditkasse, has been renegotiated during the year. The pension has been reduced from 70% of pensionable income for life to approximately 50% annually adjusted. Other benefits, potentially representing a substantial cost for Nordea have also been reduced. As compensation, a one-time salary payment of NOK 19.8m (EUR 2.5m) has been made to the Norwegian member of GEM. For the Swedish members of GEM, the pension amounts to 70% of the pensionable income and is paid up to the age of 65, annually adjusted by the banking industry pensions increment in Sweden, and thereafter the pension is paid in accordance with the Occupational pension scheme of Swedish banks, with some adjustments. Fixed salary is pensionable income for all executives. Variable salary is included for Finnish executives. Variable salary is partly included for Swedish, Danish and Norwegian executives.

Loans to the Board and Group Executive Management

Terms and conditions regarding loans to Group Executive Management and other senior management are decided in the respective bank boards. For more information we refer to note 54 Related-party transactions.

Pension commitments to Board member, CEOs and Group Executive Management [1]

EUR	2006	2005
Pension costs related to former Chairman of the Board and CEOs	1,092,566	463,968
Pension obligation related to former Chairman of the Board and CEOs	18,809,000	17,860,000
Pension cost related to CEO	472,989	765,703
Pension cost related to Group Executive Management, excl. CEO	856,859[2]	5,465,569
Pension obligation related to the CEO	2,190,000	2,540,000
Pension obligation related to Group Executive Management, excl. CEO	19,210,000	20,010,000

[1] In Denmark and Finland provisions for pension obligations are made in the balance sheet. In Sweden pension obligations are mainly provided for in the pension foundations but also in the balance sheet. Pension for executives in Denmark and Sweden are partly based on defined contribution plans. Pensions based on defined benefit plans are irrevocable.

[2] As mentioned above, a renegotiation with the Norwegain GEM member has been made during the year, including a one time salary payment of EUR 2.5m. This has lead to a decrease in the future pension obligation and in the pension cost for 2006.

Note 8: *cont.*

The table above shows the actuarial pension obligations calculated in accordance with IAS 19. These obligations are therefore dependent of changes in actuarial assumptions. The changes in pension obligations are fully reflected in the pension costs, which therefore can show large inter-annual variability.

Pension costs for all executives, amounted to EUR 6m (EUR 10m) and pension commitments to EUR 52m (EUR 52m). Executives include the Board of Directors of the parent company and operating subsidiaries, CEO, Group Executive Management as well as Managing Directors and Executive Vice Presidents in the parent company and all operating subsidiaries including former Board members and Managing Directors.

Average number of employees

Group	Total		Men		Women	
	2006	2005	2006	2005	2006	2005
Full-time equivalents						
Finland	8,214	8,307	1,577	1,593	6,637	6,714
Denmark	8,084	8,078	3,767	3,943	4,317	4,135
Sweden	8,038	7,808	3,391	3,232	4,647	4,576
Norway	3,335	3,404	1,748	1,860	1,587	1,544
Poland	1,090	987	375	345	715	642
Luxembourg	397	370	250	233	147	137
Estonia	298	223	77	51	221	172
Latvia	314	208	101	80	213	128
Lithuania	190	134	63	40	127	94
United States	64	64	34	31	30	33
United Kingdom	56	58	29	32	27	26
Singapore	46	48	14	15	32	33
Germany	33	31	16	17	17	14
Total average	**30,159**	**29,720**	**11,442**	**11,472**	**18,717**	**18,248**
Total number of employees (FTEs), end of period	**29,248**	**28,925**				

Parent company	Total		Men		Women	
	2006	2005	2006	2005	2006	2005
Full-time equivalents						
Sweden	7,476	7,302	3,095	2,983	4,381	4,319
Other countries	54	56	39	42	15	14
Total average	**7,530**	**7,358**	**3,134**	**3,025**	**4,396**	**4,333**

Note 8: *cont.*

Salaries and remuneration per country

Group	2006		2005	
EURm	Executives	Other employees	Executives	Other employees
Finland	–2	–352	–2	–344
Denmark	–7	–561	–4	–526
Sweden	–9	–363	–6	–330
Norway	–4	–233	–3	–216
Poland	–1	–20	–1	–17
Luxembourg	–2	–45	–2	–41
Estonia	–	–5	0	–4
Latvia	–	–5	0	–3
Lithuania	–	–3	0	–2
United States	–	–12	–	–14
United Kingdom	–	–5	–	–6
Singapore	–	–2	–	–2
Germany	0	–3	0	–3
Total	**–25**	**–1,609**	**–18**	**–1,508**

Parent company	2006		2005	
EURm	Executives	Other employees	Executives	Other employees
Sweden	–8	–335	–4	–304
Other countries	–3	–6	–4	–5
Total	**–11**	**–341**	**–8**	**–309**

Gender distribution

Per cent	31 Dec 2006	31 Dec 2005
Nordea Bank AB (publ)		
Board of Directors		
– Men	64	64
– Women	36	36
Other executives		
– Men	90	92
– Women	10	8

In the Board of Directors of the Nordea Group companies, 89% (87%) were men and 11% (13%) were women. The corresponding numbers for Other executives were 89% (87%) men and 11% (13%) women. Internal Boards consist mainly of management in Nordea.

Sick leave [1]

Parent company	Sick leave as a percentage of ordinary working hours		Proportion of long-term sick leave in per cent	
	2006	2005	2006	2005
Total	**4.7**	**5.0**	**60**	**61**
Men	2.3	2.7	47	51
Women	6.2	6.4	64	64
18–29	2.4	2.8	19	19
30–49	4.2	4.2	60	59
50–65	5.9	6.4	65	67

[1] Ordinary working hours refers to the number of hours agreed in the employment contract, excluding overtime. Long-term sick leave refers to a continuous period of absence of 60 days or more. The sick leave of each category is stated as a percentage of the category's ordinary working hours.

Note 9:

Other expenses

	Group		Parent company	
EURm	2006	2005	2006	2005
Information technology [1]	–456	–485	–157	–176
Marketing	–104	–100	–31	–31
Postage, telephone and office expenses	–188	–199	–67	–89
Rents, premises and real estate	–338	–337	–103	–101
Compensation to Svensk Kassaservice	–27	–30	–27	–30
Divestment of shares	–	–	–	–30
Other [2]	–372	–304	–125	–79
Total	**–1,485**	**–1,455**	**–510**	**–536**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc, but excluding IT expenses in insurance operations, were EUR 628m (EUR 636m).

[2] Including fees and remuneration to auditors distributed as follows.

Auditors' fees

	Group		Parent company	
EURm	2006	2005	2006	2005
KPMG Bohlins				
Auditing assignments	–4	–4	–1	–2
Other assignments incl audit–related services	–2	–1	–1	0
Ernst & Young				
Auditing assignments	0	0	0	0
Other assignments incl audit-related services	–1	–1	–1	0
Deloitte				
Auditing assignments	0	0	0	–
Other assignments incl audit-related services	0	–1	–	–
Other	0	0	0	0
Total	**–7**	**–7**	**–3**	**–2**

Note 10:
Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
EURm	2006	2005	2006	2005
Depreciation/amortisation:				
Property and equipment (Note 27)				
Equipment	–87	–106	–23	–24
Buildings	–2	–2	0	0
Intangible assets (Note 26)				
Goodwill	–	–	–72	–72
Other intangible assets	–10	–19	–4	–3
Total	**–99**	**–127**	**–99**	**–99**
Impairment charges/ reversed impairment charges:				
Property and equipment (Note 27)				
Equipment	4	–4	–	–
Buildings	10	–	–	–
Intangible assets (Note 26)				
Other intangible assets	–1	–	–	–
Total	**13**	**–4**	**–**	**–**
Total	**–86**	**–131**	**–99**	**–99**

Note 11:
Loan losses

	Group		Parent company	
EURm	2006	2005	2006	2005
Loan losses divided by class, net				
Loans and receivables to credit institutions	–4	–1	–	–1
– of which write-offs and provisions	–4	–1	–	–1
– of which reversals and recoveries	0	–	–	–
Loans and receivables to the public	266	139	23	14
– of which write-offs and provisions	–516	–568	–58	–93
– of which reversals and recoveries	782	707	81	107
Off–balance sheet items[1]	–5	–1	–5	–
– of which write-offs and provisions	–13	–2	–5	–
– of which reversals and recoveries	8	1	–	–
Total	**257**	**137**	**18**	**13**
Specification of Loan losses				
Changes of allowance accounts in the balance sheet	223	40	12	3
– of which Loans and receivables[2]	228	41	17	3
– of which Off–balance sheet items[1]	–5	–1	–5	–
Changes directly recognised in the income statement	34	97	6	10
– of which realised loan losses	–55	–72	–19	–19
– of which realised recoveries	89	169	25	29
Total	**257**	**137**	**18**	**13**

[1] Included in Note 38 Provisions.
[2] Included in Note 16 Loans and receivables to credit institutions and Note 17 Loans and receivables to the publc.

Note 11: *cont.*

	Group		Parent company	
EURm	2006	2005	2006	2005
Key ratios				
Total allowances divided by total Loans and receivables before allowances, %	0.5	0.7	0.3	0.4
Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %	40.9	42.1	47.6	41.7
Individually assessed impaired loans and receivables divided by total Loans and receivables before allowances, %	0.8	1.1	0.4	0.5

Note 12:
Appropriations

	Parent company	
EURm	2006	2005
Pension adjustments		
Reversed actuarial pension costs	29	34
Pension benefits paid	–51	–50
Allocations/compensation	3	–2
Special wage tax/return tax	–12	–12
Total	**–31**	**–30**
Change in depreciation in excess of plan, equipment	–2	7
Reversal of profit equalisation reserve	–	618
Total	**–2**	**625**
Total	**–33**	**595**

Note 13:
Income tax expense

	Group		Parent company	
EURm	2006	2005	2006	2005
Current tax[1]	–578	–834	–65	–237
Deferred tax	–89	55	–11	8
Total	**–667**	**–779**	**–76**	**–229**
[1] Of which relating to prior years (see below)	–5	–94	7	3
Of which referring to associated undertakings	–10	–23	–	–

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate of Sweden as follows:

	Group		Parent company	
EURm	2006	2005	2006	2005
Profit before tax	3,820	3,048	4,718	1,146
Tax calculated at a tax rate of 28%	–1,070	–854	–1,321	–321
Effect of different tax rates in other countries	16	15	–	–
Tax charges not related to profit	–72	–15	11	–4
Other direct taxes	0	–	–	–
Tax-exempt income	130	46	1,249	209
Non–deductible expenses	–12	–14	–22	–118
Adjustments relating to prior years	–5	–94	7	3
Income tax due to tax assets previously not recognised	347	160	–	2
Change of tax rate	–	10	–	–
Not creditable foreign taxes	–1	–33	–	–
Tax charge	**–667**	**–779**	**–76**	**–229**
Average effective tax rate	17%[1]	26%	2%	20%

[1] Tax rate not adjusted for tax-free gain from sale of International Moscow Bank.

Note 13: *cont.*

Deferred tax

EURm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Deferred tax expense (–)/income (+)				
Deferred tax due to temporary differences, including tax losses	-436	–115	–11	6
Deferred tax due to change of tax rate	–	10	–	–
Deferred tax due to tax assets previously not recognised	347	160	–	2
Income tax expense, net	**–89**	**55**	**–11**	**8**
Deferred tax assets				
Deferred tax assets due to tax losses	223	190	–	–
Deferred tax assets due to temporary differences	159	209	39	45
Offset against tax liabilities	–	–47	–	–
Total	**382**	**352**	**39**	**45**
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	14	16	–	–
Deferred tax liabilities due to temporary differences	594	454	3	0
Offset against tax assets	–	–47	–	–
Total	**608**	**423**	**3**	**0**
Deferred tax assets(+)/liabilities(–), net				
Deferred tax assets due to tax losses	223	190	–	–
Deferred tax liabilities due to untaxed reserves	–14	–16	–	–
Deferred tax assets/liabilities in loans and advances to the public	–322	–307	1	12
Deferred tax assets/liabilities in financial instruments	–11	–32	–2	–
Deferred tax assets/liabilities in property and equipment	–19	18	–	–
Deferred tax assets/liabilities in investment property	–73	–51	–	–
Deferred tax assets/liabilities in retirement benefit obligations	73	81	–	–
Deferred tax assets/liabilities in liabilities/provisions	–83	46	37	33
Deferred tax assets/ liabilities, net	**–226**	**–71**	**36**	**45**

Note 13: *cont.*

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Movements in deferred tax liabilities, net are as follows:				
Deferred tax relating to items recognised directly in equity	1	16	–	–8
Reclassification	–34	–	–	–
Translation differences	–24	6	0	–3
Acquisitions and others	–9	–	–	–
Deferred tax in the income statement	–89	55	–11	8
At end of year	**–155**	**77**	**–11**	**–3**
Current and deferred tax recognised directly in equity				
Deferred tax relating to changed accounting policies	–	17	–	12
Deferred tax relating to available-for-sale investments	1	–1	–	–
Total	**1**	**16**	**–**	**12**
Unrecognised deferred tax assets				
Unused tax losses	235	572	–	–
Unused tax credits	137	105	–	–
Other deductible temporary differences	32	38	–	–
Total	**404**	**715**	**–**	**–**
Expire date 2011	27	27	–	–
Expire date 2012	3	3	–	–
Expire date 2013	275	584	–	–
Expire date 2014	63	63	–	–
Expire date later than 2014	36	38	–	–
Total	**404**	**715**	**–**	**–**

There is no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable.

Unrecognised unused tax losses and tax credits 31 Dec 2006 are net amounts after estimated future uncreditable foreign taxes. These are related to Finnish loss carry-forward. The degree of recognition of deferred tax assets depends on Nordea's expected ability to utilise tax losses and tax credits in relation to the SE-merger plan (see further page 36). Nordea's tax assets, and recognition of deferred taxes going forward, are subjected to continious evaluation.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when the deferred tax income relates to the same fiscal authority.

Note 14:

Earnings per share (EPS)

Group

Earnings per share
The calculation of earnings per share at 31 Dec 2006 was based on the profit attributable to shareholders of Nordea Bank AB (publ) of EUR 3,145m (EUR 2,263m) and a weighted average number of ordinary shares outstanding during the year ended 31 Dec of 2,592 million (2,644 million), excluding the average number of own shares. Dilution is not applicable.

	31 Dec 2006	31 Dec 2005
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	3,145	2,263
Weighted average number of shares outstanding (in millions)	2,592	2,644
Earnings per share, EUR	1.21	0.86
Weighted average number of shares outstanding (in millions):		
Number of shares outstanding at beginning of year	2,594	2,735
Adjustment for average own shares referring to Nordea Bank AB (publ)'s repurchase of own shares	–	–85
Adjustment for average own shares in trading portfolio	–2	–6
Weighted average number of shares outstanding at end of year	**2,592**	**2,644**

Note 15:

Treasury bills and other eligible bills

	Group		Parent company	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Treasury bills	847	3,947	1,966	2,090
Other eligible bills	5,831	3,333	–	–
Total	**6,678**	**7,280**	**1,966**	**2,090**

All bills are subject to variable interest rate risk.

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	4,836	5,009	1,385	1,210
More than 1 year	1,842	2,271	581	880
Total	**6,678**	**7,280**	**1,966**	**2,090**
Of which financial instruments pledged as collateral (Note 19)	0	185	414	903
Total	**6,678**	**7,095**	**1,552**	**1,187**

Note 16:

Loans and receivables to credit institutions

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Loans and receivables, not impaired[1]	26,804	31,589	36,981	28,649
Impaired loans and receivables:	8	7	8	7
– Performing	6	5	6	5
– Non-performing	2	2	2	2
Loans and receivables before allowances	**26,812**	**31,596**	**36,989**	**28,656**
Allowances for individually assessed impaired loans	–7	–7	–7	–7
Allowances for collectively assessed impaired loans	–13	–11	–12	–11
Allowances	**–20**	**–18**	**–19**	**–18**
Loans and receivables, book value	**26,792**	**31,578**	**36,970**	**28,638**
Maturity information				
Remaining maturity (book value)				
Payable on demand	2,546	1,150	5,831	994
Maximum 3 months	22,598	28,431	23,037	21,853
3–12 months	936	563	7,635	4,803
1–5 years	544	1,354	369	944
More than 5 years	168	80	98	44
Total	**26,792**	**31,578**	**36,970**	**28,638**

[1] Includes also collectively assessed impaired loans.

Reconciliation of allowance accounts for loan losses[2]

	Group			Parent company		
EURm	Allowances for individually assessed impaired loans	Allowances for collectively assessed impaired loans	Total	Allowances for individually assessed impaired loeans	Allowances collectively assessed impaired loans	Total
Opening balance at 1 Jan 2006	**–7**	**–11**	**–18**	**–7**	**–11**	**–18**
Provisions	–	–4	–4	0	–1	–1
Reversals	–	1	1	–	–	–
Changes through the income statement	**–**	**–3**	**–3**	**0**	**–1**	**–1**
Allowances used to cover write-offs	0	0	0	–	–	–
Currency translation differences	0	1	1	0	0	0
Closing balance at 31 Dec 2006	**–7**	**–13**	**–20**	**–7**	**–12**	**–19**
Opening balance at 1 Jan 2005	**–6**	**–12**	**–18**	**–6**	**–12**	**–18**
Provisions	–1	–	–1	–1	–	–1
Reversals	–	–	–	–	–	–
Changes through the income statement	**–1**	**–**	**–1**	**–1**	–	**–1**
Allowances used to cover write-offs	–	–	–	–	–	–
Currency translation differences	0	1	1	0	1	1
Closing balance at 31 Dec 2005	**–7**	**–11**	**–18**	**–7**	**–11**	**–18**

[2] See Note 11 Loan losses.

