Nordea

Annual Report 2007



Nordea is the largest financial services group in the Nordic and Baltic Sea region with a market capitalisation of approx. EUR 30bn, total assets of EUR 389bn and a tier 1 capital of EUR 14.2bn, as of end December 2007. Nordea is the region's largest asset manager with EUR 157bn in assets under management.

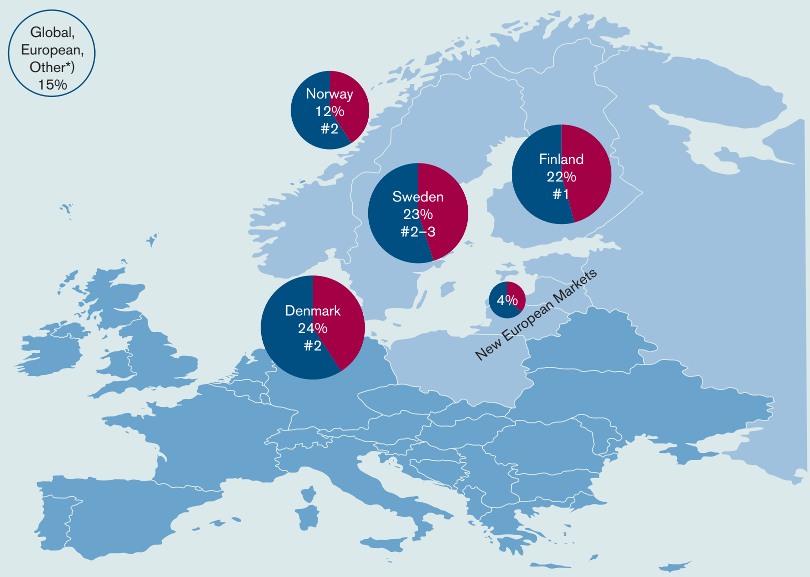
Nordea has approx. 10 million customers in the Nordic region and new European markets, of which 6.8 million are personal customers in customer programme and 0.7 million are active corporate customers.

Contents

This Annual Report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) change in interest rate level. This report does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Nordea in brief

Nordea – with an outstanding starting point



A unique customer base
Approx. 10 million personal customers
700,000 active Corporate customers

Strong distribution power
Approx. 1,300 branches

Financial strength
EUR 14.2bn in tier 1 capital

Economies of scale
Cost base/RWA ratio 2.0%
(average among Nordic peers 2.3%)

Lending to personal customers
Lending to corporate customers

% Share of Group income (size of bubbles)
# Market rank

*) Includes mainly International Private Banking and Funds, Shipping, Oil Services and International, Financial Institutions Division and other operations and Group functions

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Nordea is a universal bank with leading positions within corporate merchant banking as well as retail banking and private banking.

With approx. 1,300 branches, call centres in all Nordic countries and a highly competitive e-bank, Nordea also has the largest distribution network for customers in the Nordic and Baltic Sea region, including more than 180 branches in five new European markets, Russia, Poland, Lithuania, Latvia and Estonia.

Nordea has approx. 10 million customers in the Nordic region and new European markets, of which 6.8 million are personal customers in customer programme and 0.7 million are active corporate customers. Gold customers, the most important personal customer segment, account for approx. one third of the customers in customer programme and are offered a complete range of products and services including a personal banker. Nordea has a clear emphasis on relationship banking with corporate customers and aims at becoming the house bank by combining Nordic resources and competences with local presence and – for large customers – by applying a customer team concept.

Nordea pursues an organic growth strategy, with prudent risk management, and is well diversified. No geographical market accounts for more than one third of Nordea's total income.

Nordea's total shareholder return (TSR) was 6.4% in 2007, only surpassed by two other banks in the European peer group. Since end of 2002, Nordea's accumulated TSR is 244%, also exceeded by two peer banks only.

Return on equity was 19.7% in 2007, excluding non-recurring items 19.1%.

Nordea's long-term target is to double the risk-adjusted profit in seven years, with 2006 as the baseline. On average, this requires a 10% annual growth. In 2007, the risk-adjusted profit increased by 15%.

Following a successful transformation from four major national banks into one integrated cross-border financial services group, Nordea in 2007 embarked on the journey towards Great Nordea. For the journey, Nordea in 2007 introduced three new corporate values: Great Customer Experiences, It's all about People and One Nordea team.

Highlights 2007

January
Nordea's groupwide trainee programme is ranked among the best in Sweden and the best in the financial services sector.

February
Nordea Life & Pensions was chosen as one of eight providers to the collectively agreed pensions system ITP in Sweden. The agreement is the most comprehensive ever in the Swedish market and one of the largest at European level. Nordea won the contract in competition with 15 other insurance providers.

Nordea presents its full-year report for 2006, and it was another record year, well ahead of the financial targets. Nordea consolidated the position as the leading bank in the region.

Nordea, as the first Nordic bank, starts to implement the Equator Principles, a benchmark for the financial industry to manage social and environmental issues in project financing.

March
Nordea's acquisition of a 75 per cent stake in JSB Orgresbank in Russia was finalised according to plan. Through this investment, Nordea will capture the growth opportunities in the Russian market.

April
The Annual General Meeting resolves to introduce a Long Term Incentive Programme to retain and attract the key leadership talents comprising up to 400 managers and key employees in the Nordea Group.

Lars G Nordström retires with pension from the position as President and Group CEO of Nordea and is succeeded by Christian Clausen.

Nordea streamlines its organisation with a stronger customer orientation and efficient product and service delivery chain. A new member of Group Executive Management is appointed, Gunn Wærsted.

Nordea´s vision and values foundation is revised. The new Nordea vision reads: "The leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders" and the new values are "Great Customer Experiences", "It's all about people" and "One Nordea team", supported by the foundation in terms of "Profit orientation – cost, risk and capital".

Risk Magazine awards Nordea the prize Best Nordic Derivative House.

May
The interim report for the first quarter shows that the organic growth strategy gives Nordea continued strong momentum in the business development in all business areas.

June
Nordea receives approval to use its internal credit risk models according to Basel II. The approval applies for the portfolios Corporate and Institutions, which cover more than 50 per cent of Nordea´s credit portfolios.

Global Finance Magazine ranks Nordea as the 'Best Treasury and Cash Management Banks and Providers 2007' in the Nordic region.

July
The Magazine Euromoney awards Nordea the prize for Best Regional Bank in the Nordics and Baltics. In addition, Nordea received five local awards in the annual competition for the world´s best banks.

In the first half year of 2007, Nordea maintains strong growth in total income, the number of gold customers as well as in business volumes as a consequence of the execution of the organic growth strategy.

September
Nordea sets new standards for online emplo1yer branding and recruitment with an innovative interactive speed dating tool on the Internet.

Nordea increases its credit card base by over 600,000 new cardholders through an agreement with Stockmann, the Finnish retail trader.

October
Nordea increases its distribution capacity in Sweden through an agreement with the company Svensk Kassaservice, a subsidiary to Posten, the Swedish Postal Service. 76 new Nordea branches will from 1 July 2008 be established at locations where Svensk Kassaservice has operations and Nordea has many of its customers.

Statoil MasterCard, a cooperation project with Nordea, won a prestigious prize at MasterCard International's annual Co-Branding conference: 'Best long-term achievement and usage 2007'.

Nordea´s organic growth strategy delivered strong results also for the third quarter. Total income and the number of customers in prioritised segments as well as business volumes continued to increase. Nordea experienced very limited impact from the market turmoil in the third quarter of the year.

November
Nordea introduces guidelines for socially responsible investments, SRI, within Asset Management.

Nordea receives the award Best Provider of Syndicated Loans for the Shipping Industry at the 20th Annual Lloyd's Shipping Conference.

Nordea strengthened its presence in the Norwegian real estate agency business by its purchase of the real estate agency chain, PRIVATmegleren.

December
Nordea and Standard & Poor's renegotiated the agreement from 2004 regarding equity research. Standard & Poor's will concentrate on fulfilling the requirements of Nordea's Private banking and retail customers. Nordea will in-source the institutional equity research.

Nordea opens a new branch in Malmö with both Danish and Swedish staff, which offers special advice to Danes moving to Sweden but continuing to work in Denmark.

All in all, Nordea has opened 65 new branches in New European Markets during the year.

CEO letter
– From a good to a Great Nordea

Dear Shareholder,
2007 was an exciting and successful year for Nordea where we delivered another convincing performance. The results emphasise that Nordea is a compelling integrated cross-border and prudently-run company, which can be trusted to deliver results.

With a return of equity of 19.7 per cent, an income growth of 8 per cent and a gap between income and cost growth of 2.0 %-points, we achieved our financial targets set in 2006. Moreover, with a growth in risk-adjusted profit of 15 per cent, we are well in line with the target to double our risk-adjusted profit in seven years.

I am particularly pleased by the fact that all our growth initiatives show strong performance and that we see broadly based and strong momentum in the growth of business volumes stemming from prioritised segments.

Market turmoil dominated the financial environment in the second half of 2007 and many banks were forced to make significant write-downs due to losses in the sub-prime market, making it more difficult to raise funding. I am very pleased that Nordea's prudent risk and capital management implied only limited exposure to the market turmoil and because of our strong funding base, our liquidity position remained strong throughout the year. Nordea has now experienced 15 consequitive quarters of positive net loan losses, which underscores the strong quality of the credit portfolio. The sound state of our business was acknowledged by the market and Nordea was recognised as one of the most low risk bank stocks in the Nordic region during the course of the year.

Nordea has achieved good performance

Nordea has undergone significant development in the last five years. In 2002 we had just completed the biggest merger in the Nordic region and made great effort to control costs, integrate systems, create efficiency and – not least – results. In 2007, we have achieved a good performance and the challenges of the past have been overcome. The time has now come to take the next step forward and form a Great Nordea.

I believe, that a great company is characterised by four elements: a strong profit orientation, an ambitious vision and ambitious targets, a clear growth strategy, and strong customer-oriented culture and values.

Nordea already has a strong profit orientation with focus on cost, risk and capital management. We have ambitious financial targets, not least expressed through our goal of doubling the risk-adjusted profit from 2006 to 2013 implying an annual average growth of around 10 per cent. We also have a clear growth strategy focused on increasing business with current customers and attracting new customers in the Nordic region, Russia, Poland and the Baltic countries.

We have a sound basis on which to transform Nordea into a great company. But to succeed, we need to strengthen our culture, values and vision.

Customer and people orientation

Up to 2007, Nordea's values were focus, speed and performance. These values emphasised the need to make Nordea a profitable, efficient and well-run company and provided an important guideline as to the necessary behaviour and attitudes.

We have embarked on the journey towards a Great Nordea

Now that the foundation of profit orientation and prudent risk, capital and cost management is in place, we need to build on top of that a vision and a set of values which are truly customer and people-oriented and support the goal of getting our well-run company to grow at an even higher and sustainable level.

In spring 2007, we therefore introduced a new vision and three new values. They reflect and support the organic growth strategy.

New vision and values

Nordea's new vision is to be "the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders".

The vision emphasises that people are our most important asset and the one thing which makes the difference for Nordea. Products and systems can be copied, but people are unique. The vision also heightens the focus on customers and shareholders.

Our three new values support the realisation of the vision. They are: Great customer experiences, It's all about people and One Nordea team.

Great customer experiences means that we think and act with the customer in mind, we understand individual customer needs and exceed expectations, we deliver professionally and we create long-term relationships.

It's all about people means that we acknowledge that people make the difference, we enable people to perform and grow, we foster initiative-taking and timely execution and we assess performance in an honest and fair way.

One Nordea Team should be understood as that we team up to create value, we work together across the organisation, we show trust and assume accountability and we make rules and instructions clear and applicable.

Put together, the new vision and values will create a culture where employees work together to create the best experience and most value for our customers – and thereby support Nordea's continued growth and positive development.

New operating model and adjusted organisation

As a consequence of our new values and vision, we have adjusted our organisation and introduced a new and more customer-oriented operating model that covers the entire value chain.

In the new organisation, we have clearly defined customer responsible units, responsible for all sales and customer relations within our various market segments. Products and processing have been organised in units covering the whole value chain, from product development, sales, support, and production and process development. All other units are organised in accordance with the value chain thinking.

A coordination forum has been established, in which the customer and product units monitor and plan what products should be developed to meet customer needs and where efforts should be prioritised. This coordination will also ensure that IT resources are used in the best and most efficient way.

The new organisation integrates and optimises cross-organisational processes and will ensure that all parts in the value chain work towards creating value for our customers. We will be able to increase the time we spend with customers and we will reduce the time-to-market of our products as our efforts are more streamlined and prioritised.

A Great Nordea

In 2002 Nordea was struggling to deliver on integration and results. In 2007, Nordea has been integrated cross-border and has built a solid foundation, which is confirmed by our strong performance, by analysts and in the media and, I hope, also by you, our shareholder.

The Group's more than 35,000 motivated and competent colleagues have already brought Nordea a long way.

With our new vision, values and organisation, we have embarked on the journey towards a Great Nordea. I have no doubt that we will be successful in reaching our destination.

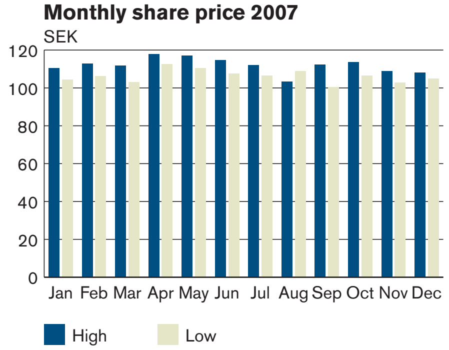
Best regards,

Christian Clausen

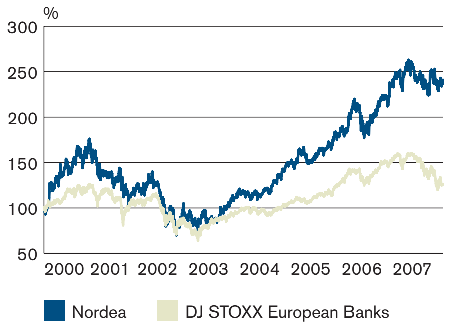
The Nordea share

Nordea's market capitalisation was EUR 29.6bn at the end of 2007. Total shareholder return in 2007, equal to dividend plus the appreciation of the share price, was 6.4%. The proposed dividend is EUR 0.50 per share.