Note 17:

Loans and receivables to the public[1]

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Loans and receivables, not impaired[2]	213,223	187,404	21,433	18,974
Impaired loans and receivables:	1,860	2,519	198	252
– Performing	1,187	1,802	109	184
– Non-performing	673	717	89	68
Loans and receivables before allowances	**215,083**	**189,923**	**21,631**	**19,226**
Allowances for individually assessed impaired loans	–757	–1,057	–91	–101
Allowances for collectively assessed impaired loans	–341	–406	–39	–56
Allowances	**–1,098**	**–1,463**	**–130**	**–157**
Loans and receivables, book value	**213,985**	**188,460**	**21,501**	**19,069**
Maturity information				
Remaining maturity (book value)				
Payable on demand	20,657	16,308	3,265	335
Maximum 3 months	51,660	48,289	7,550	9,705
3–12 months	16,962	16,713	1,518	1,746
1–5 years	48,006	42,364	8,562	6,587
More than 5 years	76,700	64,786	606	696
Total	**213,985**	**188,460**	**21,501**	**19,069**

[1] Finance leases, where the Nordea Group is a lessor, are included in Loans and receivables to the public, see Note 28 Leasing.

[2] Includes also collectively assessed impaired loans.

Reconciliation of allowance accounts for loan losses[3]

EURm	Group: Allowances for individually assessed impaired loans	Group: Allowances for collectively assessed impaired loans	Group: Total	Parent company: Allowances for individually assessed impaired loans	Parent company: Allowances collectively assessed impaired loans	Parent company: Total
Opening balance at 1 Jan 2006	**–1,057**	**–406**	**–1,463**	**–101**	**–56**	**–157**
Provisions	–276	–187	–463	–27	–10	–37
Reversals	463	231	694	30	25	55
Changes through the income statement	**187**	**44**	**231**	**3**	**15**	**18**
Allowances used to cover write-offs	134	–	134	10	–	10
Currency translation differences	–21	21	0	–3	2	–1
Closing balance at 31 Dec 2006	**–757**	**–341**	**–1,098**	**–91**	**–39**	**–130**
Opening balance at 1 Jan 2005	**–1,302**	**–352**	**–1,654**	**–126**	**–69**	**–195**
Provisions	–343	–152	–495	–59	–16	–75
Reversals	431	106	537	50	29	79
Changes through the income statement	**88**	**–46**	**42**	**–9**	**13**	**4**
Allowances used to cover write-offs	178	–	178	21	–	21
Currency translation differences	–21	–8	–29	13	0	13
Closing balance at 31 Dec 2005	**–1,057**	**–406**	**–1,463**	**–101**	**–56**	**–157**

[3] See Note 11 Loan losses

Note 18:

Interest-bearing securities

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Issued by public bodies	5,863	4,752	2,634	–
Issued by other borrowers	33,699	31,369	1,425	4,533
Total	**39,562**	**36,121**	**4,059**	**4,533**
Listed securities	35,031	35,079	2,472	3,419
Unlisted securities	4,531	1,042	1,587	1,114
Total	**39,562**	**36,121**	**4,059**	**4,533**
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	6,098	8,941	1,448	1,783
More than 1 year	33,464	27,180	2,611	2,750
Total including portfolio schemes	**39,562**	**36,121**	**4,059**	**4,533**
Of which Financial instruments pledged as collateral (Note 19)	10,496	11,489	185	341
Total	**29,066**	**24,632**	**3,874**	**4,192**

Note 19:

Financial instruments pledged as collateral

Financial instruments pledged as collateral

In repurchase transactions and in securities lending transactions non–cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Repurchase agreements	10,496	11,674	599	1,244
Total	**10,496**	**11,674**	**599**	**1,244**

Transferred assets that are still recognised in the balance sheet and associated liabilities

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. The assets related to Securitisations have been transferred to SPEs which according to SIC 12 have been consolidated into Nordea (for further information see Note 1). Therefore these assets and their associated liabilities are included in the tables below.

Note 19: *cont.*

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Repurchase agreements				
Treasury bills and other eligible bills	0	185	414	903
Interest-bearing securities	10,496	11,489	185	341
Securitisations				
Interest-bearing securities	–	468	–	–
Total	**10,496**	**12,142**	**599**	**1,244**

Liabilities associated with the assets

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Repurchase agreements				
Deposits by credit institutions	8,033	8,976	413	1,219
Deposits and borrowings from the public	2,515	2,960	185	25
Securitisations				
Debt securities in issue	–	462	–	–
Total	**10,548**	**12,398**	**598**	**1,244**

Note 20:

Shares

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Shares held for trading	3,701	2,946	582	397
Shares designated at fair value through profit or loss	10,873	9,943	109	96
Shares available for sale	11	12	–	3
of which shares taken over for protection of claims	0	3	–	3
Total	**14,585**	**12,901**	**691**	**496**
Listed shares	11,715	12,453	665	467
Unlisted shares	2,870	448	26	29
Total	**14,585**	**12,901**	**691**	**496**
Of which expected to be settled after 12 months	140	133	–	–

Note 21:

Derivatives

31 Dec 2006, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	12,164	12,344	1,160,716	326	362	80,436
FRAs	207	198	389,877	10	8	67,716
Interest rate futures	85	102	67,138	3	–	591
Options	3,419	3,341	259,675	–	–	7,837
Other	0	0	8	–	–	17
Total	**15,875**	**15,985**	**1,877,414**	**339**	**370**	**156,597**
Equity derivatives						
Futures and forwards	32	75	2,124	17	57	103
Options	948	1,035	14,588	30	39	943
Other	10	50	853	–	–	–
Total	**990**	**1,160**	**17,565**	**47**	**96**	**1,046**
Foreign exchange derivatives						
Currency and interest rate swaps	1,892	1,725	121,247	5	5	88
Currency forwards	3,101	3,417	327,280	23	15	6,583
Options	165	178	28,054	–	–	–
Other	0	0	110	–	–	–
Total	**5,158**	**5,320**	**476,691**	**28**	**20**	**6,671**
Credit derivatives						
Credit default swaps	635	625	78,697	–	–	–
Total	**635**	**625**	**78,697**	–	–	–
Other derivatives						
Futures and forwards	83	67	683	–	–	–
Options	69	85	1,499	–	–	–
Other	842	820	10,063	–	–	–
Total	**994**	**972**	**12,245**	–	–	–
Total derivatives held for trading	**23,652**	**24,062**	**2,462,612**	**414**	**486**	**164,314**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	402	385	64,296	228	287	39,545
Total	**402**	**385**	**64,296**	**228**	**287**	**39,545**
Equity derivatives						
Options written	72	102	556	102	102	771
Total	**72**	**102**	**556**	**102**	**102**	**771**
Foreign exchange derivatives						
Currency and interest rate swaps	81	385	10,970	68	270	7,322
Currency forwards	–	5	55	–	8	293
Total	**81**	**390**	**11,025**	**68**	**278**	**7,615**
Total derivatives used for hedge accounting	**555**	**877**	**75,877**	**398**	**667**	**47,931**
Total derivatives	**24,207**	**24,939**	**2,538,489**	**812**	**1,153**	**212,245**

Note 21: *cont.*

31 Dec 2005, EURm	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	16,577	16,530	924,646	157	218	16,760
FRAs	89	93	303,219	6	12	74,449
Interest rate futures	32	49	67,306	0	2	3,961
Options	4,552	4,413	236,315	0	0	600
Other	0	0	0	0	0	0
Total	**21,250**	**21,085**	**1,531,486**	**163**	**232**	**95,770**
Equity derivatives						
Futures and forwards	19	42	1,790	1	2	49
Options	670	699	9,460	143	147	2,695
Total	**689**	**741**	**11,250**	**144**	**149**	**2,744**
Foreign exchange derivatives						
Currency and interest rate swaps	1,119	1,424	91,914	118	2	3,183
Currency forwards	3,879	3,573	321,988	82	53	9,771
Options	205	167	54,425	–	–	–
Other	0	–	256	–	–	–
Total	**5,203**	**5,164**	**468,583**	**200**	**55**	**12,954**
Credit derivatives						
Credit default swaps	280	244	47,028	–	–	–
Total rate of return swaps	2	6	4,000	–	–	–
Total	**282**	**250**	**51,028**	**0**	**0**	**0**
Other derivatives						
Futures and forwards	23	20	541	–	–	–
Options	7	11	411	–	–	–
Other	665	651	1,866	–	–	–
Total	**695**	**682**	**2,818**	**–**	**–**	**–**
Total derivatives held for trading	**28,119**	**27,922**	**2,065,165**	**507**	**436**	**111,468**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	553	366	68,740	182	71	14,460
Total	**553**	**366**	**68,740**	**182**	**71**	**14,460**
Equity derivatives						
Options	80	81	1,852	–	–	–
Total	**80**	**81**	**1,852**	**–**	**–**	**–**
Foreign exchange derivatives						
Currency and interest rate swaps	42	172	2,667	17	64	1,620
Currency forwards	82	61	14,853	–	–	–
Total	**124**	**233**	**17,520**	**17**	**64**	**1,620**
Total derivatives used for hedge accounting	**757**	**680**	**88,112**	**199**	**135**	**16,080**
Total derivatives	**28,876**	**28,602**	**2,153,277**	**706**	**571**	**127,548**

Note 21: *cont.*

31 Dec 2006, EURm	Group		Parent company	
	Positive	Negative	Positive	Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	3,274	3,568	91	73
3–12 months	2,917	2,932	93	96
1–5 years	6,865	7,264	429	599
More than 5 years	11,151	11,175	199	385
Total	**24,207**	**24,939**	**812**	**1,153**

31 Dec 2005, EURm	Group		Parent company	
	Positive	Negative	Positive	Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	3,491	3,476	107	108
3–12 months	2,829	2,736	128	53
1–5 years	6,625	6,702	245	199
More than 5 years	15,931	15,688	226	211
Total	**28,876**	**28,602**	**706**	**571**

Note 22:
Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Book value at beginning of year	282	–	28	–
Changes during the year				
Change in accounting policies	–	335	–	36
Revaluation of hedged items	–319	–53	–27	–8
Book value at end of year	**–37**	**282**	**1**	**28**

The book value at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset.

Liabilities	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Book value at beginning of year	58	–	3	–
Changes during the year				
Change in accounting policies	–	242	–	65
Revaluation of hedged items	–459	–184	–99	–62
Book value at end of year	**–401**	**58**	**–96**	**3**

The book value at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is a liability.

Note 23:
Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Acquisition value at beginning of year	577	594	28	28
Acquisitions during the year	14	43	1	–
Through mergers	–	–	0	–
Sales during the year	–176	–66	–	0
Share in earnings[1]	99	49	–	–
Dividend received	–56	–45	–	–
Reclassifications	–51	0	–	–
Translation differences	4	2	–	–
Acquisition value at end of year	**411**	**577**	**29**	**28**
Accumulated impairment charges at beginning of year	–11	–33	–	–
Accumulated impairment charges on sales during the year	–	23	–	–
Reversed impairment charges during the year	1	1	–	–
Impairment charges during the year	–3	–2	–	–
Translation differences	0	0	–	–
Accumulated impairment charges at end of year	**–13**	**–11**	**–**	**–**
Total	**398**	**566**	**29**	**28**
Of which, listed shares	–	–	–	–

The total amount is expected to be settled after more than twelve months.

[1] Share in earnings

	Group	
EURm	31 Dec 2006	31 Dec 2005
Profit from companies accounted for under equity method, before tax	80	67
Income tax expenses	–10	–23
Associated undertakings in Life, reported as net gains/losses on item at fair value	29	5
Share in earnings	**99**	**49**

Note 23: *cont.*

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2006	31 Dec 2005
Total assets	5,730	6,370
Total liabilities	5,226	6,128
Operating income	160	167
Operating profit	40	92

Nordeas' share of contingent liabilities in favour in associated undertakings amounts to EUR 0m (EUR 65m), and on behalf of associated undertaking EUR 0m (EUR 96m).

Group 31 Dec 2006	Registration number	Domicile	Book value EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	79	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	151	49
Luottokunta	0201646-0	Helsinki	36	24
LR Realkredit A/S	26045304	Copenhagen	10	39
Oy Realinvest Ab	0680035-9	Helsinki	32	49
VPC Holding AB	556709-1763	Stockholm	27	25
PBS Holding A/S	27225993	Ballerup	23	28
Profita Fund II Ky[1]	1596354-7	Helsinki	8	0
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	8	33
Axel IKU Invest A/S	24981800	Billund	5	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	6	33
KIFU-AX II A/S	25893662	Copenhagen	3	26
KFU-AX II A/S	25894286	Copenhagen	3	33
Multidata Holding A/S	27226027	Ballerup	3	28
Profita Fund I Ky[1]	1070549-3	Helsinki	1	0
NF Fleet Oy	2006935-5	Espoo	1	20
Other			2	
Total			**398**	

[1] Nordea's shareholding of Profita Fund II Ky 45% and Profita Fund I ky 42%.

The statutory information is available on request from Nordea Investor Relations.

Parent company 31 Dec 2006	Registration number	Domicile	Book value EURm	Voting power of holding %
VPC Holding AB	556709-1763	Stockholm	27	25
Other			2	
Total			**29**	

Note 24:
Investments in joint ventures

Group

The Group has a 50% interest in two joint ventures, DNP Ejendomme P/S and Ejendomselskabet af 1. marts 2006 P/S, which are real estate companies. In 2005 the Group had a 50% interest in one joint venture, DNP Ejendomme P/S.

The following amounts represent the Group's share of the assets, liabilities, income, expenses and result of the joint ventures. They are included in the balance sheet and income statement:

EURm	2006	2005
Total assets	93	59
Total liabilities	2	1
Operating income	9	5
Operating expenses	2	1
Operating profit	7	4
Net profit	7	4
Proportionate interest in joint ventures' commitments	–	–
Proportionate interest in joint ventures' contingent liabilities	–	–

Note 25:
Investments in group undertakings

Parent company EURm	31 Dec 2006	31 Dec 2005
Acquisition value at beginning of year	17,615	17,496
Acquisitions during the year	42	207
Repayment of aquisitions value	–	–13
Through mergers	–	–74
Sales during the year	–44	–
Reclassifications	2	–
Translation differences	–	–1
Acquisition value at end of year	**17,615**	**17,615**
Accumulated impairment charges at beginning of year	–1,064	–755
Through mergers	–	0
Accumulated impairment charges of sales during the year	10	–
Reversed impairment charges during the year	–	2
Impairment charges during the year	–	–311
Accumulated impairment charges at end of year	**–1,054**	**–1,064**
Total	**16,561**	**16,551**
Of which, listed shares	–	–

Total amount is expected to be settled after more than twelve months.

Note 25: *cont.*

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies. The full specification and statutory information are available on request from Nordea Investor Relations.