Monthly share price 2007



Share price performance, 6 March 2000 – 28 December 2007



Nordea's overall financial target is to create value for shareholders in the top quartile of European peer group.

Share price development 2007

The Nordea share is listed on the OMX Nordic Exchange, 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.

The market capitalisation of Nordea at the end of 2007 was EUR 29.6bn. 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 2.4% on the Stockholm Stock Exchange from SEK 105.5 on 30 December 2006 to SEK 108 on 28 December 2007. The daily prices listed for the Nordea share during 2007 (closing prices at Stockholm Stock Exchange) ranged between SEK 119.3 and SEK 99.6. The SX40 Financials Index of the Stockholm Stock Exchange depreciated by 7.9%, the Dow Jones STOXX European banks index depreciated by 16.9%. Since 6 March 2000, the date of the merger between MeritaNordbanken and Unidanmark, the Nordea share has appreciated 140% and outperformed the Dow Jones STOXX European banks index (+26%).

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.

Total shareholder return

Total shareholder return (TSR) is realised through market value growth per share and reinvested dividends.

Total shareholder return in 2007 was 6.4% (32.2% in 2006). Nordea ranked number three among the European peer group banks in terms of TSR in 2007 (number three in 2006.) The average TSR in the peer group was minus 10.6%.

Liquidity

The Nordea share was the most liquid Nordic financial share in 2007, with an average daily trading volume of approx. EUR 154m, corresponding to 13.1 million shares. Turnover on the OMX Nordic Exchange totalled EUR 38.6bn in 2007, which corresponds to almost 3.3 billion shares. Of the total number of Nordea shares traded in 2007, approx. 78% was traded in Stockholm, 14% in Helsinki and 8% in Copenhagen.

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 5.7%, Nordea was the second largest company in the Nordic OMX 40 index at the end of 2007. In MSCI Pan Euro, Nordea had a weight of 0.41% and in Dow Jones STOXX TMI Banks 1.70%.

Capital policy

Nordea targets a capital position giving operational flexibility and with excess capital, under normal circumstances, 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.

Dividend policy and proposed dividend

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 Board of Directors of Nordea Bank AB (publ) proposes a dividend of EUR 0.50 per share. The total dividend payment for 2007 would then be EUR 1,297m corresponding to a payout ratio for 2007 of 42% of the net profit after tax. The dividend yield calculated on the share price 28 December 2007 is 4.4%. The dividend is denominated in EUR, although 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.

Capital structure

Nordea aims at a tier 1 capital ratio above 6.5% and a total capital ratio not lower than 9%.

At the end of 2007 Nordea's tier 1 capital ratio was 7.0%, compared to 7.1% at the end of 2006. The capital ratio was 9.1% at the end of 2007 and 9.8% 2006. The total risk-weighted amounts (RWA) were EUR 205bn, a growth of 11% from EUR 185bn at the end of 2006.

Repurchase of own shares

The Annual General Meeting (AGM) on 13 April 2007 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, with the purpose to redistribute excess capital to the company's shareholders and to use as payment for or financing of acquisitions. Mainly due to the market turmoil, this mandate has not been utilised during 2007. Repurchased shares carry no voting rights. Information on repurchase of Nordea's own shares is available at www.nordea.com/ir.

The Board of Directors will propose to the AGM 2008 to authorise the Board of Directors to repurchase own shares with the purpose to adjust Nordea's capital structure to the need existing at any time and to use own shares as payment in connection with acquisitons or in order to finance such acquisitions.

Peer group* comparison, Total Shareholder Return (TSR), %

	Accumulated 2003–2007	2007	2006	2005	2004	2003
Commerzbank	276	–7.0	12.8	61.8	–2.5	110.9
KBC	261	6.2	20.6	42.4	56.7	26.2
Nordea	244	6.4	32.2	27.5	29.8	47.8
DnB NOR	228	–1.7	27.9	25.4	41.4	47.2
Erste Bank	223	–15.6	25.0	21.4	62.4	55.4
ABN AMRO	205	57.2	16.1	19.3	11.2	26.1
Santander	173	8.9	30.8	26.6	0.8	49.5
SEB	170	–21.9	36.3	31.3	25.7	54.0
BNP Paribas	126	–7.1	26.2	32.9	9.8	32.0
Société Générale	117	–20.4	29.5	45.3	110.3	31.1
Swedbank	116	-24.0	18.9	35.7	21.6	44.7
SHB	113	3.9	8.5	18.1	21.8	31.4
Danske Bank	110	–17.9	18.1	38.6	26.8	23.4
UniCredit	82	–11.6	18.5	44.1	3.3	17.1
Barclays	63	–27.7	25.4	8.2	22.7	35.8
Lloyds TSB	53	–12.0	25.0	10.6	14.9	9.4
Allied Irish Bank	48	–27.9	29.0	21.9	26.4	3.1
HBOS	40	–32.2	18.9	21.3	21.9	17.5
Bank of Ireland	30	–37.5	36.5	12.6	18.2	14.6
Royal Bank of Scotland	7	–29.7	16.8	3.8	9.6	14.8

* Peer group as defined by Nordea. In 2007, the peer group was redefined as Erste Bank was entered and HypoVereinsbank was taken out. For 2008, the peer group has been redefined as Intesa Saopaolo has been entered and ABN AMRO has been taken out.

Source: Reuters

Earnings and shareholders' equity per share

Net profit for the year amounted to EUR 3,130m corresponding to EUR 1.20 per share. Shareholders' equity per share amounted to EUR 6.58 at the end of 2007.

Share capital

In order to implement the Long Term Incentive Programme (LTIP 2007) in a cost-efficient manner, the AGM decided on an issue of 3,120,000 redeemable and convertible C shares. The C shares should hedge the programme against negative financial effects from share price appreciations. C shares do not entitle to any dividend. The C shares have been bought back and converted to ordinary shares. After the new issue, the share capital amounts to EUR 2,597,228,227.

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

Further to the LTIP, there are no convertible bond loans or staff/management options in Nordea.

Shareholders

With approx. 465,000 registered shareholders at the end of 2007, Nordea has one of the largest shareholder bases of all Nordic companies. The number of Nordea shareholders registered in Sweden is approx. 94,000, in Denmark 184,000, and in Finland 187,000.

The largest among the various shareholder categories is non-Nordic shareholders, holding 23.8% of the shares in Nordea compared to 28.8% at the end of 2006. The largest individual shareholder is the Swedish state with a holding of 19.9% at year-end.

During 2007, Sampo Oyj increased its holding in Nordea to 9.2%. Including Sampo Life, the holding amounts to 9.6%. As of February 2008, Sampo's total ownership in Nordea has increased further to 10.05%.

The Swedish state has in 2007 expressed its plan to divest the ownership in Nordea.

Investor communication

Close to 30 equity analysts cover Nordea with regular earnings updates and recommendations. Nordea aims to be one of the leading European companies in terms of open, clear and relevant information to shareholders and other stakeholders. Nordea has during 2007 further upgraded the Group's financial reports and presentations.

Nordea conducts a proactive approach in meetings with investors. The CEO, CFO and other members of the Group Executive Management regularly travel to meet with investors in Europe and the US. In 2007, Nordea has met with 350 investors. Nordea uses to a large extent the Internet in communication with shareholders and investors. All significant financial information about the Nordea Group can be found on 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, reflecting which countries Nordea has retail investors in. The full annual report and the summary are distributed on request. The reports can be downloaded and ordered by accessing www.nordea.com.

Financial calendar 2008

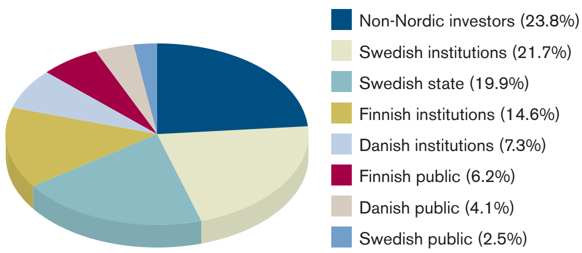
Annual General Meeting	3–Apr
Ex-dividend date	4–Apr
Record date	8–Apr
Dividend payments	15–Apr
1st quarter report	29–Apr
2nd quarter report	22–Jul
3rd quarter report	23–Oct

Largest registered* shareholders in Nordea, end of 2007

	No of shares	Share capital and votes, %
Swedish Government	515,601,104	19.9
Sampo Oyj	238,273,129	9.2
Nordea Denmark Fund	102,529,423	3.9
Robur Funds	64,865,624	2.5
SHB/SPP Funds	51,706,564	2.0
Alecta	36,091,270	1.4
SEB Funds	35,772,302	1.4
AMF Pension	35,300,000	1.4
Skandia Life Insurance	27,340,453	1.1
Nordea Funds	26,526,856	1.0
Second Swedish National Pension Fund	23,589,659	0.9
Fourth Swedish National Pension Fund	22,775,869	0.9
First Swedish National Pension Fund	21,549,121	0.8
Third Swedish National Pension Fund	18,818,423	0.7
AMF Pension Funds	18,372,450	0.7
Nordea Profit Sharing Foundation	12,682,517	0.5
Varma	11,667,000	0.4
iShares Funds	11,529,592	0.4
Sampo Life	11,270,000	0.4
Seventh Swedish National Pension Fund	11,147,281	0.4
Other	1,299,789,599	50.0
Total number of outstanding shares	**2,597,228,227**	**100.0**

Source: SIS ägarservice, Nordic Central Securities Depository, VP Online
* Excluding nominee accounts

Shareholder structure, end of 2007



Distribution of shares, end of 2007

Distribution of shares	Number of shareholders	Shareholders, %	Number of shares	%
1–1,000	381,155	81.87%	121,315,748	4.67%
1,001–10,000	79,121	16.99%	188,574,510	7.26%
10,001–100,000	4,417	0.95%	109,320,504	4.21%
100,001–1,000,000	665	0.14%	239,287,270	9.21%
1,000,001–	223	0.05%	1,938,730,195	74.65%
Total	**465,581**	**100.00%**	**2,597,228,227**	**100.00%**

Share data 5 years

	2007	2006	2005	2004	2003
Share price	SEK 108.00	SEK 105.50	SEK 82.50	SEK 67.00	SEK 54.00
High/Low	119.30 / 99.60	107.00 / 77.25	84.25 / 64.25	67.75 / 48.70	54.50 / 33.20
Market Capitalisation	EUR 29.6bn	EUR 30.3bn	EUR 23.7bn	EUR 21.2bn	EUR 17.5bn
Dividend	EUR 0.50[1)]	EUR 0.49	EUR 0.35	EUR 0.28	EUR 0.25
Dividend yield	4.4%[2)]	3.9%	4.0%	3.6%	4.4%
TSR	6.4%	32.3%	27.5%	29.8%	47.9%
DJ STOXX European banks index	–16.9%	18.5%	21.6%	10.3%	20.7%
P/E (actual)	9.5	9.6	10.2	10.8	11.7
Price-to-book	1.73	2.14	1.76	1.62	1.39
Equity per share	EUR 6.58	EUR 5.89	EUR 4.98	EUR 4.59	EUR 4.28
Earnings per share	EUR 1.20	EUR 1.21	EUR 0.86	EUR 0.69	EUR 0.51
Outstanding shares	2,592,544,113[3)]	2,594,108,227	2,594,108,227	2,734,845,227	2,846,499,727

1) Proposed
2) Yield calculated at starting price on payment day, for 2007 per 28 December
3) For 2007, excluding shares owned by Nordea Bank AB (publ), own shares in trading portfolio and shares within portfolio schemes in Denmark

Nordea's overall financial target is to create value for shareholders in the top quartile of the European peer group

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 May-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 May-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 Oct-03	Reduction[7]	0.40	–57,008,000	–23	2,928,108,227	1,160
26 Oct-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 Oct-06	Reduction[7]	0.40	–112,231,700	–44	2,594,108,227	1,028
11 May-06	Bonus issue	1.00		1,566	2,594,108,227	2,594
08 Jun-07	New issue[8]	1.00	3,120,000	3	2,597,228,227	2,597

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 repurchased and held by Nordea
8) Issuance of C shares to be used as a hedge for the LTIP 2007. The C shares were converted into ordinary shares 18 June 2007.

Key financial figures

Group

Income statement*

EURm	2007	2006	Change %
Net interest income	4,282	3,869	11
Net fee and commission income	2,140	2,074	3
Net gains/losses on items at fair value	1,187	1,036	15
Equity method	41	68	–40
Other income	116	119	–3
Total operating income	**7,766**	**7,166**	**8**
Staff costs	–2,388	–2,251	6
Other expenses	–1,575	–1,485	6
Depreciation of tangible and intangible assets	–103	–86	20
Total operating expenses	**–4,066**	**–3,822**	**6**
Profit before loan losses	**3,700**	**3,344**	**11**
Loan losses	60	257	
Disposals of tangible and intangible assets	3	8	
Operating profit	**3,763**	**3,609**	**4**
Income tax expense	–721	–655	10
Net profit for the year	**3,042**	**2,954**	**3**

Business volumes, key items

EURm	2007	2006	Change %
Loans and receivables to the public	244.7	214.0	14
Deposits and borrowings from the public	142.3	126.5	12
of which saving deposits	40.8	33.6	21
Assets under management	157.1	158.1	–1
Technical provisions, Life	32.1	30.8	4
Equity	17.2	15.3	12
Total assets	389.1	346.9	12