Parent company 31 Dec 2006	Number of shares	Book value EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800	5,946	100.0	Helsinki	1680235-8
Nordea Finance Finland Ltd			100.0	Espoo	0112305-3
Nordea Bank Danmark A/S	50,000,000	3,500	100.0	Copenhagen	13522197
Nordea Finans Danmark A/S			100.0	Copenhagen	89805910
Nordea Kredit Realkreditaktieselskab			100.0	Copenhagen	15134275
Nordea Bank Norge ASA	551,358,576	2,400	100.0	Oslo	911044110
Norgeskreditt AS			100.0	Oslo	971227222
Nordea Finans Norge AS			100.0	Oslo	924507500
Christiania Forsikring AS			100.0	Oslo	941219349
Nordea Bank Polska S.A.	33,231,110	184	98.8	Gdynia	KRS0000021828
Nordea Life Holding A/S	2,600,000	1,434	100.0	Ballerup	25762274
Nordea Liv & Pension, Livforsikringsselskab A/S			100.0	Ballerup	24260577
Nordea Liv Holding Norge AS			100.0	Bergen	984739303
Livforsikringsselskapet Nordea Liv Norge AS			100.0	Bergen	959922659
Nordea Life & Pension Assurance Sweden AB (publ)			100.0	Stockholm	516401-6759
Nordea Life Holding Finland Ltd	24,480	101	100.0	Espoo	1737788-3
Nordea Life Assurance Finland Ltd			100.0	Espoo	0927072-8
Nordea Hypotek AB (publ)	100,000	1,714	100.0	Stockholm	556091-5448
Nordea Fonder AB	15,000	679	100.0	Stockholm	556020-4694
Nordea Bank S.A.	999,999	323	100.0	Luxembourg	B14157
Nordea Finans Sverige AB (publ)	1,000,000	77	100.0	Stockholm	556021-1475
Nordea Fondene Norge Holding AS	1,000	29	100.0	Oslo	984042779
Nordea Investment Management AB	12,600	64	100.0	Stockholm	556060-2301
Nordea Investment Fund Company Finland Ltd	3,350	4	100.0	Helsinki	1737785-9
Nordea Investment Management Norge Holding AS	1,000	2	100.0	Oslo	984042876
Returnplus AB	24,000	2	100.0	Stockholm	556503-6885

Note 25: *cont.*

Specification

Parent company 31 Dec 2006	Number of shares	Book value EURm	Voting power of holding %	Domicile	Registration number
Nordea Ejendomsinvestering A/S	1,000	1	100.0	Copenhagen	26640172
Nordea Investment Funds I Company SA	25,514	0	100.0	Luxembourg	B30550
Nordea Investment Funds II Company SA	5,000	0	100.0	Luxembourg	B35563
PK Properties Int'l Corp	100,000	0	100.0	Atlanta, USA	91-1682291
Nordea Bemanning AB	510	0	51.0	Stockholm	556222-4336
Nordea Hästen Fastighetsförvaltning AB	1,000	0	100.0	Stockholm	556653-6800
Nordea Putten Fastighetsförvaltning AB	1,000	0	100.0	Stockholm	556653-5257
Nordea North America Inc.	1,000	0	100.0	Delaware, USA	51-0276195
Nordea Do Brasil Representações LTDA	300	0	99.0	Sao Paulo, Brasil	51-696.268/0001-40
Nordbanken North American Inc. (in liquidation)	20	0	100.0	Delaware, USA	0926917
Nordea Securities Ltd (in liquidation)	1,000,000	0	100.0	London	2739833
eMM Marketplace AB [1]	10,000	64	100.0	Stockholm	556588-4284
Unipure AB [1]	2,200,000	30	100.0	Stockholm	556314-8237
Nordic Baltic Holding (NBH) AB [1]	1,000	3	100.0	Stockholm	556592-7950
ArosMaizels Corp Finance AB [1]	50,000	2	100.0	Stockholm	556460-5433
Nordea Fastigheter AB [1]	3,380,000	1	100.0	Stockholm	556021-4917
Esivert AB [1]	31,000	1	100.0	Stockholm	556476-9841
Fastighets AB Stämjärnet [1]	1,000,000	0	100.0	Stockholm	556090-4087
Total		**16,561**			

[1] Dormant

Note 26:

Intangible assets

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Goodwill [1]				
Nordea Bank Danmark A/S	439	439	–	–
Nordea Bank Norge ASA	1,003	1,032	–	–
Nordea Bank Sverige AB (publ)	182	175	808	880
Nordea Bank Polska S.A.	70	69	–	–
Life insurance companies	318	312	–	–
Other goodwill	71	73	–	–
Goodwill, total	**2,083**	**2,100**	**808**	**880**
Other intangible assets [2]	164	121	50	23
Total	**2,247**	**2,221**	**858**	**903**

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Goodwill [1]				
Acquisition value at beginning of year	2,100	2,028	1,058	848
Acquisitions during the year	5	45	–	–
Through mergers	–	–	–	210
Translation differences	–22	27	–	–
Acquisition value at end of year	**2,083**	**2,100**	**1,058**	**1,058**
Accumulated amortisation at beginning of year	–	–	–178	–106
Amortisation according to plan for the year	–	–	–72	–72
Accumulated amortisation at end of the year	**–**	**–**	**–250**	**–178**
Total	**2,083**	**2,100**	**808**	**880**

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Other intangible assets				
Acquisition value at beginning of year	212	153	43	40
Acquisitions during the year	110	74	39	9
Sales/disposals during the year	–34	–3	–	–
Reclassifications	–54	–12	–10	–5
Translation differences	0	0	–	–1
Acquisition value at end of year	**234**	**212**	**72**	**43**
Accumulated amortisation at beginning of year	–91	–80	–20	–18
Amortisation according to plan for the year	–10	–19	–4	–3
Accumulated amortisation on sales/disposals during the year	24	2	–	–
Reclassifications	8	5	2	–
Translation differences	0	1		1
Accumulated amortisation at end of year	**–69**	**–91**	**–22**	**–20**
Accumulated impairment charges at beginning of year	–	–	–	–
Impairment charges during the year	–1	–	–	–
Accumulated impairment charges at end of year	**–1**	**–**	**–**	**–**
Total	**164**	**121**	**50**	**23**

[1] Excluding goodwill in associated undertakings.
[2] Refers mainly to computer licences and internally developed software.

The total amount is expected to be settled after more than twelve months.

Note 26: *cont.*

Impairment test

A cash generating unit, defined as segment per acquired legal entity, is the basis for the goodwill impairment test.

Cash flows in the near future (up to two years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. Longer term cash flows (more than two years) are based on conservative estimated sector growth rates. In the Nordic market has a growth rate of 4% been used, while a growth rate of 6% has been used for Poland & Baltics and emerging markets.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at the Group's defined post-tax average cost of equity of 7.5% (equal to what is used for internal performance management purposes), except for operations in Poland and the Baltics where an additional risk premium of 150 basis points has been applied.

The impairment tests conducted in 2006 did not indicate any need for goodwill impairment.

Note 27:

Property and equipment

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Property and equipment	307	303	57	43
Of which buildings for own use	34	54	–	–
Total	**307**	**303**	**57**	**43**
Taken over for protection of claims				
Land and buildings	0	0	–	–
Total	**0**	**0**	**–**	**–**
Equipment				
Acquisition value at beginning of year	922	1,108	129	121
Acquisitions during the year	112	54	29	13
Through mergers	–	–	–	1
Sales/disposals during the year	–109	–212	–6	–7
Reclassifications	119	–40	15	5
Translation differences	–13	12	–	–4
Acquisition value at end of year	**1,031**	**922**	**167**	**129**
Accumulated depreciation at beginning of year	–652	–726	–86	–70
Through mergers	–	–	–	–1
Accumulated depreciation on sales/disposals during the year	69	145	4	5
Reclassifications	–82	37	–5	–
Depreciations according to plan for the year	–87	–106	–23	–24
Translation differences	6	–2	–	4
Accumulated depreciation at end of year	**–746**	**–652**	**–110**	**–86**
Accumulated impairment charges at beginning of year	–21	–15	–	–
Accumulated impairment charges on sales/disposals during the year	9	–	–	–
Reversed impairment charges during the year	4	–	–	–
Reclassifications	–6	–	–	–
Impairment charges during the year	–	–4	–	–
Translation differences	2	–2	–	–
Accumulated impairment charges at end of year	**–12**	**–21**	**–**	**–**
Total	**273**	**249**	**57**	**43**

Note 27: *cont.*

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Land and buildings				
Acquisition value at beginning of year	90	137	0	0
Acquisitions during the year	2	2	–	–
Sales/disposals during the year	–9	–40	–	–
Reclassifications	–36	–11	0	–
Translation differences	0	2	–	0
Acquisition value at end of year	**47**	**90**	**0**	**0**
Accumulated depreciation at beginning of year	–18	–51	0	0
Accumulated depreciation on sales/disposals during the year	1	30	–	–
Reclassifications	6	3	–	–
Depreciation according to plan for the year	–2	–2	0	0
Translation differences	0	2	–	–
Accumulated depreciation at end of year	**–13**	**–18**	**0**	**0**
Accumulated impairment charges at beginning of year	–18	–30	–	–
Accumulated impairment charges on sales/disposals during the year	6	13	–	–
Reversed impairment charges during the year	10	–	–	–
Reclassifications	2	–	–	–
Translation differences	0	–1	–	–
Accumulated impairment charges at end of year	**0**	**–18**	**–**	**–**
Total	**34**	**54**	**0**	**0**

The total amount is expected to be settled after more than twelve months.

Parent company

The parent company owns two properties outside Stockholm and two tenant rights in Stockholm with a book value of EUR 0.4m (EUR 0.4m). Tax value amounts to EUR 0.5m (EUR 0.4m) with an estimated market value of EUR 0.6m (EUR 0.6m).

Note 28:
Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in Loans and receivables to the public (see Note 17) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments:

	Group	
EURm	31 Dec 2006	31 Dec 2005
Gross investments	5,372	4,915
Less unearned finance income	–409	–345
Net investments in finance leases	**4,963**	**4,570**
Less unguaranteed residual values accruing to the benefit of the lessor	–123	–130
Present value of future minimum lease payments receivable	**4,840**	**4,440**
Accumulated allowance for uncollectible minimum lease payments receivable	29	17

As of 31 December 2006 the gross investment at remaining maturity was distributed as follows:

	Group
EURm	31 Dec 2006
2007	1,292
2008	1,089
2009	943
2010	587
2011	473
Later years	988
Total gross investment	**5,372**
Less unearned future finance income on finance leases	–409
Net investment in finance leases	**4,963**

Operating leases

Assets subject to operating leases mainly comprise real estate, vehicles, aeroplanes and other equipment. In the balance sheet they are reported as tangible assets.

	Group	
Book value of leased assets, EURm	31 Dec 2006	31 Dec 2005
Acquisition value	128	176
Accumulated depreciations	–40	–59
Accumulated impairment charges	–13	–21
Book value at end of year	**75**	**96**
– Of which repossessed leased property, book value	–	6

	Group	
Book value distributed on groups of assets, EURm	31 Dec 2006	31 Dec 2005
Equipment	75	96
Book value at end of year	**75**	**96**

Depreciation for 2006 amounted to EUR 9m (EUR 32m).

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

	Group
EURm	31 Dec 2006
2007	9
2008	9
2009	4
2010	1
2011	1
Later years	0
Total	**24**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The book value of assets subject to finance leases amounts to EUR 1m (EUR 2m).

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Leasing expenses during the year	240	281	84	87
Of which				
– minimum lease payments	238	279	84	87
– contingent rents	2	2	–	0
Leasing income during the year regarding sublease payments	7	8	17	17

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

	Group	Parent company
EURm	31 Dec 2006	31 Dec 2006
2007	256	190
2008	239	180
2009	216	166
2010	202	154
2011	245	210
Later years	436	212
Total	**1,594**	**1,112**

Total sublease payments expected to be received under non-cancellable subleases amount to EUR 283m (EUR 366m) for the parent company, all is towards group undertakings.

Note 29:
Investment property

Group
Movement in the balance sheet

EURm	31 Dec 2006	31 Dec 2005
Book value at beginning of year	2,750	2,484
Acquisitions during the year	222	182
Acquisitions through business combinations	70	–
Sales/disposals during the year	–137	-49
Net gains or losses from fair value adjustments	325	132
Transfers/reclassifications during the year	0	4
Translation differences	0	–3
Book value at end of year	**3,230**	**2,750**

Amounts recognised in the income statement[1]

EURm	2006	2005
Rental income	213	207
Direct operating expenses that generate rental income	–63	–56
Direct operating expenses that did not generate rental income	–4	–5

[1] Included in Net gains/losses on items at fair value.

Note 30:
Other assets

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Claims on securities settlement proceeds	8,159	7,383	130	122
Reinsurance recoverables	4	4	-	-
Other	2,563	2,430	5,191	1,074
Total	**10,726**	**9,817**	**5,321**	**1,196**

Note 31:
Prepaid expenses and accrued income

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Accrued interest income	1,199	876	214	152
Other accrued income	207	454	11	6
Prepaid expenses	166	75	60	27
Total	**1,572**	**1,405**	**285**	**185**

Note 32:
Deposits by credit institutions

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Central banks	7,463	5,813	3,864	2,691
Other banks	22,590	19,998	19,698	17,667
Other credit institutions	2,235	3,979	409	426
Total	**32,288**	**29,790**	**23,971**	**20,784**

Note 32: *cont.*

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Maturity information				
Remaining maturity (book value)				
Payable on demand	7,124	7,112	9,478	–
Maximum 3 months	22,341	19,153	5,820	12,173
3–12 months	2,519	2,926	7,775	8,351
1–5 years	103	523	868	254
More than 5 years	201	76	30	6
Total	**32,288**	**29,790**	**23,971**	**20,784**

Note 33:
Deposits and borrowings from the public

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Deposits from the public	122,935	110,863	30,475	26,477
Borrowings from the public	3,517	4,687	7	102
Total	**126,452**	**115,550**	**30,482**	**26,579**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of EUR 4,207m (EUR 3,878m) are also included in Deposits.

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Maturity information, Deposits				
Remaining maturity (book value)				
Payable on demand	95,868	66,283	26,832	23,591
Maximum 3 months	16,620	36,155	3,643	2,886
3–12 months	2,604	1,916	–	–
1–5 years	1,858	991	–	–
More than 5 years	5,985	5,518	–	–
Total	**122,935**	**110,863**	**30,475**	**26,477**

Maturity information, Borrowings				
Remaining maturity (book value)				
Payable on demand	6	–	7	–
Maximum 3 months	3,342	4,079	–	102
3–12 months	46	130	–	–
1–5 years	93	396	–	–
More than 5 years	30	82	–	–
Total	**3,517**	**4,687**	**7**	**102**

Note 34:

Liabilities to policyholders

Group

Liabilities to policyholders are amounts related to insurance contracts. These contracts are according to IFRS, split up in contracts with insurance risk and investment contracts without insurance risk.

EURm	31 Dec 2006	31 Dec 2005
Insurance contracts	26,544	23,615
Investment contracts	2,220	1,584
Other liabilities	2,277	1,631
Total	**31,041**	**26,830**

Insurance contracts

Insurance contracts includes Life insurance provisions and other insurance related items.

EURm	31 Dec 2006	31 Dec 2005
Traditional life insurance provisions	21,517	19,509
Unit-linked insurance provisions	4,571	3,730
Insurance claims provision	303	252
Health and personal accident insurance	153	124
Total	**26,544**	**23,615**

Life insurance contracts are according to IFRS 4 measured and recognised at a non-uniform basis, which means that each market represented by Nordic and European entities measures and recognises their insurance contracts by the use of local accounting policies.

Traditional life insurance provisions

EURm	31 Dec 2006	31 Dec 2005
Traditional life insurance provision, beginning of year	19,509	17,906
Reclassification due to change in accounting policy to IFRS	–	–85
Acquisition through a business combination	1,681	–
Accumulated value adjustments, beginning of year	–970	–990
Retrospective provisions, beginning of year	**20,220**	**16,831**
Gross premiums written	2,043	1,815
Transfer from / to Unit-Linked- and Investment contracts	–277	–46
Addition of interest	647	785
Claims and benefits	–1,519	–907
Expense loading inclusive addition of expense bonus	–144	–41
Risk gains after addition of risk bonus	13	8
Other	–29	94
Retrospective provisions, end of year	**20,954**	**18,539**
Accumulated value adjustments, end of year	563	970
Total traditional life insurance provision	**21,517**	**19,509**
Traditional life insurance provision, relating to bonus schemes/discretionary participation feature:	99%	99%

Note 34: *cont.*

Unit-linked insurance provision

EURm	31 Dec 2006	31 Dec 2005
Unit-linked insurance provision, beginning of year	3,730	2,837
Reclassification due to change in accounting policy to IFRS	–	98
Accumulated value adjustments, beginning of year	–1	0
Retrospective provisions, beginning of year	**3,729**	**2,935**
Gross premiums written	773	537
Transfer from / to Investment contracts and traditional insurance	140	48
Investment return (change in units funds value)	359	462
Claims and benefits	–396	–224
Expense loading inclusive addition of expense bonus	–39	–34
Risk gains after addition of risk bonus	2	–1
Other	3	6
Retrospective provisions, end of year	**4,571**	**3,729**
Accumulated value adjustments, end of year	–	1
Total Unit-linked insurance provision	**4,571**	**3,730**

Insurance claims provision

EURm	31 Dec 2006	31 Dec 2005
Claims provisions beginning of year	252	238
Change in claims provision	51	14
Claims provisions end of year	**303**	**252**

Technical provisions Health & personal accident

EURm	31 Dec 2006	31 Dec 2005
Technical provision Health & personal accident, beginning of year	124	129
Effect of change in accounting policy to IFRS	–	1
Change from income statement	29	-6
Technical provision Health & personal accident, end of year	**153**	**124**
Provision for unearned premiums	5	5
Claims outstanding	148	118
Provision for bonuses	0	1
Total technical provision Health & personal accident	**153**	**124**

Investment contracts

EURm	31 Dec 2006	31 Dec 2005
Provision for investment contracts, beginning of year	1,584	1,289
Effect of change in accounting policy to IFRS	–	–31
Provisions, beginning of year	**1,584**	**1,258**
Gross premium written	699	550
Transfer from / to Unit-Linked and traditional insurance	137	–143
Investment return (change in unit funds value)	162	276
Commission and risk loading	–14	–10
Claims and benefits	–346	–338
Other	–2	–9
Total provision, investment contracts	**2,220**	**1,584**

Note 34: *cont.*

EURm	31 Dec 2006	31 Dec 2005
Provision for investment contracts relating to bonus schemes/discretionary participation feature:	5%	5%

Other liabilities to policyholders

Collective bonus potentials

EURm	31 Dec 2006	31 Dec 2005
Collective bonus potentials, beginning of year	1,631	1,081
Acquisition through a business combination	24	–
Additional allocated bonus potential	622	583
Reduction in collective bonus potentials	0	–33
Collective bonus potentials, end of year	**2,277**	**1,631**

Risk profiles on insurance

Product	Risk types	Material effect
Traditional	- Mortality	Yes
	- Disability	Yes
	- Return guaranties	Yes
Unit-Link	- Mortality	Yes
	- Disability	Yes
	- Return guaranties	No
Health and personal accident	- Mortality	No
	- Disability	Yes
	- Return guaranties	No
Financial contract	- Mortality	No
	- Disability	No
	- Return guaranties	No

Life insurance risk and market risks in the Life insurance operations

The Life insurance business of Nordea Life and Pension is characterised by very long -term contracts with pension savings contracts having durations of more than 40 years. The two major risks in the Life insurance business are life insurance risk and market risks. These risk have to the largest extent effects on policyholders and to a lesser extent effects on Nordea´s own equity.