Ratios and key figures

Ratios and key figures	2007	2006
Earnings per share (EPS), EUR	1.20	1.21
Earnings per share (EPS), after full dilution, EUR	1.20	1.21
Share price, EUR	11.42	11.67
Total shareholder return, %	6.4	32.3
Proposed/actual dividend per share, EUR	0.50	0.49
Equity per share[1)], EUR	6.58	5.89
Shares outstanding, million	2,593	2,591
Shares outstanding after full dilution, million	2,594	2,591
Return on equity, %*	19.1	21.4
Cost/income ratio, %*	52	53
Tier 1 capital ratio, %	7.0	7.1
Total capital ratio, %	9.1	9.8
Tier 1 capital, EURm	14,230	13,147
Risk-weighted amounts[2)], EURbn	205	185
Number of employees (full-time equivalents)	31,721	29,248
Risk-adjusted profit, EURm	2,417	2,107
Economic profit, EURm	1,585	1,412
Economic capital, EURbn	10.2	9.3
EPS, risk-adjusted, EUR	0.93	0.81
RAROCAR, %	23.6	22.7
MCEV, EURm	3,189	2,873

1) Equity excluding minority interests and revalutation reserves.
2) RWA according to Basel I for the year 2006.

* For comparison reasons two major non-recurring items have been excluded. For 2007 the refund from the Finnish deposit guarantee system of EUR 120m and for 2006 the capital gain from the IMB sale of EUR 199m, both reported as Other income. For full income statement including these items see page 84.

Vision, values and strategy

Having fulfilled financial targets, strengthened competitiveness and gained unique experience from cross-border banking, Nordea in 2007 raised the bar further by defining a new vision, new values and increased focus on the target to double the risk-adjusted profit in seven years. The strategic direction is to create value through organic growth in the Nordic region as well as in New European Markets.

Nordea's development from four major national banks to a leading Nordic bank has successfully been achieved. The next step is to create a Great Nordea.

Nordea's strategic framework for the next step in the transformation journey is based on four cornerstones:

- Strong profit orientation
- Ambitious vision and targets
- Strong customer-oriented values and culture
- Clear growth strategy

Nordea's mission
continues to be

Making it possible

which captures the key prerequisite for taking Nordea from good to great performance, ie making it possible for its customers to reach their objectives.

Strong profit orientation

Nordea has developed a strong profit orientation. From 2002 to 2007, the cost-income ratio improved from 64% to 52%, and return on equity went from 12% to 19%. Nordea has consistently improved the total shareholder return into a top three position among its peers in the two most recent years.

A strong profit orientation is the foundation for generating results and making room for investments in future growth. Customer satisfaction paves the way for income growth, which is translated into net profit through:

- Resource optimisation
- Prudent risk management
- Efficient capital management

Nordea establishes *resource optimisation* through a consistent prioritisation between and within the various value chains in the operating model. In addition, general cost management is a well established part of the culture. *Prudent risk management* is about strong focus on risks and appropriate tools and processes to manage and control risks. Prudent risk management in Nordea contributes to long-term profitability. *Efficient capital management*, using the most capital efficient solutions, investing capital in areas with high return, divesting non-core assets, securing a stable funding base and returning excess capital to shareholders.

Ambitious vision and targets

Vision

Nordea's vision has been refined to better reflect the ambition of becoming a great company and to emphasise the people dimension:

The leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders

- *Leading Nordic bank* means the leading among Nordic banks – without geographical limits
- *People* make the difference. Products, systems and even strategies can easily be copied
- *Superior* indicates a position among top players measured by customer satisfaction and total shareholder return
- By creating shareholder *value*, Nordea secures its strategic flexibility and freedom to decide investments. Shareholder value is created through profit orientation and customer value creation

Targets

Nordea has three overall financial targets: total shareholder return, return on equity and risk-adjusted profit. The targets reflect the ambitious vision on value creation to be reached through a continued high profitability

Financial targets

Long term financial targets	Target	2006	2007
Total shareholder return TSR (%)	In the top quartile of European peer group	#3 of 20	#3 of 20
Return on equity (%)	In line with top Nordic peers	22.9%	19.7% (19.1% excl. non-recurring items)
Risk-adjusted profit (EURm)	Double in 7 years (baseline 2006)	2,107	+15%

and strong growth of business and income.

Value creation is measured by total shareholder return, ie share price appreciation and dividend, and the target is to:

Create value for shareholders in the top quartile of a peer group of Nordic and European financial services companies

High return on equity is an important indicator of value creation, emphasising the profitability dimension of value creation. The aim is to reach:

Return on equity in line with top Nordic peers

Nordea has introduced a target for risk-adjusted profit in order to underline the ambition to grow the business and at the same time retain a high level of profitability. The target is to:

Double risk-adjusted profit in seven years

The target implies an average annual growth in risk-adjusted profit of 10%, with 2006 as baseline. Risk-adjusted profit is defined as net profit excluding one-offs, using expected loan losses and an average standard tax rate instead of actual loan losses and actual tax rate.

Nordea achieved these targets in the financial result 2007.

Strong customer-oriented values and culture

In 2007, Nordea has prioritised the work to define and implement uniform values throughout the organisation. Nordea's ambition is that the values are reflected in everything we do to the benefit of all stakeholders.

Great customer experiences

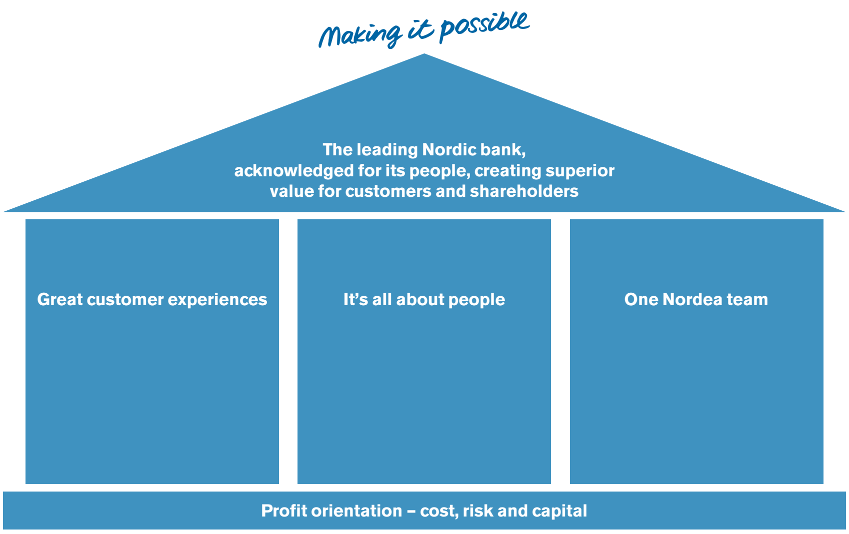
In Nordea, we want the employees in all parts of the value chain to see the link between what they do and the customer experience. To guide our actions and behaviour, there is one key question only: How will this benefit the customer?

- We think and act with the customer in mind
- We understand individual customer needs and exceed expectations
- We deliver professionally
- We create long-term relationships

It's all about people

In Nordea, we recognise the inseparability of our business growth and the competence growth of our people. This second core value emphasises that our goals can only be achieved through developing our people, our competence and our mindset. We acknowledge that people make the difference;

Strong customer-oriented values and culture



- We enable people to perform and grow
- We foster initiative-taking and timely execution
- We assess performance in an honest and fair way

One Nordea team

In Nordea, our ambition is that customers will experience Nordea as one team working together to find the best solutions. We believe that it is only through collaboration we can utilise our full potential and deliver truly great customer experiences;

- We team up to create value
- We work together across the organisation
- We show trust and assume accountability
- We make rules and instructions clear and applicable

Clear growth strategy

The growth outlook for the Nordic financial services market is strong in the mid to long-term perspective, with an expected growth clearly exceeding the GDP growth. With a unique customer base and distribution reach in this region and strong product competencies, Nordea has good potential to exceed the market growth.

In addition, business opportunities outside the Nordic region are expected to add increasingly to the Group's overall growth rate.

In summary, Nordea's strategy for profitable organic growth has four pillars:

- Increase business with existing Nordic customers and attract new customers in the upper segments
- Invest in New European Markets
- Exploit selected Global and European business lines
- Higher level of operational efficiency

The growth strategy is supported by a number of Group strategic initiatives, each with substantial impact on income growth or operational efficiency. In 2007, nine such initiatives have been given high priority in the overall resource allocation.

The four pillars and the supporting strategic initiatives are described below.

Existing Nordic customers and new customers

Nordea has significant business potential with Nordic customers – not least in Sweden, the largest market in the Nordic region.

In order to leverage the growth potential of the large customer base, Nordea is executing a major initiative to generate more customer advisory meetings and a more proactive customer dialogue. In addition, investments are made in customer segments, product areas and geographical markets with attractive growth opportunities.

In the personal customer market, a strong driver for growth is the migration of customers to the Private Banking segment and pro-actively offer mass-affluent service to wealthy Gold customers. Migration of customers into the Gold segment will further drive income growth. Close to one million of the customers in the customer base are considered potential gold customers. This base will be a major source for growth in number of Gold customer for several years ahead. Through the competitive customer loyalty programme, Nordea also targets new customers. Prioritised product areas include long-term savings and consumer lending and cards.

In the corporate market, Nordea will strengthen the corporate merchant banking offering and further develop Markets' structuring specialist capabilities. The target is to increase cross-selling rate of capital markerts solutions. Nordea will pilot new concepts for the small corporate customers.

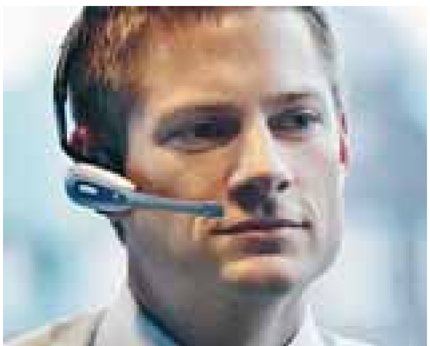
The Group strategic initiatives supporting the profitable organic growth in the Nordic region include the following:

Growth plan Sweden

For a number of years, Nordea had captured a smaller part of the market growth than competitors in the Swedish market. In the Autumn of 2005, Nordea therefore launched Growth plan Sweden with the overall aim to strengthen the sales force and the advisory capacity to support the income growth and increase market shares.

Growth plan Sweden aims at employing additional personal banking advisers, corporate relationship managers, savings specialists and private banking advisers in order to increase the level of proactive contact to gold customers and corporate customers, fulfil the mass-affluent offering and harvest the growth potential within private banking. The initiative will support income growth and customer satisfaction. Signs of an improvement are already visible, with an increased income growth in 2007.

In 2007 Nordea made an agreement with Svensk Kassaservice according to which Nordea will establish 76 branches, at locations where Svensk Kassaservice has operations and Nordea many of its customers. The branches will after conversion into Nordea branches contribute to



closing the gap in Nordea's Swedish distribution capacity

Private banking
Today, Nordea has the largest Nordic private banking operation with a platform across the Nordic countries. Nordic Private Banking will target the large private banking potential as customers are becoming wealthier and qualify for the private banking concept. The initiative aims at accelerating both the acquisition of new Nordea customers and the migration of existing Nordea customers. In order to serve the new customers, new advisory resources will be added, and the value proposition will continue to be developed.

Capital markets products to corporates
The objective of this initiative is to make the solutions offered within the areas of corporate risk management and capital markets transactions a natural part of Nordea's core offering towards large and medium-sized corporate customers. Examples of products covered by this initiative are interest rate and currency derivatives products for hedging purposes, as well as different types of loan and bond products for capital raising purposes.

The penetration of these products in the corporate customer base varies from country to country and from region to region, and Nordea still has a significant potential to activate more corporate customers, as well as to cross-sell existing and new capital markets products to already active customers.

Corporate finance and cash equity
To strengthen Nordea's equity and corporate finance offering, these product operations have been more closely aligned. In late 2007, cash equities and corporate finance were combined into one Nordic unit within Capital Markets Products, consisting of local operations in Denmark, Finland, Norway and Sweden.

Institutional equity research will be carried out in-house in order to meet the service requirements of the large corporate and institutional customers.

New European Markets
Nordea has established an attractive position and strong brand in five fast growing European economies, including Russia. These markets represent an increasingly important component in Nordea's long-term growth strategy.

Market specific strategies to capture growth with moderate risk have been developed. These strategies include a broadly based organic growth strategy in Russia, a fast expansion of the distribution capacity in Poland and more cautious growth in the Baltic countries. Currently, two of the nine Group strategic initiatives are related to this area.

Poland – 150 new branches
Poland, with its almost 40 million inhabitants and strong macroeconomic growth is an increasingly important banking market in Europe. Nordic companies are also to an increasing degree active in Poland. In order to capture the growth opportunities in this market, where Nordea has been present since 1999, Nordea in 2006 outlined plans to open up to 150 new branches in the 2007–2009 time period. 40 of the planned new branches were opened in 2007.

Develop Nordea's operations in Russia
To take advantage of the growth in the Russian market and further capitalise on the experiences from the Baltic countries and Poland, Nordea in the fourth quarter 2006 acquired a majority stake in Orgresbank. The aim is to build a diversified banking business, predominantly focused on the European part of Russia.

Prior to the acquisition, Orgresbank was focused mainly on the small and medium-sized corporate customer segment. As part of Nordea, Orgresbank is now able to also target the large corporate customers in Russia. At the same time Orgresbank is gaining comparatively low risk business with the Nordic and Baltic corporate customers present in Russia. Orgresbank is also expanding the offering to the personal customer segment. Key products are mortgages, car loans and cards.

15 new branches have been opened during 2007, serving both personal and corporate customers.

Selected Global and European business lines
Nordea has a successful track record with niche strategies outside the home markets based on strong competences.