The life insurance risk is the risk of unexpected losses due to changes in mortality rates, longevity rates, disability rates and selections effects.

The risks are primarily controlled using actuarial methods, ie through tariffs, rules for acceptance of customers, reinsurance contracts, stress tests and provisions for risks. A continuous supervision of the appropriateness of the parameters in the risk models is undertaken to ensure that changes in the underlying risk is properly taken into account.

The market risk for Nordea's own account of Life insurance operations arises from the mismatch of the market risk exposure on assets and liabilities in Nordea Life and Pensions and is measured as loss in operating income as a result of movements in financial market prices. The operating income structure is primarily a fee based model, contingent but not directly dependents on investment return. The market risk of separated equity capital in Life and Pensions is included in the consolidated risk figure presented in the risk management chapter.

The market risk is measured as the loss sensitivity for two standard market scenarios, which represent normal and stress market conditions, respectively. Market risk is analysed separately. The scenario for normal market conditions shows a risk of EUR 12m at the end of 2006 (EUR 0.2m at end of 2005).

Additional information

	31 Dec 2006		31 Dec 2005	
Change in assumptions EURm	Effects on policyholders	Effects on Equity	Effects on policyholders	Effects on Equity
Mortality – increased living with 1 year	–68.3	–9.1	–94.8	–12.7
Mortality – decreased living with 1 year	81.1	10.2	113.5	14.4
Disability – 10 % increase	–14.0	–0.4	–19.1	–1.0
Disability – 10 % decrease	13.4	0.4	18.3	1.0
50 bp increase in interest rates	52.5	–5.7	–103.0	–4.0
50 bp decrease in interest rates	–74.7	3.6	178.0	3.0
12 % decrease in all shareprices	–608.8	–6.0	–451.0	0.0
8 % decrease in property value	–183.4	0.0	–200.7	0.0
8 % loss on counterparts	–46.3	–5.0	–160.1	–23.1

Liabilities to policyholders divided in guaranties

31 Dec 2006, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	6,202	4,308	7,747	10,045	7	28,309

Liabilities to policyholders divided in guaranties

31 Dec 2005, EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
Technical provision	3,935	1,434	6,046	13,401	7	24,823

Note 35:
Debt securities in issue

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Certificates of deposits	23,841	21,963	4,683	4,437
Commercial papers	3,411	10,631	–	–
Bond loans	55,854	49,795	7,644	5,580
Other	311	220	311	231
Total	**83,417**	**82,609**	**12,638**	**10,248**

Maturity information, Debt securities in issue

Remaining maturity (book value)				
Maximum 1 year	39,746	44,052	7,508	7,645
More than 1 year	43,360	38,337	4,819	2,372
Total	**83,106**	**82,389**	**12,327**	**10,017**

Maturity information, Other

Remaining maturity (book value)				
Payable on demand	311	220	311	231
Total	**311**	**220**	**311**	**231**

Note 36:
Other liabilities

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Liabilities on securities settlement proceeds	6,100	5,815	114	264
Sold, not held, securities	3,935	5,526	1,038	621
Accounts payable	356	79	37	0
Other	11,786	6,624	1,229	1,291
Total	**22,177**	**18,044**	**2,418**	**2,176**

Note 37:
Accrued expenses and prepaid income

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Accrued interest	1,440	1,277	138	108
Other accrued expenses	549	526	129	90
Prepaid income	19	71	27	25
Total	**2,008**	**1,874**	**294**	**223**

Note 38:
Provisions

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Reserve for restructuring costs	1	4	1	3
Transfer risks, off-balance	39	23	27	23
Off-balance sheet	34	26	–	–
Other	30	47	–	–
Total	**104**	**100**	**28**	**26**

Movement in the balance sheet:

Group	Restruc-turing	Transfer risks	Off-balance sheet	Other	Total
At beginning of year	4	23	26	47	100
New provisions made	–	27	12	10	49
Provisions utilised	–2	–	–12	–19	–33
Reversals	–1	–6	–7	–1	–15
Reclassifications	–	–	15	–7	8
Translation differences	0	–5	0	0	–5
At end of year	**1**	**39**	**34**	**30**	**104**
Of which expected to be settled within 12 months	0	0	1	10	11

The reserve for restructuring costs is mainly related to staff costs.

Provision for Transfer risk reserve is depending on the volume of business with different countries which might change over years. The total provision for transfer risk is not expected to decrease during 2007.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to EUR 34m.

Other provision refers to the following provisions: redundancy packages EUR 8m (of which EUR 6m expected to be settled during 2007), provisions for disputes and pending law suites EUR 6m (not expected to be settled during 2007), provision for onerous contracts EUR 4m (not expected to be settled during 2007), rent provision EUR 3m (of which EUR 2m expected to be settled during 2007), provision for environmental and property-related obligations of EUR 3m (not expected to be settled during 2007) and other provisions amounting to EUR 6m (of which EUR 2m expected to be settled during 2007).

Parent company	Restructuring	Transfer risks	Total
At beginning of year	3	23	26
New provisions made	–	15	15
Provisions utilised	–2	–	–2
Reversals	–	–6	–6
Reclassifications	–	–	–
Translation differences	–	–5	–5
At end of year	**1**	**27**	**28**
Of which expected to be settled within 12 months	0	–	–

The reserve for restructuring costs is mainly related to staff costs. Provision for Transfer risk reserve is a country reserve depending on the volume of business with different countries which might change over years. The total provision for transfer risk is not expected to decrease during 2007.

Note 39:

Retirement benefit obligation

Group EURm	31 Dec 2006	31 Dec 2005
Pension plans, net	411	434
Total	**411**	**434**

Nordea has pension obligations from defined benefit plans in all Nordic countries with the predominant share in Sweden, Norway and Finland. The plans in Finland are closed to new employees and pensions for new employees are instead based on defined contribution arrangements as is also the case in Denmark. Defined contribution plans are not reflected on the balance sheet. Furthermore, Nordea also contributes to public pension plans.

Defined benefit plans

IAS 19 secures that the market based value of pension obligations net of assets backing these obligations will be reflected on the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes	Swe	Nor	Fin	Den
2006				
Members	20,288	5,763	20,268	64
Average member age	54	55	58	70
2005				
Members	20,356	5,788	20,522	67
Average member age	54	55	56	71

IAS 19 pension calculations and assumptions

Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions	Swe	Nor	Fin	Den
2006				
Discount rate	4.0%	4.0%	4.0%	4.0%
Salary increase	3.0%	3.0%	3.0%	3.0%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.0%	5.0%	5.0%
2005				
Discount rate	4.0%	4.0%	4.0%	4.0%
Salary increase	3.0%	3.0%	3.0%	3.0%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.0%	5.0%	5.0%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

Asset composition

The combined return on assets in 2006 was 5.0% (10.5%) reflecting favourable equity markets and rising interest rates.

At the end of the year, the equity exposure in pension funds/foundations represented 22% (24%) of total assets.

Funded schemes

EUR m	Swe 2006	Nor 2006	Fin 2006	Den 2006	Total 2006	Total 2005
Equity	24%	18%	22%	12%	22%	24%
Bonds	75%	59%	69%	70%	70%	70%
Real estate	0%	22%	5%	0%	6%	5%
Other assets	1%	0%	4%	17%	3%	1%
Of which						
– Nordea shares	0%	0%	0%	0%	0%	0%
– Nordea real estate	0%	0%	3%	0%	1%	1%

Defined benefit plans – balance sheet items

Retirement benefit assets reported in the balance sheet as at year–end amounted to EUR 84m (EUR 70m) , whereas retirement benefit obligations totalled EUR 495m (EUR 504m).

Amounts recognised in the balance sheet at 31 Dec

EUR m	Swe 2006	Nor 2006	Fin 2006	Den 2006	Total 2006	Total 2005
PBO	1,239	780	877	108	3,004	2,910
Assets	990	413	851	113	2,367	2,256
Total surplus/deficit(–)	**–249**	**–367**	**–26**	**5**	**–637**	**–654**
of which unrecognised actuarial gains/losses(–)	–132	–75	–18	–1	–226	–220
Of which recognised in the balance sheet	**–117**	**–292**	**–8**	**6**	**–411**	**–434**
Of which						
– retirement benefit assets	13	–	53	18	84	70
– retirement benefit obligations	130	292	61	12	495	504
– related to unfunded plans (PBO)	121	161	21	12	315	324

Note 39: *cont.*

Overview of surplus or deficit in the plans[1]

EURm	Total 2006	Total 2005	Total 2004	Total 2003
PBO	3,004	2,910	2,675	2,454
Plan Assets	2,367	2,256	2,065	1,900
Funded status – surplus/deficit(-)	**–637**	**–654**	**–610**	**–554**

[1] Information for 2002 not available. The 5-year trend information will therefore be built up over time.

The development in the PBO, the actuarial gains and losses as well as the value of assets highlighted below.

Changes in the PBO EURm	Swe 2006	Nor 2006	Fin 2006	Den 2006	Total 2006	Total 2005
PBO at 1 Jan[1]	1,157	778	869	112	2,916	2,675
Service cost	31	30	9	2	72	59
Interest cost	44	29	34	3	110	115
Pensions paid	–52	–37	–35	–6	–130	–133
Curtailments and settlements	–	4	0	–	4	6
Actuarial gains(–)/losses	18	0	–1	–3	14	205
Effect of exchange rate changes	45	–23	1	0	23	–21
Change in provision for SWT/SSC[2]	–4	–1	–	–	–5	4
PBO at 31 Dec	**1,239**	**780**	**877**	**108**	**3,004**	**2,910**

[1] The company Nordea Life Assurance I Sweden AB (publ) is consolidated as from 1 January 2006. The effect on the opening balance is EUR 6m.
[2] Provision on difference to GAAP for the Swedish special wage tax (SWT) and the social security contribution (SSC) in Norway and Denmark on recognised amounts.

Changes in the fair value of assets

EURm	Swe 2006	Nor 2006	Fin 2006	Den 2006	Total 2006	Total 2005
Assets at 1 Jan[1]	918	400	828	113	2,259	2,065
Expected return on assets	41	19	40	5	105	107
Pensions paid	–	–23	–34	–6	–63	–67
Contributions	–	25	5	2	32	67
Actuarial gains/losses(–)	–6	5	11	–1	9	109
Effect of exchange rate changes	37	–13	1	0	25	–24
Assets at 31 Dec	**990**	**413**	**851**	**113**	**2,367**	**2,256**
Actual return on plan assets	**35**	**24**	**51**	**4**	**114**	**216**

[1] The company Nordea Life Assurance I Sweden AB (publ) is consolidated as from 1 January 2006. The effect on the opening balance is EUR 3m.

Overview of actuarial gains/losses[1]

EURm	Total 2006
Effects of changes in actuarial assumptions	–15
Experience adjustments	10
Of which:	
– on plan assets	9
– on plan liabilities	1
Actuarial gains/losses	**–5**

[1] The 5-year trend information will be built up over time.

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 97m (EUR 94m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 8.)

Recognised net defined benefit cost

EURm	Swe 2006	Nor 2006	Fin 2006	Den 2006	Total 2006	Total 2005
Service cost	31	30	9	2	72	59
Interest cost	44	29	34	3	110	115
Expected return on assets	–41	–19	–40	–5	–105	–107
Recognised actuarial gains(–)/losses	0	1	–	1	2	1
Curtailments and settlements	–	4	0	–	4	5
SWT/SSC[1]	9	5	–	0	14	21
Pension cost on defined benefit plans	**43**	**50**	**3**	**1**	**97**	**94**

[1] Cost related to the Swedish special wage tax (SWT) and the social security contribution (SSC).

Note 39: *cont.*

The pension cost is in line with what was expected at the start of the year. The net pension cost on defined benefit plans is expected to increase to EUR 99m in 2007.

The Group expects to contribute EUR 29m to its defined benefit plans in 2007.

Key management personnel

The Group's total pension obligations regarding key management personnel amounted to EUR 40m (EUR 40m) at the end of the year. These obligations are partly covered with assets of EUR 21m (EUR 19m). Defined benefit pension costs related to key management personnel in 2006 were EUR 1m (EUR 5m). Complete information concerning key management personnel is disclosed in Note 8.

Pension provisions

Parent company

The pension liabilities of Nordea Bank AB (publ) are mainly covered by allocations to its pension foundation.

The provisions in the balance sheet pertain almost exclusively to former employees of Postgirot Bank.

A small percentage of the pension obligations is covered by insurance policies.

The following figures are based on calculations in accordance with Swedish rules.

	Foundation assets		Pension obligations	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Nordea Bank AB (publ) Pension Foundation	995	915	908	828
Of which related to the parent company	951	873	864	788

Pension provisions

EURm	2006	2005
Balance at beginning of year	133	140
New provisions made	5	3
Provisions utilised	–3	–7
Other changes	–	–3
Balance at end of year	**135**	**133**

Capital value of pension commitments under own management

EURm	2006	2005
Balance at beginning of year	921	931
Currency difference	30	–32
Cost excl interest charged to the result	5	–4
Pension benefits paid	–51	–50
Acquisition/disposal of operations	1	5
Other increase in capital value	94	71
Balance at end of year	**999**	**921**
Actual value relating to specifically separated assets		
Balance at beginning of year	873	821
Currency difference	34	–33
Yield	42	79
Payments to and from pension foundation	2	0
Acquisition/disposal of operations	1	5
Balance at end of year	**951**	**873**
Net reported in respect of pension commitments	**48**	**48**

EURm	2006	2005
Costs in respect of pensions		
Pension system under own management:		
Expenses excl. interest expenses	30	36
Return on specifically separated assets	–42	–79
Result effect redemption of commitments	0	0
Costs in respect of pensions under own management	**–12**	**–43**
Pension through insurance:		
Insurance premiums	19	14
Subtotal	**7**	**–29**
Tax on returns from pension funds	5	5
Special payroll tax on pension expenses	4	3
The year's pension expenses	**16**	**–21**
+/-Expenses covered by surplus in separated assets/ increase in surplus in separated assets	37	74
Reported net cost attributable to pensions	**53**	**53**

Actual value of holdings in pension foundations:

EURm	**2006**	**2005**
Shares	208	209
Interest-bearing securities	576	629
Other assets	168	35
Total	**951**	**873**
Percentage return on specifically separated assets	**4.6%**	**10.1%**

Assumptions for benefit-determined obligations:

Discount rate	3%	3%
The calculation is based on pay and pension level on the accounting date	Yes	Yes
Length of life for women, years	82	82
Length of life for men, years	79	79
Average retirement age, years	65	65

Note 40:

Subordinated liabilities

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Dated subordinated debenture loans	5,989	5,495	4,984	4,018
Undated subordinated debenture loans	775	805	–	–
Hybrid capital loans	1,413	1,522	1,413	1,522
Total	**8,177**	**7,822**	**6,397**	**5,540**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

Parent company

At 31 December two loans – with terms specified below – exceeded 10% of the total outstanding volume.

Year of issue/ maturity	Nominal value	Book value EURm	Interest rate (coupon)
Nordea Bank AB (publ) 2002/2012	MUSD 800	605	5.25%
Nordea Bank AB (publ)[1]	MSEK 6 904	750	FRN

[1] Call date 20 May 2010.

Note 41:
Untaxed reserves

EURm	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Accumulated excess depreciation		
Equipment	5	2
Total	**5**	**2**

Note 42:
Equity

Group	Attributable to the shareholders of Nordea Bank AB (publ)[4,5]						
EURm	Share capital[1]	Share premium account	Other reserves	Retained earnings	Total	Minority interests	Total equity
Balance at 31 Dec 2005	**1,072**	**4,284**	**–228**	**7,791**	**12,919**	**41**	**12,960**
Available-for-sale investments:							
– Fair value gains			3		3		3
– Tax on fair value gains			1		1		1
Currency translation differences			113		113		113
Net income recognised directly in equity			*117*		*117*		*117*
Net profit for the year				3,145	3,145	8	3,153
Total recognised income and expense in equity			*117*	*3,145*	*3,262*	*8*	*3,270*
Dividend for 2005				–908	–908		–908
Bonus issue	1,566	–1,566			0		0
Reduction of statutory reserve		–2,718		2,718	0		0
Reduction of share capital[3]	–44			44	0		0
Purchases of own shares[2,3]				3	3		3
Other changes						–3	–3
Balance at 31 Dec 2006	**2,594**	**0**	**–111**	**12,793**	**15,276**	**46**	**15,322**
Balance at 31 Dec 2004	**1,128**	**4,284**	**–147**	**7,398**	**12,663**	**13**	**12,676**
Change in accounting policies:							
– IAS 39 Financial instruments				–61	–61		–61
Other changes				–20	–20		–20
Balance at 1 Jan 2005	**1,128**	**4,284**	**–147**	**7,317**	**12,582**	**13**	**12,595**
Available-for-sale investments:							
– Fair value gains			2		2		2
– Tax on Fair value gains			–1		–1		–1
Currency translation differences			–82		–82		–82
Net income recognised directly in equity			*–81*		*–81*		*–81*
Net profit for the year				2,263	2,263	6	2,269
Total recognised income and expense in equity			*–81*	*2,263*	*2,182*	*6*	*2,188*
Dividend for 2004				–740	–740		–740
Reduction of share capital[3]	–56			56	0		0
Purchases of own shares[2,3]				–1,105	–1,105		–1,105
Other changes						22	22
Balance at 31 Dec 2005	**1,072**	**4,284**	**–228**	**7,791**	**12,919**	**41**	**12,960**

[1] Total shares registered were 2,594 million (31 Dec 2005: 2,706 million).

[2] Refers to the change in the trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares in the trading portfolio and in the portfolio schemes at 31 Dec 2006 was 2.7 million (31 Dec 2005: 2.5 million).

[3] No holding of own shares referring to Nordea Bank AB (publ)'s repurchase of own shares at 31 Dec 2006 (31 Dec 2005: 112.2 million). No repurchase of own shares Jan-Dec 2006 (Jan-Dec 2005: 140.7 million). The average number of own shares Jan-Dec 2006 was 84.2 million (Jan-Dec 2005: 163.0 million). The Annual General Meeting (AGM) decided on 5 Apr 2006 (8 Apr 2005) to reduce the share capital by EUR 44,479,667.34 (EUR 55,548,131.94). The cancellation was registered on 2 Oct 2006 (19 Sep 2005), the reduction have been made through retirement without payment.

[4] Restricted capital was at 31 Dec 2006 EUR 2,599m (31 Dec 2005: EUR 5,357 m). Unrestricted capital was 31 Dec 2006 EUR 12,677m (31 Dec 2005: EUR 7,562 m).

Note 42: *cont.*

Parent company

EURm	Restricted equity: Share capital[1]	Restricted equity: Share premium account	Restricted equity: Statutory reserve	Unrestricted equity[6]: Retained earnings	Total equity
Balance at 31 Dec 2005	**1,072**	**0**	**4,284**	**2,928**	**8,284**
Currency translation differences				–4	–4
Group contribution, net[4]				–6	–6
Net income recognised directly in equity				*–10*	*–10*
Net profit for the year				4,642	4,642
Total recognised income and expense in equity				*4,632*	*4,632*
Dividend for 2005				–908	–908
Bonus issue	1,566		–1,566		0
Reduction of statutory reserve			–2,718	2,718	0
Reduction of share capital[2]	–44			44	0
Own shares				1	1
Balance at 31 Dec 2006	**2,594**	**0**	**0**	**9,415**	**12,009**
Balance at 31 Dec 2004	**1,128**	**4,284**	**–**	**3,789**	**9,201**
Change in accounting policies:					
– Financial instruments				–30	–30
Other changes				–20	–20
Balance at 1 Jan 2005	**1,128**	**4,284**	**–**	**3,739**	**9,151**
Currency translation differences				–3	–3
Mergers				98	98
Net income recognised directly in equity				*95*	*95*
Net profit for the year				917	917
Total recognised income and expense in equity				*1,012*	*1,012*
Dividend for 2004				–740	–740
Reduction of share capital[2]	–56			56	0
Purchases of own shares[2,3]				–1,138	–1,138
Own shares				–1	–1
Transfer of share premium account to statutory reserve[5]		–4,284	4,284		0
Balance at 31 Dec 2005	**1,072**	**0**	**4,284**	**2,928**	**8,284**

[1] The Company's share capital at 31 Dec 2006 was EUR 2,594,108,227 (31 Dec 2005: EUR 1,072,569,610.46). The number of shares was 2,594,108,227 (31 Dec 2005: 2,706,339,927 shares) with a quota value of EUR 1 (nominal value at 31 Dec 2005: 0.39632).
[2] The Annual General Meeting (AGM) decided on 5 Apr 2006 (8 Apr 2005) to reduce the share capital by EUR 44,479,667.34 (EUR 55,548,131.94). The cancellation was registered on 2 Oct 2006 (19 Sep 2005), the reduction has been made through retirement without payment.
[3] Nordea Bank AB (publ) has not repurchased any own shares during 2006 (31 Dec 2005: 140,737,000 own shares, during 2005 the average price was SEK 74.56).
[4] After adjustment for tax.
[5] Due to new rules in the Annual Account Act (ÅRL), the share premium account is transferred to the statutory reserve.
[6] Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m.

Description of items in the equity is included in Note 1 Accounting policies.

Share capital

		Quota value per share, EUR	Total number of shares	Share capital, EUR
Balance at 31 Dec 2004		0.39632	2,846,499,727	1,128,117,742.40
19 Sep 2005	Reduction[1]		–140,159,800	–55,548,131.94
Balance at 31 Dec 2005		**0.39632**	**2,706,339,927**	**1,072,569,610.46**
Bonus issue				1,566,018,283.88
2 Oct 2006	Reduction[1]		–112,231,700	–44,479,667.34
Balance at 31 Dec 2006		**1.00000**	**2,594,108,227**	**2,594,108,227,00**

[1] Retirement of shares repurchased and held by Nordea Bank AB (publ).

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 13 April 2007 a dividend in respect of 2006 of EUR 0.49 per share (2005 actual dividend EUR 0.35 per share) amounting to a total of EUR 1,271,113,031 (2005 actual EUR 907,937,879) is to be proposed. The financial statements for the year ended 31 December 2006 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2007.

Note 43:
Assets pledged as security for own liabilities

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Assets pledged for own liabilities				
Lease agreements[1]	188	193	–	–
Securities etc	15,792	22,288	745	1,409
Other pledged assets	2,156	139	–	–
Total	**18,136**	**22,620**	**745**	**1,409**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	10,261	13,532	465	1,446
Deposits and borrowings from the public	3,223	4,987	298	26
Other liabilities and commitments	3,575	3,727	–	–
Total	**17,059**	**22,246**	**763**	**1,472**

[1] The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans and advances to credit institutions.

Assets pledged for own liabilities contains securities pledged as security in repurchase agreement and in securities borrowing. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Other relates to a certificate of deposists pledged by Nordea to comply with authority requirements and assets funded by finance lease agreements.

Note 44:
Other assets pledged

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Other assets pledged[1]				
Lease agreements	0	–	–	–
Securities etc	2,093	3,939	2,312	4,338
Other assets pledged	960	590	–	–
Total	**3,053**	**4,529**	**2,312**	**4,338**
The above pledges [2] pertain to the following liability and commitment items				
Deposits by credit institutions	424	741	310	1,294
Other liabilities and commitments	2,333	3,788	2,002	3,044
Total	**2,757**	**4,529**	**2,312**	**4,338**

[1] Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.
[2] For undertakings of the company itself or for a third party.

Securities etc. includes interest–bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night. Other pledged assets relate to pledged deposits.

Note 45:
Contingent liabilities

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Guarantees				
Loan guarantees	4,221	2,708	2,877	2,098
Other guarantees	15,923	11,494	11,072	11,911
Documentary credits	2,245	2,026	12	42
Other contingent liabilities	106	121	53	5
Total	**22,495**	**16,349**	**14,014**	**14,056**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the banks customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the banks customers. Guarantees and documentary credits are considered as off-balance sheet items, unless there is a need for a provision to cover a probable loan loss.

Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301, in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (1995:1559) (ÅRKL) chapter 7 paragraph 5.

Legal proceedings

Within the framework of the normal business operations, the Group faces claims in civil lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes is considered likely to have any significant adverse effect on the Group or its financial position.

A writ has been served on Nordea Bank Danmark A/S on 31 January 2006 based on an avoidance claim of USD 61.2m by SAirGroup in Nachlassliquidation filed with the Commercial Court of Zürich. Nordea believes that the claim lacks merit and is contesting the claim.

Note 46:
Commitments

EURm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Future payment obligations	1,689	700	–	–
Derivatives	2,538,489	2,153,277	212,245	127,548
Credit commitments	30,562	23,584	10,953	9,985
Unutilised portion of approved overdraft facilities	46,214	34,505	10,033	7,659
Other commitments	2,136	1,706	1,167	906
Total	**2,619,090**	**2,213,772**	**234,398**	**146,098**

Note 47:

Insurance activities

Operating profit, insurance

Group EURm	2006	2005[2]
Fee and commission income	257	193
Fee and commission expense	–122	–91
Premium income, life insurance	2 727	2 412
Investments, life insurance	1 755	2 739
Change in technical provisions, life insurance	–1 548	–2 644
Claims paid, life insurance	–2 038	–1 720
Change in collective bonus potential, life insurance	–606	–546
Operating income	**425**	**343**
Operating expenses		
Staff costs	–92	–73
Other expenses	–80	–62
Depreciation, amortisation and impairment charges of tangible and intangible assets	–9	–3
Total operating expenses	**–181**	**–138**
Operating profit, insurance[1]	**244**	**205**

[1] Before allocations

Balance sheet

Group EURm	31 Dec 2006	31 Dec 2005
Assets		
Loans and advances to the public	767	874
Reinsurance recoverables	4	4
Interest bearing securities	19,304	15,413
Shares and participations	10,737	9,816
Derivatives	69	20
Participating interests	151	180
Intangible assets	78	74
Tangible assets	16	18
Investment property	3,216	2,645
Deferred tax assets	13	25
Other assets	277	59
Prepaid expenses and accrued income	348	284
Total assets	**34,980**	**29,412**
Of which intragroup transactions	–1,726	–1,415

Group EURm	31 Dec 2006	31 Dec 2005
Liabilities		
Deposits by credit institutions and central banks	1,768	315
Liabilities to Life insurance policyholders	31,041	26,830
Derivatives	4	36
Current tax liabilities	17	1
Other liabilities	553	834
Accrued expenses and deferred income	39	30
Deferred tax liabilities	157	107
Provisions	7	7
Total liabilities	**33,586**	**28,160**
Equity	**1,394**	**1,252**
Total liabilities and equity	**34,980**	**29,412**
Of which intragroup transactions	–685	–459

[2] Excluding Nordea Life Assurance I Sweden AB (publ).

Note 48:

Capital adequacy

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Calculation of total capital base				
Equity	**15,322**	**12,960**	**12,009**	**8,284**
Proposed/actual dividend	–1,271	–908	–1,271	–908
Hybrid capital loans	1,458	1,472	1,458	963
Deferred tax assets	–369	–327	–39	–45
Goodwill	–1,770	–1,794	–808	–880
Other items, net	–223	35	–58	–27
Tier 1 capital (net after deduction of goodwill)	**13,147**	**11,438**	**11,291**	**7,387**
– of which hybrid capital	1,458	1,472	1,458	963
Tier 2 capital	**6,726**	**5,862**	**5,133**	**4,202**
– of which perpetual subordinated loans	684	837	–	508
Deduction[2]	–1,714	–1,815	–1,535	–1,535
Total capital base[3]	**18,159**	**15,485**	**14,889**	**10,054**
Risk–weighted assets for credit and market risks				
Credit risks as specified below	176,329	153,483	28,686	24,180
Market risks as specified below	9,069	15,545	720	505
Total risk–weighted assets	**185,398**	**169,028**	**29,406**	**24,685**
Tier 1 capital ratio, %	7.1	6.8	38.4	29.9
Total capital ratio, %	9.8	9.2	50.6	40.7

[1] 72% of untaxed reserves included in Equity.
[2] Deduction for investments in insurance companies including goodwill related to insurance acquisitions and deductions for investments in other financial institutes outside the financial group of undertakings.
[3] See Note 40; Hybrid capital loans are included in Tier 1 capital and supplementary capital includes the undated subordinated loans and the dated subordinated loans after deduction for short remaining maturities. Relating currency swaps have been taken into account when including subordinated loans in capital base.

Note 48: *cont.*

Specification of risk-weighted assets, credit risks

Group	Items in the balance sheet		Off-balance sheet items			
EURm, end of 2006	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	127,751	–	145,365	57,820	–	–
B 20%	26,253	5,250	143,951	3,842	768	6,018
C 50%	85,041	42,521	3,432	621	311	42,832
D 100%	105,048	105,048	41,026	22,431	22,431	127,479
Total	**344,093**	**152,819**	**333,774**	**84,714**	**23,510**	**176,329**

Group	Items in the balance sheet		Off-balance sheet items			
EURm, end of 2005	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	130,570	–	112,849	8,772	–	–
B 20%	24,773	4,955	82,142	4,552	910	5,865
C 50%	73,955	36,977	3,397	551	276	37,253
D 100%	93,399	93,399	31,730	16,966	16,966	110,365
Total	**322,697**	**135,331**	**230,118**	**30,841**	**18,152**	**153,483**

Parent company	Items in the balance sheet		Off-balance sheet items			
EURm, end of 2006	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	56,233	–	63,852	6,556	–	–
B 20%	7,483	1,497	102,338	1,974	395	1,892
C 50%	1,819	909	663	340	170	1,079
D 100%	18,839	18,839	10,967	6,876	6,876	25,715
Total	**84,374**	**21,245**	**177,820**	**15,746**	**7,441**	**28,686**

Parent company	Items in the balance sheet		Off-balance sheet items			
EURm, end of 2005	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	44,105	–	41,496	6,922	–	–
B 20%	7,464	1,493	42,299	2,055	411	1,904
C 50%	1,571	785	460	238	119	904
D 100%	16,317	16,317	8,149	5,055	5,055	21,372
Total	**69,457**	**18,595**	**92,404**	**14,270**	**5,585**	**24,180**

Risk categories include:

A Claim on, or guarantee by a government/central bank within the OECD or a Swedish local government.
B Claim on, or guarantee by local governments or banks/financial institutions within the OECD, as well as short-term receivables from other banks/financial institutions.
C Claim backed by mortgages on residential property.
D Other assets.

Note 48: *cont.*

Specification of risk-weighted assets, market risks

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Interest rate risks				
of which for specific risk	2,071	7,113	362	248
of which for general risk	2	2,431	–	190
Share price risks				
of which for specific risk	340	329	13	6
of which for general risk	381	233	0	0
Exceeding large exposures				
Settlement risks	8	120	0	0
Counterparty risks and other risks	5,130	4,724	1	0
Exchange rate risks	321	450	226	61
Risks according to VAR calculation	613		118	
Commodity risks	203	145	0	0
Total	**9,069**	**15,545**	**720**	**505**

The capital ratio and tier 1 ratio are calculated quarterly in accordance with the Swedish Act on the Capital Adequacy and Large Exposures of Credit Institutions and Securities Companies (1994:2004) (the "Capital Adequacy Act") and the regulations issued by the Swedish Financial Supervisory Authority. The regulation is based on EU directives, and the international standard Basel 1. Non-Swedish group units compile the capital adequacy reporting forms as an input to the consolidation group in accordance with these instructions, even if they differ due to national regulations.

The objective of the capital requirement regulation is to secure that the financial institute at any time operates with a capital base sufficient to cover the minimum capital requirement for market and credit risks. The Swedish Financial Supervisory Authority regulates the definitions and including the calculation rules for capital base and capital requirement. The capital situation is reported quarterly to the Authority.

Capital management is handled by Group Corporate Centre (GCC). A special committee, Capital Planning Forum is formed to assess capital related issues on an on going basis. The committee is headed by the Group CFO and with representatives from relevant units within GCC. Capital Planning Forum monitors and analyses the effects on the forecasted need and prepare supporting documentation for further decision in GEM and the Board regarding capitalisation of the Group, including subordinated debt, repurchase of own shares and dividend. Important inputs are the effects from current and future (Basel II) capital adequacy regulations as well as internal frameworks Economic Capital and the Rolling Financial Forecast.

VaR model approval

In December 2006, all the Nordic financial supervisory authorities approved Nordea's market risk (value a Risk, i.e. VaR) models for the calculation of the capital requirement for market risk in the Trading Book. This implies that Nordea is allowed to base its capital requirement for market risk on its own best estimate of the actual market risk exposure instead of the authorities' standard method.

Nordea's market risk models have been approved for the calculation of the capital requirement for (i) general market risk on interest rate and foreign exchange exposures and linear equity exposures and for (ii) specific market risk on linear equity exposures and interest rate exposures in the major portfolios.

Basing the capital requirement at year-end 2006 on Nordea's VaR models instead of the standard method for the above mentioned exposures lead to reduction in the risk-weighted assets for market risk of approximately EUR 7 bn when comparing year-end 2005.