Nordea will reinforce the world-leading position within shipping by leveraging the strong customer relationships and by cross-selling mainly capital markets products but also cash management and custody products.

Nordea has the largest Nordic private banking operation in Luxemburg and Switzerland. International Private Banking will in 2008 focus on expanding the business, including establishment of a Russian desk leveraging on Orgresbank in Russia. European fund distribution is Nordea's second leg in the European asset management strategy, with the focus to broaden the fund portfolio.

Higher level of operational efficiency
Two Group strategic initiatives, which aim at a higher level of operational efficiency and support of the growth strategy, have been launched. The initiatives will unify customer processes and product and service delivery processes and ultimately lead to unified IT systems. The main benefits will be time freed up for sales and a higher level of efficiency throughout the value chain.

Future branch and sales culture
This initiative should support Nordea's 1,100 Nordic branches, with 14,000 customer relation employees, to develop into the top of European peers in terms of sales performance and efficiency and deliver on growth targets. The Future branch and sales culture initiative was launched in 2006.

The first phase, initiated in 2007, included branch efficiency and personal customer sales culture. A uniform Nordic sales process transforming the personal customer strategy into detailed operational tasks has been implemented. The sales process builds on a uniform contact policy ensuring prioritisation of the personal bank adviser's time and a pro-active behaviour towards customers with the highest potential.

In the next phase, covering 2008–2009, freeing up resources by further unification and streamlining of processes will be a major task. This work is ongoing, and the first visible results are delivered. The sales processes including corporate customers will be part of this phase.

A new branch design will be tested during 2008.

Nordea Transformation Programme

Nordea Transformation Programme (NTP) is focusing on harmonising and consolidating business processes and IT-solutions for the main banking activities in the Nordic countries. Changes as a result of NTP are closely coordinated with the Future Branch programme and with the implementation of Lean banking in Nordea.

In addition to the direct support to the organic growth strategy and efficiency of the bank, NTP will increase flexibility and re-usability of process and IT components and thereby contribute to increased strategic agility of the bank. NTP will deliver solutions for the customer interacting parts of the bank first, and in the second phase consolidate the core banking systems.

People Strategy

Coherent with the development of the growth strategy and implementation of new values, Nordea has revised its people strategy and launched a number of activities, which aim at securing Nordea's lead position in the Nordic banking industry. The HR activities include employer branding and recruitment, leadership competences and talent management.

Performance Management

Nordea's performance management model has been developed to ensure a group-wide focus on shareholder value creation and alignment of the strategy execution. The model embraces all the four cornerstones of Nordea's strategic framework.

The core elements of the model are Balanced Scorecard (BSC) to drive strategy into actions, Rolling Financial Forecasts (RFF) to maintain an updated view on future financial performance and Service Level Agreements (SLA) to ensure cost control and quality in internal service deliveries.

Nordea uses the BSC framework as a management tool to drive and support change processes, support the right behaviour, and to make strategy operational. The BSC includes a number of strategic focus areas thematically following the new values and profitability foundation.

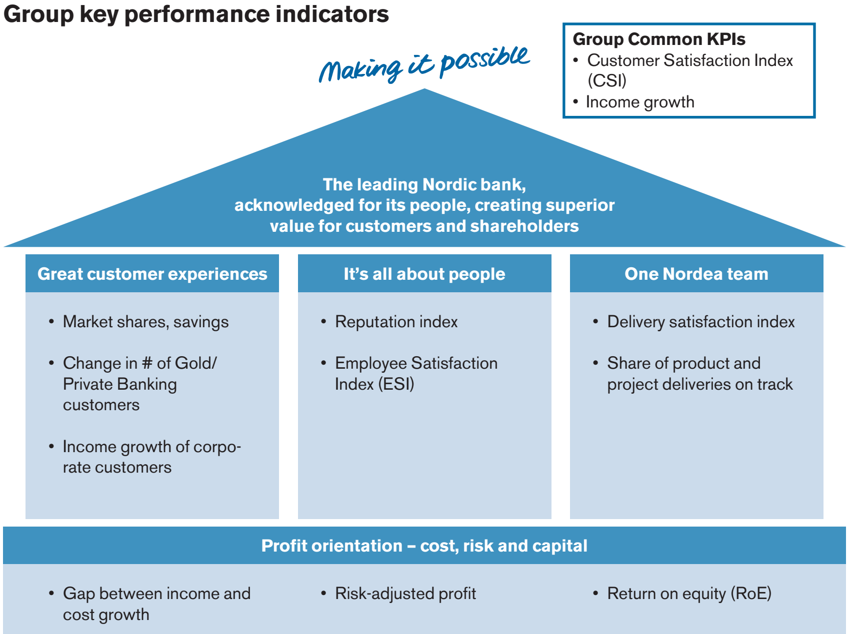
The RFF has a six quarters horizon and it is updated on a quarterly basis. This ensures focus on the future and potential need for corrective actions rather than on historical performance.

The SLAs are used to promote a common understanding regarding services, priorities and responsibilities between internal service providers and customer and product units.

To measure the progress and success of the strategy and values implementation, key performance indicators (KPI), which are linked to the strategic focus areas, have been defined. Income growth and customer satisfaction are the most important Group KPIs and have been selected as common KPIs, shared by all units in the Group.

In addition, economic profit, defined as risk-adjusted profit less cost of equity, is used as an important financial measurement, 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.

Group key performance indicators



Integrated Group operating model

New operating model
Following a successful integration and rationalisation within business areas and Group functions during the past five years, Nordea in 2007 implemented a new operating model and organisation focusing on cross-organisational transparency, team work and efficiency. The new operating model is characterised by strong customer orientation, a simple and transparent delivery process and clear responsibilities.

This will support Nordea's organic growth strategy by improving the quality of customer relations and increase time spent with customers. In addition, time-to-market of products will be reduced. The revised vision and values are reflected in this new integrated Group operating model.

Nordic Banking, Private Banking and Institutional & International Banking are responsible for sales and customer relationship processes. The customer orientation of the bank has been supported by combining the corporate customer units and by establishing one Nordic customer area, Nordic Banking, covering retail and corporate customers in the Nordic region.

The customer segment units are responsible for the customer relationship process, including segmentation strategy, concepts, contact policy, front-end systems as well as coordination of product launches and activities with the product responsible units.

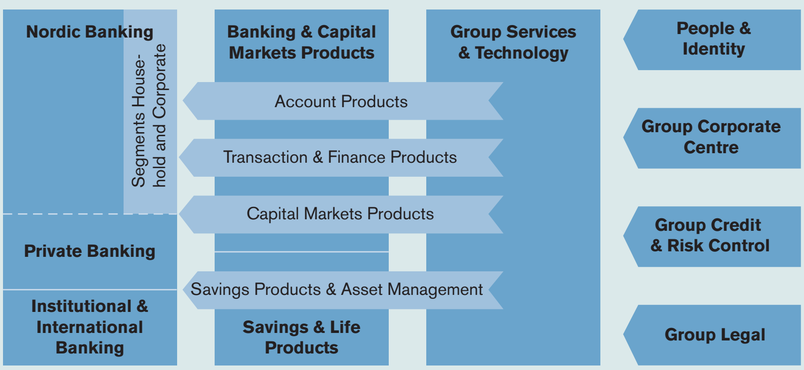
The product and service delivery chain has been streamlined by organising all products and related processing into two new product areas, Banking & Capital Markets Products and Savings & Life Products with a simplified governance structure for the interface between customer and product units. Within these, two new product areas four product divisions have been formed: Account Products, Transaction & Finance Products, Capital Markets Products and Savings Products & Asset Management. The product divisions are responsible for sales support, advisory tools and product concepts, specialist competences and product development as well as the production and delivery of the various products and services.