Note 49:

Classification of financial instruments

Group EURm, 31 Dec 2006	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	2,104							2,104
Treasury bills and other eligible bills	10		6,668					6,678
Loans and receivables to credit institutions	15,718		11,074					26,792
Loans and receivables to the public	176,738		8,345	28,902				213,985
Interest-bearing securities		1,482	8,340	19,199		45		29,066
Financial instruments pledged as collateral			10,496					10,496
Shares			3,701	10,873		11		14,585
Derivatives			23,652		555			24,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–37							–37
Investments in associated undertakings							398	398
Intangible assets							2,247	2,247
Property and equipment							307	307
Investment property							3,230	3,230
Deferred tax assets							382	382
Current tax assets							68	68
Retirement benefit assets							84	84
Other assets	10,680						46	10,726
Prepaid expenses and accrued income	1,365						207	1,572
Total	**206,578**	**1,482**	**72,276**	**58,974**	**555**	**56**	**6,969**	**346,890**

Note 49: *cont.*

Group

EURm, 31 Dec 2006	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	5,939			26,349		32,288
Deposits and borrowings from the public	2,329			124,123		126,452
Liabilities to policyholders	2,220				28,821	31,041
Debt securities in issue	3,327	23,251		56,839		83,417
Derivatives	24,062		877			24,939
Fair value changes of the hedged items in portfolio hedge of interest rate risk				–401		–401
Current tax liabilities					263	263
Other liabilities	6,325			15,618	234	22,177
Accrued expenses and prepaid income				1,459	549	2,008
Deferred tax liabilities					608	608
Provisions					104	104
Retirement benefit obligations					495	495
Subordinated liabilities				8,177		8,177
Total	**44,202**	**23,251**	**877**	**232,164**	**31,074**	**331,568**

Group

EURm, 31 Dec 2005	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	2,526							2,526
Treasury bills and other eligible bills			7,095					7,095
Loans and receivables to credit institutions	20,722		10,856					31,578
Loans and receivables to the public	154,648		8,336	25,476				188,460
Interest–bearing securities		1,183	9,122	14,280		47		24,632
Financial instruments pledged as collateral			11,674					11,674
Shares			2,946	9,946		9		12,901
Derivatives			28,119		757			28,876
Fair value changes of the hedged items in portfolio hedge of interest rate risk	282							282
Investments in associated undertakings							566	566
Intangible assets							2,221	2,221
Property and equipment							303	303
Investment property							2,750	2,750
Deferred tax assets							352	352
Current tax assets							41	41
Retirement benefit assets							70	70
Other assets	9,763						54	9,817
Prepaid expenses and accrued income	951						454	1,405
Total	**188,892**	**1,183**	**78,148**	**49,702**	**757**	**56**	**6,811**	**325,549**

Group

EURm, 31 Dec 2005	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	8,976			20,814		29,790
Deposits and borrowings from the public	2,960			112,590		115,550
Liabilities to policyholders	1,584				25,246	26,830
Debt securities in issue	1,610	23,653		57,346		82,609
Derivatives	27,922		680			28,602
Fair value changes of the hedged items in portfolio hedge of interest rate risk				58		58
Current tax liabilities					383	383
Other liabilities	5,526			12,039	479	18,044
Accrued expenses and prepaid income				1,347	527	1,874
Deferred tax liabilities					423	423
Provisions					100	100
Retirement benefit obligations					504	504
Subordinated liabilities				7,822		7,822
Total	**48,578**	**23,653**	**680**	**212,016**	**27,662**	**312,589**

Note 49: *cont.*

Parent company EURm, 31 Dec 2006	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	277							277
Treasury bills and other eligible bills			1,552					1,552
Loans and receivables to credit institutions	34,712		2,258					36,970
Loans and receivables to the public	21,501							21,501
Interest-bearing securities			2,531	1,343				3,874
Financial instruments pledged as collateral			599					599
Shares			582	109				691
Derivatives			414		398			812
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1							1
Investments in associated undertakings							29	29
Investments in group undertakings							16,561	16,561
Intangible assets							858	858
Property and equipment							57	57
Investment property							0	0
Deferred tax assets							39	39
Current tax assets							10	10
Other assets	5,321							5,321
Prepaid expenses and accrued income	274						11	285
Total	**62,086**	**–**	**7,936**	**1,452**	**398**	**–**	**17,565**	**89,437**

Parent company EURm, 31 Dec 2006	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	599			23,372		23,971
Deposits and borrowings from the public				30,482		30,482
Debt securities in issue				12,638		12,638
Derivatives	486		667			1,153
Fair value changes of the hedged items in portfolio hedge of interest rate risk					–96	–96
Current tax liabilities						0
Other liabilities	1,038			1,338	42	2,418
Accrued expenses and prepaid income				165	129	294
Deferred tax liabilities				3		3
Provisions					28	28
Retirement benefit obligations					135	135
Subordinated liabilities				6,397		6,397
Total	**2,123**	**–**	**667**	**74,395**	**238**	**77,423**

Note 49: *cont.*

Parent company EURm, 31 Dec 2005	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	215							215
Treasury bills and other eligible bills			1,187					1,187
Loans and receivables to credit institutions	25,629		3,009					28,638
Loans and receivables to the public	18,882		187					19,069
Interest–bearing securities			4,192					4,192
Financial instruments pledged as collateral			1,244					1,244
Shares			397	99				496
Derivatives			507		199			706
Fair value changes of the hedged items in portfolio hedge of interest rate risk	28							28
Investments in associated undertakings							28	28
Investments in group undertakings							16,551	16,551
Intangible assets							903	903
Property and equipment							43	43
Investment property							0	0
Deferred tax assets							45	45
Current tax assets							5	5
Other assets	1,195						1	1 196
Prepaid expenses and accrued income	180						5	185
Total	**46,129**	**–**	**10,723**	**99**	**199**	**–**	**17,581**	**74,731**

Parent company EURm, 31 Dec 2005	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	1,219			19,565		20,784
Deposits and borrowings from the public	25			26,554		26,579
Debt securities in issue				10,248		10,248
Derivatives	436		135			571
Fair value changes of the hedged items in portfolio hedge of interest rate risk				3		3
Current tax liabilities					162	162
Other liabilities	621			1,542	13	2,176
Accrued expenses and prepaid income				133	90	223
Deferred tax liabilities					0	0
Provisions					26	26
Retirement benefit obligations					133	133
Subordinated liabilities				5,540		5 540
Total	**2,301**	**–**	**135**	**63,585**	**424**	**66,445**

Note 49: *cont.*

Loans and receivables designated at fair value through profit or loss

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Book value	28,902	25,476	–	–
Maximum exposure to credit risk	28,902	25,476	–	–
Book value of credit derivatives used to mitigate the credit risk	–	–	–	–

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

Issued mortgage bonds in the fully owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. The amount of change in the fair value that is attributable to changes in credit risk of the liabilities are for 2006 EUR 0.0m (EUR 0.0m). The cumulative change since designation are EUR 0.0m (EUR 0.0m). The method used is to calculate the fair value changes that are attributable to changes in market conditions based on relevant benchmark interest rates.

The amount of change in the fair value of loans in Nordea Kredit Realkreditaktieselskab that is attributable to changes in credit risk is for 2006 EUR 0.7m (EUR 0.3m). The cumulative change since designation are EUR 1.0m (EUR 0.3m).

Comparison of carrying amount and contractual amount to be paid at maturity

	Group		Parent company	
2006, EURm	Book value	Amount to paid at maturity	Book value	Amount to paid at maturity
Financial liabilities at fair value through profit or loss	23,251	24,044	–	–

	Group		Parent company	
2005, EURm	Book value	Amount to paid at maturity	Book value	Amount to paid at maturity
Financial liabilities at fair value through profit or loss	23,653	23,789	–	–

Note 50:

Assets and liabilities at fair value

Group	31 Dec 2006		31 Dec 2005	
EURm	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	2,104	2,104	2,526	2,526
Treasury bills and other eligible bills	6,678	6,678	7,095	7,095
Loans and receivables to credit institutions	26,792	26,787	31,578	31,581
Loans and receivables to the public	213,985	213,866	188,460	188,504
Interest-bearing securities	29,066	29,138	24,632	24,702
Financial instruments pledged as collateral	10,496	10,496	11,674	11,674
Shares	14,585	14,585	12,901	12,901
Derivatives	24,207	24,207	28,876	28,876
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–37	–37	282	282
Investments in associated undertakings	398	398	566	566
Intangible assets	2,247	2,247	2,221	2,221
Property and equipment	307	307	303	305
Investment property	3,230	3,230	2,750	2,750
Deferred tax assets	382	382	352	352
Current tax assets	68	68	41	41
Retirement benefit assets	84	84	70	70
Other assets	10,726	10,726	9,817	9,817
Prepaid expenses and accrued income	1,572	1,572	1,405	1,405
Total assets	**346,890**	**346,838**	**325,549**	**325,668**
Liabilities				
Deposits by credit institutions	32,288	32,285	29,790	29,792
Deposits and borrowings from the public	126,452	126,287	115,550	115,416
Liabilities to policyholders	31,041	31,041	26,830	26,830
Debt securities in issue	83,417	83,472	82,609	82,693
Derivatives	24,939	24,939	28,602	28,602
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–401	–401	58	58
Current tax liabilities	263	263	383	383
Other liabilities	22,177	22,177	18,044	18,044
Accrued expenses and prepaid income	2,008	2,008	1,874	1,874
Deferred tax liabilities	608	608	423	423
Provisions	104	104	100	100
Retirement benefit obligations	495	495	504	504
Subordinated liabilities	8,177	8,165	7,822	7,861
Total liabilities	**331,568**	**331,443**	**312,589**	**312,580**

Parent company	31 Dec 2006		31 Dec 2005	
EURm	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	277	277	215	215
Treasury bills and other eligible bills	1,552	1,552	1,187	1,187
Loans and receivables to credit institutions	36,970	36,964	28,638	28,641
Loans and receivables to the public	21,501	21,500	19,069	19,069
Interest-bearing securities	3,874	3,874	4,192	4,192
Financial instruments pledged as collateral	599	599	1,244	1,244
Shares	691	691	496	496
Derivatives	812	812	706	706
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1	1	28	28
Investments in associated undertakings	29	29	28	28
Investments in group undertakings	16,561	16,561	16,551	16,551
Intangible assets	858	858	903	903
Property and equipment	57	57	43	43
Investment property	0	0	0	0
Deferred tax assets	39	39	45	45
Current tax assets	10	10	5	5
Other assets	5,321	5,321	1,196	1,196
Prepaid expenses and accrued income	285	285	185	185
Total assets	**89,437**	**89,430**	**74,731**	**74,734**
Liabilities				
Deposits by credit institutions	23,971	23,975	20,784	20,785
Deposits and borrowings from the public	30,482	30,481	26,579	26,579
Debt securities in issue	12,638	12,642	10,248	10,248
Derivatives	1,153	1,153	571	571
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–96	–96	3	3
Current tax liabilities	–	–	162	162
Other liabilities	2,418	2,418	2,176	2,176
Accrued expenses and prepaid income	294	294	223	223
Deferred tax liabilities	3	3	0	0
Provisions	28	28	26	26
Retirement benefit obligations	135	135	133	133
Subordinated liabilities	6,397	6,397	5,540	5,540
Total liabilities	**77,423**	**77,430**	**66,445**	**66,446**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans and receivables, deposits and borrowings and issued securities.

The book values on loans and receivables, deposits and borrowings and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term.

Fair value is estimated to be equal to the book value for short-term financial assets and financial liabilities.

Fair value is set to book value, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings. investments in group undertakings, intangible assets, property and equipment and provisions.

For further information about valuation of items normally measured at fair value, see Note 1.

Note 50: *cont.*

Fair value of financial assets and financial liabilities

The total effect on the income statement from financial assets and financial liabilities that are measured using valuation techniques based on assumptions not fully supported by observable market data amounted to EUR 27m (EUR 7m) in Nordea. The effect in the parent company was EUR 0m (EUR 0m).

Difference between transaction price and fair value according to valuation techniques not yet recognised in the income statement

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Amount at beginning of year	28	–	–	–
Change in accounting policies	–	11	–	–
Transactions during the year	44	30	0	–
Recognised in the income statement during the year	–14	–13	–	–
Amount at end of year	**58**	**28**	**0**	**0**

Note 51:

Assets and liabilities in foreign currencies

Group EURbn, 31 Dec 2006	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	3.5	2.0	0.1	1.1	0.0	0.0	6.7
Loans and receivables to credit institutions	3.9	7.2	10.2	0.5	4.0	1.0	26.8
Loans and receivables to the public	55.0	59.2	49.8	29.5	12.6	7.9	214.0
Interest-bearing securities	13.5	9.6	0.8	3.3	1.6	0.3	29.1
Other assets	29.4	4.9	25.6	4.7	4.4	1.3	70.3
Total assets	**105.3**	**82.9**	**86.5**	**39.1**	**22.6**	**10.5**	**346.9**
Liabilities and equity							
Deposits by credit institutions	11.4	4.8	3.0	0.6	9.5	3.0	32.3
Deposits and borrowings from the public	37.3	30.9	28.2	19.1	7.0	4.0	126.5
Debt securities in issue	12.5	22.5	22.8	2.4	15.6	7.6	83.4
Provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Subordinated liabilities	3.6	0.7	0.0	0.0	2.5	1.4	8.2
Other liabilities and equity	43.5	12.2	24.5	9.0	4.4	2.8	96.4
Total liabilities and equity	**108.4**	**71.1**	**78.5**	**31.1**	**39.0**	**18.8**	**346.9**
Position not reported in the balance sheet	**3.6**	**-10.4**	**-4.4**	**-6.7**	**15.9**	**8.3**	**6.3**
Net position, currencies	**0.5**	**1.4**	**3.6**	**1.3**	**-0.5**	**0.0**	**6.3**

Group EURbn, 31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	4.4	1.4	0.0	1.2	0.1	0.0	7.1
Loans and receivables to credit institutions	7.2	8.4	9.2	1.5	4.7	0.6	31.6
Loans and receivables to the public	49.1	52.8	43.9	26.9	11.0	4.8	188.5
Interest-bearing securities	9.8	7.1	3.9	2.2	1.3	0.3	24.6
Other assets	20.1	7.3	27.4	6.3	9.6	3.0	73.7
Total assets	**90.6**	**77.0**	**84.4**	**38.1**	**26.7**	**8.7**	**325.5**
Liabilities and equity							
Deposits by credit institutions	7.7	5.6	5.6	1.2	7.7	2.0	29.8
Deposits and borrowings from the public	36.0	28.1	26.1	16.5	6.9	2.0	115.6
Debt securities in issue	12.3	18.4	24.5	2.6	17.6	7.2	82.6
Provisions	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Subordinated liabilities	3.1	0.3	0.0	0.0	2.9	1.5	7.8
Other liabilities and equity	32.9	14.5	25.0	8.6	6.9	1.7	89.6
Total liabilities and equity	**92.0**	**67.0**	**81.2**	**28.9**	**42.0**	**14.4**	**325.5**
Position not reported in the balance sheet	**1.2**	**–10.0**	**–3.0**	**–9.2**	**15.3**	**5.7**	**0.0**
Net position, currencies	**–0.2**	**0.0**	**0.2**	**0.0**	**0.0**	**0.0**	**0.0**

Note 51: *cont.*

Parent company EURbn, 31 Dec 2006	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	–	1.5	–	–	–	–	1.5
Loans and receivables to credit institutions	7.5	20.6	0.0	0.1	8.0	0.8	37.0
Loans and receivables to the public	2.4	16.8	0.4	0.3	1.2	0.4	21.5
Interest-bearing securities	1.6	1.9	-	0.1	0.3	-	3.9
Other assets	21.7	3.2	0.3	0.2	0.1	0.0	25.5
Total assets	**33.2**	**44.0**	**0.7**	**0.7**	**9.6**	**1.2**	**89.4**
Liabilities and equity							
Deposits by credit institutions	13.1	7.8	0.0	0.0	2.5	0.6	24.0
Deposits and borrowings from the public	1.1	28.4	0.1	0.1	0.6	0.2	30.5
Debt securities in issue	3.7	3.1	0.0	–	5.3	0.5	12.6
Provisions	0.0	0.0	0.0	–	0.0	–	0.0
Subordinated liabilities	2.6	0.8	–	–	2.0	1.0	6.4
Other liabilities and equity	12.3	3.3	0.1	0.0	0.1	0.1	15.9
Total liabilities and equity	**32.8**	**43.4**	**0.2**	**0.1**	**10.5**	**2.4**	**89.4**
Position not reported in the balance sheet	**–1.1**	**0.6**	**3.3**	**0.6**	**0.9**	**1.2**	**0.0**
Net position, currencies	**–0.7**	**1.2**	**3.8**	**1.2**	**0.0**	**0.0**	**0.0**

Parent company EURbn, 31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	0.7	1.4	–	–	0.0	–	2.1
Loans and receivables to credit institutions	2.2	22.0	0.2	0.1	3.9	0.2	28.6
Loans and receivables to the public	1.7	15.0	0.4	0.5	1.1	0.4	19.1
Interest-bearing securities	0.9	3.3	–	0.1	0.2	–	4.5
Other assets	8.9	3.5	3.9	2.8	1.1	0.2	20.4
Total assets	**14.4**	**45.2**	**4.5**	**3.5**	**6.3**	**0.8**	**74.7**
Liabilities and equity							
Deposits by credit institutions	10.1	6.8	0.1	0.4	2.9	0.5	20.8
Deposits and borrowings from the public	0.5	25.1	0.1	0.1	0.6	0.2	26.6
Debt securities in issue	3.1	3.5	0.0	–	3.1	0.5	10.2
Provisions	0.0	0.0	0.0	–	0.0	-	0.0
Subordinated liabilities	2.2	0.3	–	–	2.0	1.0	5.5
Other liabilities and equity	6.1	5.4	0.0	0.0	0.1	0.0	11.6
Total liabilities and equity	**22.0**	**41.1**	**0.2**	**0.5**	**8.7**	**2.2**	**74.7**
Position not reported in the balance sheet	**0.9**	**–1.7**	**–0.7**	**–2.6**	**2.5**	**1.6**	**0.0**
Net position, currencies	**–6.7**	**2.4**	**3.6**	**0.4**	**0.1**	**0.2**	**0.0**

Note 52:

Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged.

	Group		Parent company	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	17,053	17,746	2,236	3,124
– of which repledged or sold	7,278	4,939	1,419	1,347
Securities borrowing agreements				
Received collaterals which can be repledged or sold	575	631	909	782
– of which repledged or sold	–	–	–	–
Total	**17,628**	**18,377**	**3,145**	**3,906**

Note 53:

Investments, customer bearing the risk

Life and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customer are bearing the risk. Since the assets and liabilities legally belong to the entities, these assets and liabilities are included in the Group's balance sheet. A breakdown is shown below:

Group EURm	31 Dec 2006	31 Dec 2005
Assets		
Loans and receivables to credit institutions	267	–
Interest-bearing securities	2,662	2,418
Shares	7,310	5,940
Other assets	807	1,422
Total assets	**11,046**	**9,780**
Liabilities		
Deposits and borrowings from the public	4,207	3,878
Insurance contracts	4,571	3,730
Investment contracts	2,096	1,584
Other liabilities	172	588
Total liabilities	**11,046**	**9,780**

Note 54:

Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information show the effect from related party transactions on the Nordea figures.

	Key management personnel		Associated undertakings		Other related parties	
Group EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Assets						
Loans and receivables	1	2	201	173	297	–
Interest-bearing securities	–	–	0	–	–	–
Derivatives	–	–	121	2	1	1
Investments in associated undertakings	–	–	398	566	–	–
Total assets	**1**	**2**	**720**	**741**	**298**	**1**
Liabilities						
Deposits	3	–	16	139	195	86
Debt securities in issue	2	–	12	109	0	–
Derivatives	–	–	106	45	0	–
Total liabilities	**5**	**–**	**134**	**293**	**195**	**86**
Off balance	–	–	6,649	4,909	–	–

Group	Key management personnel		Associated undertakings		Other related parties	
EURm	2006	2005	2006	2005	2006	2005
Interest income and expense						
Interest income	0	0	5	5	5	0
Interest expense	0	0	–2	–1	–5	–2
Net interest income and expense	**0**	**0**	**3**	**4**	**0**	**–2**

Note 54: *cont.*

Parent company	Key management personnel		Group undertakings		Associated undertakings		Other related parties	
EURm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Assets								
Loans and receivables	0	0	31,205	23,217	0	–	0	–
Interest-bearing securities	–	–	1,343	1,394	–	–	–	–
Derivatives	–	–	287	155	–	–	–	–
Investments in associated undertakings	–	–	–	–	29	28	–	–
Investments in group undertakings	–	–	16,561	16,551	–	–	–	–
Total assets	**0**	**0**	**49,396**	**41,317**	**29**	**28**	**0**	**–**
Liabilities								
Deposits	1	–	17,623	16,258	1	0	174	34
Debt securities in issue	0	–	56	92	–	–	–	–
Derivatives	–	–	244	142	–	–	–	–
Total liabilities	**1**	**–**	**17,923**	**16,492**	**1**	**0**	**174**	**34**
Off balance	–	–	54,071	34,381	–	–	–	–

Parent company	Key management personnel		Group undertakings		Associated undertakings		Other related parties	
EURm	2006	2005	2006	2005	2006	2005	2006	2005
Interest income and interest expense								
Interest income	0	0	851	509	0	0	0	0
Interest expense	0	0	–478	–380	0	0	–2	0
Net interest income and expense	**0**	**0**	**373**	**129**	**0**	**0**	**–2**	**0**

Compensations to Key management personnel

Compensations to Key management personnel are specified in Note 8.

Other related-party transactions

Parent company

During 2006 Nordea Bank AB (publ) sold 100% of the shares in Nordea Holding IB A/S to Nordea Bank Danmark A/S.

Note 55:

Acquisitions

Group

From 1 January 2006 the demutualisation of Nordea Life Assurance 1 Sweden AB (publ) was effective. From this date the holding is fully consolidated into Nordea Group. If consolidated in 2005 the acquisition would have no material impact on the Group's balance sheet and income statement. Total assets amounted to EUR 2bn at 31 December 2005. For further details on acquired assets and liabilities see comments on the cash flow statement.

In December 2005 Nordea acquired 100% of the share capital of Sampo PTE S.A., the Polish general pension company and 100% of the share capital of Sampo T.U. Zycie S.A., the Polish Life insurance company. The acquired companies were consolidated for first time 31 December 2005 based on a preliminary acquistion balance. During 2006 the final acquistion balance has been established. The effect is an increase of goodwill of EUR 5m and a corresponding increase of EUR 5m in other liabilities. The changes are not material and consequently no restatement on comparative figures for 2005 has been performed.

Proposed distribution of earnings

According to the parent company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

	EUR
Retained profit	4,772,728,050
Net profit for the year	4,642,117,855
Total	**9,414,845,905**

The Board of Directors propose that these earnings be distributed as follows:

	EUR
Dividends paid to shareholders, EUR 0.49 per share	1,271,113,031
To be carried forward	8,143,732,874
Total	**9,414,845,905**

It is the assessment of the Board of Directors that the proposed dividend is justifiable with regards to the requirements posed by the nature, scope and risks of the business on the amount of equity, need for consolidation, liquidity and financial position in general of the company and the group.

It is hereby certified that, to the best of our knowledge, the annual accounts have been prepared in accordance with generally accepted accounting principles for a stock market company, the information presented is consistent with the actual conditions and that nothing of material value has been omitted that would affect the picture of the company presented in the annual report.

28 February 2007

Hans Dalborg
Chairman

Kjell Aamot

Harald Arnkværn

Gunnel Duveblad

Bertel Finskas

Liv Haug

Birgitta Kantola

Nils Q Kruse

Anne Birgitte Lundholt

Claus Høeg Madsen

Timo Peltola

Björn Savén

Maija Torkko

Lars G Nordström
President and CEO

Our audit report was submitted on 28 February 2007

KPMG Bohlins AB
Caj Nackstad
Authorized Public Accountant

Svante Forsberg
Authorized Public Accountant
(Appointed by the Swedish Financial Supervisory Authority)

Audit report

To the annual meeting of the shareholders of Nordea Bank AB (publ)
Corporate identity number 516406-0120

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Nordea Bank AB (publ) for the year 2006. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 36–139. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act of Credit Institutions and Securities Company when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Security Company when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain high but not absolute assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Securities Company or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Company and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act of Credit Institutions and Securities Company and give a true and fair view of the group's financial position and results of operations. The Board of Director's report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 28 February 2007

KPMG Bohlins AB
Caj Nackstad
Authorized Public Accountant

Svante Forsberg
Authorized Public Accountant
(Appointed by the Swedish Financial Supervisory Authority)

Business definitions

These definitions apply to the descriptions in the Annual Report.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the book value of the shares in wholly owned insurance companies. Insurance companies have separate capital requirements.

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, tax assets as well as goodwill in the banking operations. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans).

Risk-weighted assets
Total assets and off-balance-sheet items valued on the basis of the credit and market risks in accordance with regulations governing capital adequacy, excluding assets in insurance companies, book value of shares which have been deducted from the capital base and goodwill.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted amounts.

Total capital ratio
Capital base as a percentage of risk-weighted amounts.

Return on equity
Net profit excluding minority interests and the period's change in fair value related to available for sale holdings and other revaluations recognised direct in equity, as a percentage of average equity for the period. Average equity including net profit and dividend until paid, minority interests excluded.

Total shareholders' return (TSR)
Total shareholders' return measured as growth in the value of a shareholding over a specified period, assuming the dividends are reinvested at the time of the payment to purchase additional shares.

Earnings per share, after full dilution
Net profit divided by the average number of outstanding shares after full dilution, minority interests excluded.

Earnings per share
Net profit divided by the average number of outstanding shares, minority interests excluded.

Equity per share
Equity as shown in the balance sheet after full dilution and minority interest excluded divided by the number of shares after full dilution.

Cost/income ratio
Total operating expenses divided by total operating income.

Risk-adjusted profit
Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax (28 % 2006). In addition, Risk-adjusted profit excludes major non-recurring items.

Economic profit
Economic profit is derived by deducting Cost of equity from Risk-adjusted profit.

Expected losses
Expected losses reflects the normalised loss level of the individual loan exposure over a business cycle as well as various portfolios.

Cost of equity
Cost of equity (%) is defined as required return by investors on the Nordea share, measured as the long risk free euro rate plus required average risk premium to invest in equities multiplied by Beta, which reflects the Nordea share´s volatility and correlation with market volatility.

Cost of equity in EUR is defined as Cost of equity (%) times Economic capital.

The Cost of equity is set by management once a year as a parameter to manage risk appetite and investment level.

Economic capital
Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas. The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

RAROCAR
RAROCAR, % (Risk-adjusted return on capital at risk) is defined as Risk-adjusted profit relative to Economic capital.

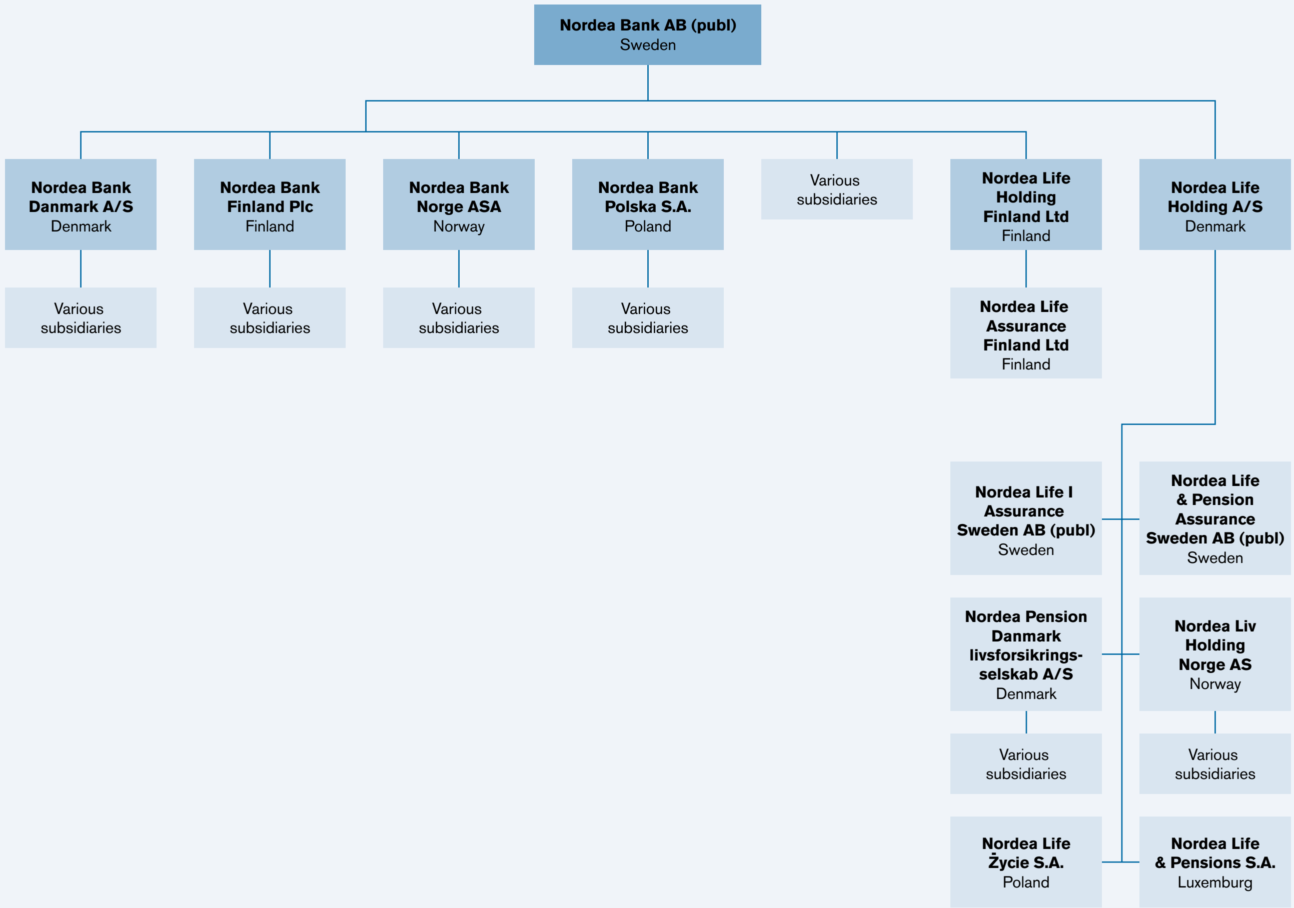
Ratings

	Moody's Investors Service		Standard & Poor's		Fitch		DBRS	
	Short	Long	Short	Long	Short	Long	Short	Long
Nordea Bank AB (publ)	P–1	Aaa	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Danmark A/S	P–1	Aaa	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Finland Plc	P–1	Aaa	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Norge ASA	P–1	Aaa	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Hypotek AB (publ)	P–1	Aaa*	A–1+	AAA*				
Nordea Kredit Realkreditaktieselskab		Aaa		AAA				
Norgeskreditt AS	P–1	A1						

*Covered bond rating

Legal structure

The Group's main legal structure
31 December 2006



Board of Directors


Hans Dalborg


Timo Peltola


Kjell Aamot


Harald Arnkværn


Gunnel Duveblad


Birgitta Kantola


Anne Birgitte Lundholt


Claus Høeg Madsen

Hans Dalborg
Chairman
Ph.D. (Economics). Board member since 1998. Born 1941.
Board Chairman of the Swedish Corporate Governance Board, Uppsala University and the Royal Swedish Academy of Engineering Sciences (IVA).
Board member of Axel Johnson AB, the Stockholm Institute of Transition Economics and East European Economies (SITE) and the Stockholm Institute for Financial Research (SIFR).
Member of the European Round Table of Financial Services (EFR).
Previous positions
2000 President and CEO Nordea
1998-1999 President and CEO MeritaNordbanken
1991-1997 President and CEO Nordbanken
1989-1990 Senior Executive Vice President and Chief Operating Officer of Skandia Group.
1972-1989 Various positions within Skandia Group
Shareholding in Nordea: 40,760*

Timo Peltola
Vice Chairman
Dr. of Economics (Hc). Board member since 1998. Born 1946.
Chairman of the Board of Neste Oil.
Chairman of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company.
Board member of TeliaSonera AB (publ), SAS AB and Leimdörfer Finland Oy.
Member of the Advisory Board of CVC Capital Partners.
Previous positions
1971–2005 Various positions within Huhtamäki group including CEO 1988-2004.
Shareholding in Nordea: 5,187*

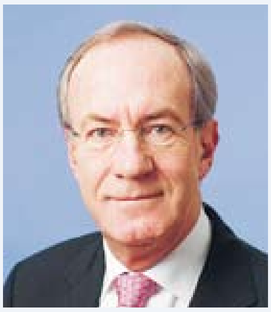
Kjell Aamot
M.Sc. (Business). Board member since 2001. Born 1950.
Chief Executive Officer and President of Schibsted ASA.
Board Chairman Schibsted Finans AS, Schibsted TV, Film & Forlag AS, Schibsted Print Media AS and Schibsted Multimedia AS.
Previous positions
1985-1989 Managing Director Verdens Gang AS
1977-1985 Chief Financial Officer Verdens Gang AS
Shareholding in Nordea: 2,000*

Harald Arnkværn
Cand.jur (Law degree). Board member since 2001. Born 1939.
Partner Advokatfirmaet Haavind Vislie AS.
Vice chairman of Energiselskapet Buskerud AS.
Chairman of Board of representatives Orkla ASA.
Previous positions
1989- Partner Advokatene Haavind & Haga DA, now Advokatfirmaet Haavind Vislie AS
1974-1988 General counsel, vice president and deputy Managing Director of Den norske Creditbank
Shareholding in Nordea: 1,000*

Gunnel Duveblad
Computer Science studies at Umeå University. Board member since 2003. Born 1955.
Board member of Ruter Dam, Lekolar AB and W-fun AB.
Previous positions
2002-2006 President EDS Europe Northern Region
1990-2002 Various management positions within IBM
1977-1990 Various positions within IBM
Shareholding in Nordea: 5,700*

Birgitta Kantola
Master of Law. Board member since 2003. Born 1948.
Senior Financial Consultant.
Board member of Fortum Plc (Deputy Chairman), Varma Mutual Pension Insurance Company, Stora Enso Oyj, Vasakronan AB, Åbo Akademi and Birka Consulting Ab.
Previous positions
2001 Deputy General Manager Ålandsbanken
1995-2000 Vice president and CFO, member of the management group, International Finance Corporation (IFC), Washington, DC
1988-1995 Various management positions within Nordic Investment Bank (NIB), incl. Executive Vice President, Finance 1991-95
1987-1988 Financial Operations Officer International Finance Corporation (IFC), Washington, DC
1980-1986 Various positions within Nordic Investment Bank (NIB)
Shareholding in Nordea: 2,000*

*Shareholdings also include shares held by family members.


Lars G Nordström


Björn Savén


Maija Torkko


Bertel Finskas


Liv Haug


Nils Q Kruse


Kari Ahola

Anne Birgitte Lundholt
Master of Political Science, Bachelor in International Business Economy and Trade. Board member since 2005. Born 1952.
Board Chairman of Banedanmark
Board member of SCF Technologies A/S and PostDanmark A/S.
Previous positions
2006- Own advisory company.
1997-2005 President and Chief Executive Officer, Danish Bacon and Meat Council (DBMC).
1993-1997 Member of the Danish Parliament.
1989-1993 Minister for Industry, Trade, Sea Transportation and Consumers, from 1990 also Minister for Energy.
1988-1989 President and CEO Association of Danish Furniture Industries.
1980-1988 Vice President Federation of Danish Textile Industries.
1977-1980 Negotiator Confederation of Danish Employers.
Shareholding in Nordea: 1,000*

Claus Høeg Madsen
Cand.jur (Law degree). Board member since 2000. Born 1945.
Partner at Jonas Bruun law firm.
Board member of Genpack A/S, Singer Danmark A/S and Ejendomsselskabet Vennelyst A/S.
Previous positions
1970- Lawyer at Jonas Bruun law firm
Shareholding in Nordea: 1,803*

Lars G Nordström
President and Group Chief Executive Officer
Law studies at Uppsala University. Board member since 2003.
Born 1943.
Board Chairman of the Royal Swedish Opera, the Finnish-Swedish Chamber of Commerce and European Financial Management & Marketing Association (EFMA).
Board member of TeliaSonera AB, Viking Line Abp and the Swedish-American Chamber of Commerce.
Previous positions
1993- Various management positions within Nordea Group
1970-1993 Various positions within Skandinaviska Enskilda Banken
Shareholding in Nordea: 15,000*

*Shareholdings also include shares held by family members.

Björn Savén
Ekon. dr. h.c, MSc (Econ.& Bus.) and MBA. Born 1950.
Chairman and Chief Executive of Industri Kapital Group since 1993.
Deputy chairman of Dynea Oyj, Konecranes Oyj and Attendo Care AB.
Board member of Eltel Networks Oy and Minimax AG.
Chairman of the British-Swedish Chamber of Commerce.
Member of the Finnish-Swedish Chamber of Commerce and the Royal Swedish Academy of Engineering Sciences (IVA).
Previous positions
1988-1993 Chief Executive Enskilda Ventures, London.
1986-1988 President Esselte Pendaflex, New York.
1984-1985 CFO Esselte Business Systems Inc., London.
1980-1984 Dir. Northern Region & Finance - Esselte Meto, London.
1976-1979 Esselte Head office incl. position as treasurer, Stockholm.
1974-1976 Harvard Business School, Boston.
1972-1974 Analyst Gulf Oil, Stockholm.
Shareholding in Nordea: 100,000*

Maija Torkko
B.Sc. (Economics) and LL.M. Board member since 2002. Born 1946.
Previous positions
1977- 2006 Various positions within Nokia Group including Senior Vice President and Corporate Controller .
2004-2005 Member of the Supervisory Board of EFRAG (European Financial Reporting Advisory Group)
2003-2005 Member of IASB (Standards Advisory Council of the International Accounting Standards Board)
Shareholding in Nordea: 12,000*

Bertel Finskas
Board member since 2000. Born 1948. Employee representative.
Shareholding in Nordea: 1,400*

Liv Haug
Board member since 2001. Born 1954. Employee representative.
Shareholding in Nordea: 0*

Nils Q Kruse
Board member since 2004. Born 1950. Employee representative.
Shareholding in Nordea: 1,082*

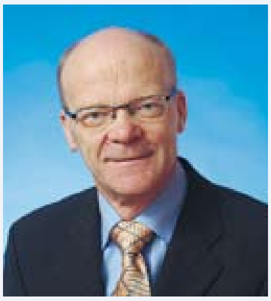
Kari Ahola
Board member since 2006. Born 1960. Employee representative.
Shareholding in Nordea: 0*

Group Executive Management

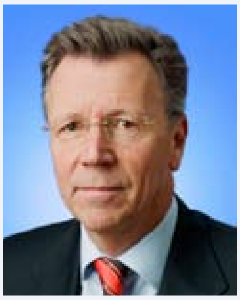
Lars G Nordström
President and Group CEO.
Born 1943.
Appointed member 2000.
Shareholding: 15,000 Nordea.

Christian Clausen
Head of Asset Management & Life.
Born 1955.
Appointed member 2001.
Shareholding: 8,267 Nordea.

Lena Eriksson
Head of Group Legal and Compliance.
Born 1962.
Appointed member 2004.
Shareholding: 0 Nordea.



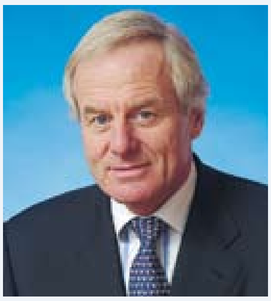
Carl-Johan Granvik
Head of Group Credit and Risk Control, CRO.
Born 1949.
Appointed member 2000.
Shareholding: 4,175 Nordea.



Arne Liljedahl [1]
Head of Group Corporate Centre, CFO.
Born 1950.
Appointed member 2000.
Shareholding: 11,100 Nordea.

Frans Lindelöw
Deputy head of Retail Banking.
Born 1962.
Appointed member 2004.
Shareholding: 14,000 Nordea.

Markku Pohjola [1]
Head of Group Processing and Technology, Deputy CEO.
Born 1948.
Appointed member 2000.
Shareholding: 9,080 Nordea.



Tom Ruud [1]
Head of Corporate and Institutional Banking.
Born 1950.
Appointed member 2001.
Shareholding: 1,000 Nordea.

Peter Schütze [1]
Head of Retail Banking.
Born 1948.
Appointed member 2002.
Shareholding: 7,869 Nordea.

[1] Country Senior Executive

Shareholdings also include shares held by family members.

Group Organisation

President and Group CEO
Lars G Nordström

- Group Management Secretariat – **Flemming Dalby Jensen**
- Group Internal Audit – **Dag Andresen**

Retail Banking
Peter Schütze, **Frans Lindelöw** (Deputy)

- **Regional Banks**
  - Eastern Denmark – **Michael Rasmussen**
  - Western Denmark – **Jørn Kr. Jensen**
  - Helsinki & Uusimaa Finland – **Pekka Nuuttila**
  - Central & Western Finland – **Ari Kaperi**
  - Eastern & North Finland – **Markku Haapasalmi**
  - Oslo Norway – **Anne Stärk-Johansen**
  - East Norway – **Jon Brenden**
  - Coast Norway – **Egil Valderhaug**
  - Southern Sweden – **Arne Bernroth**
  - Western Sweden – **Torsten Allqvie**
  - Stockholm Sweden – **Johan Sylvén**
  - Northern & Central Sweden – **Siv Svensson**
- Private Banking* – **Eira Palin-Lehtinen**
- Segment Household – **Hans Jacobson**
- Segment Corporate – **Alex Madsen**
- Marketing – **Jukka Perttula**
- Netbanks – **Matti Karvonen**
- Contact Centres – **Thomas Ericson**
- Housing – **Otto Feierskov**
- Cards – **Mathias Martinsen**
- S&WM-products* – **Jonas Grünler**
- Cash Management – **Bjarne Riis/ Lisa Ferbing**
- Specialised Financial Service – **Jukka M.S. Salonen**

* Gemensam enhet mellan Retail Banking och Asset Management

Corporate and Institutional Banking
Tom Ruud

- Corporate Banking – **Henrik Mogensen**
- Financial Institutions – **Birger Gezelius**
- Shipping, Offshore and Oil Services – **Carl E. Steen**
- Markets – **Peter Nyegaard**
- Poland and Baltic Countries – **Thomas Neckmar**

Asset Management & Life
Christian Clausen

- Investment Management – **Henrik Priergaard**
- Life & Pensions – **Allan Polack**
- Savings & Wealth Management* – **Eira Palin-Lehtinen**
- International Wealth Management & Funds – **Jhon Mortensen**

Group Processing and Technology
Markku Pohjola

- Group Transformation – **Peter Lybecker**
- Group IT – **Magnus Norrström**
- Production and Productivity – **Per E. Berg**
- Global Operations Services – **Tapio Saarelainen**
- Group Services and Sourcing – **Gert Aage Nielsen**

Markku Pohjola

- Group Human Resources – **Gunnel Tolfes**

Group Corporate Centre
Arne Liljedahl

- Group Treasury – **Jakob Grinbaum**
- Group Planning and Control – **Frank Söllested**
- Group Finance – **Sigurd Carlsen**
- Investor Relations – **Johan Ekwall**
- Group Corporate Development – **Jakob Grinbaum**
- Group Risk Modelling – **Louise Lindgren**
- Group Identity and Communications – **Torben Laustsen**

Group Credit and Risk Control
Carl-Johan Granvik

- Group Credit – **Holger Otterheim**
- Group Credit Control – **Marja Nykänen**
- Group Credit Process – **Anders Jensen**
- Group Market Risk Management – **Niels N. Kjær**
- Group Operational Risk Management – **Erik Palmén**

Group Legal and Compliance
Lena Eriksson

- Group Legal – **Lena Eriksson**
- Group Compliance – **Sonje Lohse**

Annual General Meeting 13 April 2007

Nordea's annual general meeting of shareholders (AGM) will be held on Friday 13 April at 12.30 CET at the Aula Magna, Stockholm University, Frescativägen 6, Stockholm.

Notification of participation etc
Shareholders who wish to participate in the AGM shall be entered in the share register maintained by the Swedish Securities Register Center (VPC AB) not later than 5 April 2007 and notify Nordea. Shareholders whose shares are held in custody therefore must temporarily re-register their shares in their own names with VPC AB in order to be able to participate. This applies for example to holders of Finnish Depositary Receipts in Finland and holders of shares registered in Værdipapircentralen in Denmark. Such re-registration must be effected in VPC AB in Sweden on 5 April 2007. This means that the shareholder in good time prior to this date must inform the trustee about this.

Shareholders registered in VPC AB in Sweden
Notification of participation in the AGM must made to Nordea Bank AB (publ) at the latest on 5 April 2007 at 13.00 Swedish time at the following address: Nordea Bank AB (publ), Custody Operations, A 204, SE-105 71 Stockholm, or by telephone +46 8 614 97 10, or by fax +46 8 791 76 45, or on Nordea's web page www.nordea.com.

Holders of Finnish Depositary Receipts (FDR) in Finland
Notification of participation in the AGM and re-registration of shares to VPC AB must be made at the latest on 4 April 2007 at 12.00 noon Finnish time to Nordea Bank Finland Plc, 2698 Corporate Actions, 00020 Nordea, or by telephone +358 9 165 51406 or +358 9 165 51394 or fax +358 9 637 256, or on Nordea's web page www.nordea.com.

Shareholders registered in Værdipapircentralen in Denmark
Notification of participation in the AGM and re-registration of shares to VPC AB must be made at the latest on 4 April 2007 at 12.00 noon Danish time to Nordea Bank AB (publ), c/o VP Investor Services, Helgeshøj Allé 61, P. O. Box 20, DK-2630 Taastrup, or by telephone +45 4358 8866 or fax +45 4358 8867, or on Nordea's web page www.nordea.com

Financial calender

Financial calendar 2007

Annual General Meeting	13 April
Ex-dividend date	16 April
Record date	18 April
Dividend payments	25 April
1st quarter	3 May
2nd quarter	19 July
3rd quarter	31 October

Investor Relations
SE-105 71 Stockholm, Sweden
Tel: +46 8 614 78 51

Website
All reports and press releases are available on the Internet at: www.nordea.com

Financial reports published by the Nordea Group may be ordered via Investor Relations.

The annual reports of Nordea Bank Danmark A/S, Nordea Bank Norge ASA, Nordea Bank Finland Plc can be downloaded at www.nordea.com

The Annual Report 2006
This Annual Report covers Nordea Bank AB (publ) and pertains to the operations of the Nordea Group, whose main legal structure is presented on page 143. The original annual report is written in Swedish. This is an English version thereof. A Swedish version may be obtained upon request.

In this Annual Report, the Nordea Group presents income statements and other financial data quoted in euro (EUR).

Corporate Governance Report 2006

according to the Swedish Code of Corporate Governance

Application by Nordea

Nordea Bank AB (publ) applies the Swedish Code of Corporate Governance (the Code).

A description of corporate governance in Nordea in the most recent financial year is included in the 2006 Annual Report on page 53. In this Corporate Governance Report Nordea indicates where it has departed from the rules in the Code and explains the reasons. The report also includes the Board's annual report on how the part of internal control dealing with financial reporting is organised.

According to the Code the minutes from the last AGM are to be posted on the Company's web site. Nordea did not fully comply with this rule since the minutes were posted without the appendices. With respect to the appendices Nordea has not received the consent from present shareholders to post appendices containing personal information. However, the decisions are found in the minutes and most of the information in the remaining appendices can be found elsewhere on the web site.

Report on Internal Control over Financial Reporting for the Financial Year 2006

This report has been prepared following the instructions given by the Swedish Corporate Governance Board (Kollegiet för svensk bolagsstyrning) on 5 September 2006 for the application of the Code's rules on internal control reporting and is accordingly submitted as a separate section of the Corporate Governance Report 2006.

Internal control over financial reporting is a process designed to give reasonable assurance concerning reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. The internal control activities are included in Nordea's planning and resource allocation processes. Internal control over financial reporting in Nordea can be described in accordance with the following framework:

Control Environment

Internal control in Nordea is based on the control environment, which includes the following elements: Values and management culture, follow-up, a clear and transparent organisational structure, segregation of duties, the four-eyes principle, quality and efficiency of internal communication and an independent evaluation process. The documentation of the internal control framework consists of Group directives and supporting instructions covering the financial and administrative business processes in Nordea.

Risk Assessment

Management of risks within Nordea is proactive, emphasising training and risk awareness. Nordea maintains a high standard of risk management, applying available techniques and methodology in a cost efficient way. Risk management is considered an integrated part of running the business.

Control Activities

The control activities include general as well as more detailed controls, which aim at preventing, revealing and correcting errors and deviations. The control activities are prepared and documented at group level, at business area level as well as unit level. The procedures cover the initial registration of each transaction and the subsequent IT processing. The heads of the respective units in Nordea are primarily responsible for managing the risks associated with the operations and financial reporting processes of the unit.

Information & Communication

The Group Accounting Manual and the Financial Control Principles constitute the main tools for accounting and financial reporting principles in respect of providing information and instructions. In addition to this, a standard reporting package is used by all entities to ensure consistent use of Nordea's principles and coordinated financial reporting.

Monitoring

Nordea has established a process with the purpose of ensuring a proper monitoring of the quality of the financial reporting and the follow-up regarding possible deficiencies.

The CEO annually issues a report to the Board of Directors on the quality of internal control in Nordea. This report is based on, inter alia, a self-assessment process and a hierarchical reporting covering the whole organisation. Internal control over financial reporting is included as one of several processes in the self-assessment.

Group Internal Audit (GIA) is an independent function commissioned by the Board of Directors. The Audit Committee is responsible for guidance and evaluation of GIA. The internal auditing work provides assurance on that part of Nordea's control system, which is essential for the external auditors' assessment of the financial statements. GIA annually issues an assurance statement to the Board of Directors on the Nordea Group's internal control system.

The Audit Committee also assists the Board of Directors in fulfilling its oversight responsibilities by reviewing the quarterly and annual financial reporting, the external and internal auditors' observations and conclusions as well as the system of internal control.

Financial reporting and communication with auditors

The manner in which the Board of Directors ensures the quality of the financial reports is presented in the section on monitoring in the Report on Internal Control over Financial Reporting, see above.

Furthermore, the Board of Directors reviews the external auditors' result of their audits of the Group's annual financial statement and the external auditors' review of the Group's six-month report. The Board further reviews the external audit plan and external audit results. At least once a year the Board of Directors meets the external auditors without the presence of the CEO or any other company executive. In addition the auditor in charge meets separately with the Chairman of the Board of Directors and the Chairman of the Audit Committee.

This Corporate Governance Report, including the Report on Internal Control over Financial Reporting, has not been reviewed by the auditors and it is not part of the formal financial statements.

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Nordea Annual Report