A new Executive Strategy Committee for prioritisation and management of the Groups' strategic initiatives was established. The committee will support Group Executive Management in selecting, driving and assessing the most important strategic initiatives of the Group.

A Product Coordination Forum with representatives from the customer and product areas has been established with the objective of preparing a consolidated product portfolio strategy and a Group product, activity and delivery plan for decision in Group Executive Management.

The financial reporting structure has been aligned with the new organisation.

Integrated Group operating model



Business development – customers and products

With the unique customer base, and competitive customer programme, Nordea's organic growth strategy has the target to leverage the full potential in the customer base, as well as attracting new customers to the premium segments. A special focus is to increase product penetration through comprehensive advisory sessions. Nordea operates approx. 1,300 bank branch offices, including full-service nationwide branch networks, with contact centres and internet services, in the Nordic countries and a quickly developing full-service operation, including more than 180 branches, in New European Markets.

Nordic customer base
Nordea has the largest customer base of any financial services group in the Nordic region with close to 9 million customers, of which 6.8 million personal customers in customer programme and approx. 600,000 active Corporate customers.

The core in Nordea's strategy is segmentation of customers and differentiating both value proposition and resource allocation according to segments.

Personal customers
The main part of Nordea's personal customers is segmented through Nordea's unique customer programme.

Private Banking customers
Private Banking customers are segmented according to the customer's needs and assets. Wealthy individuals with more than approx. EUR 150,000 in assets qualify for the Private Banking concept and people with more than EUR 1m in assets are offered the high-net-worth concept.

Customer programme
Personal customers in the customer programme segment themselves in three segments – Gold, Silver and Bronze – by the way of the business they do with Nordea, supporting the general principle that the more the customer interacts with Nordea, the better value for money.

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

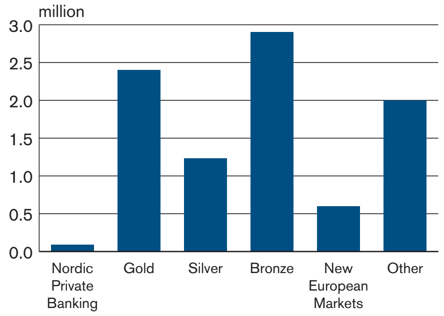
Silver customers:
– At least EUR 5,000 in open balance
– At least 3 products

Bronze customers:
– Programme customers not in the Gold or Silver segment. In 2007, Nordea has redefined the necessary requirements for Bronze customers, leading to a lower number of Bronze customers and a higher number in the category "Other", customers not currently in scope for Nordea's customer programme.

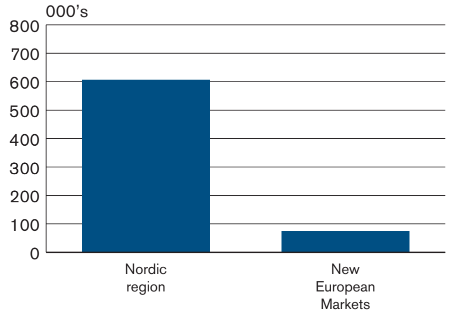
For young adults between 18 and 28 years a special segmentation applies, called the check-in offering.

Corporate customers
Corporate customers are segmented according to product and service needs, complexity and business volumes into a Corporate Merchant Banking concept for Nordea's largest customers, a Large service concept and a Small and Medium concept. The Corporate Merchant Banking segment was introduced in 2007.

Number of personal customers, by segment 31 Dec 2007



Number of corporate customers, by segment 31 Dec 2007



Financial institutions, including Nordic and international financial institutions and bank groups, are served as a separate customer segment with the same concept as for Corporate Merchant Banking.

Customer base in the New European Markets

The customer base in New European Markets, covering Russia, Poland, Lithuania, Latvia and Estonia, constitutes close to 600,000 personal customers and 75,000 corporate customers. Additionally, Nordea has approx. 800,000 personal Life & Pensions customers in Poland, mainly within the area of company paid pensions.

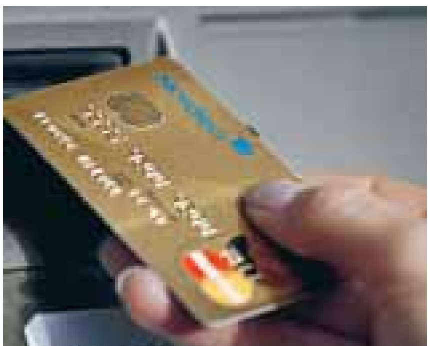
Segmentation in Poland and the Baltic countries is similar to that of the Nordic countries, even if the thresholds for the different segments are adapted to the local markets.

In Russia, the current main customer segments are the large and medium-sized corporates. Nordea's aim is to build a well-diversified banking business, also including a household franchise. The ambition going forward is to introduce a similar segmentation as in the Nordic, Baltic and Polish operations.

Global and European business lines

Shipping and Oil Services customers are served with a global customer strategy with the same concept as in corporate merchant banking.

International Private Banking customers are served on a European basis with simlar concepts and in close cooperation with the serving of Nordic Private Banking customers.



Personal customers

Segmentation strategy – leveraging the customer base
The winning formula to leverage the potential in the Gold segment is to have a clear emphasis on relationship banking with the aim of servicing 100% of the customer's wallet as the customer's lifetime financial partner.

The strategy is further to identify potential Gold customers in the lower segments – Silver and Bronze – and develop these to the premium segments using a structured approach to increase business volumes.

Customers with limited potential for growing business volume are served cost efficiently with the aim of maintaining a stable income stream above the cost of service.

Customer programme
The customer programme is a value proposition embedding brand promise, pricing, service level and product solutions into a transparent and competitive offer.

On most products Nordea operates with non-negotiable and transparent pricing differentiated in three levels – one for each segment. The non-negotiable pricing is essential in making it possible to ensure that Gold customers get the best prices. Also non-negotiable pricing makes it possible to consistently sell in all distribution channels, including the Netbank.

The growth potential from customers having reached the highest level in the programme (Gold) is leveraged by the pro-activity of the assigned personal banker.

A process for referring eligible Gold customers to Private Banking maximises the usage of client potential by increasing the client's share of wallet. As an integrated part of the programme, a "mass affluent" offering for the wealthy Gold customers has been developed.

For growing customers in Silver and Bronze, the programme is the main tool to leverage the potential in the customer base. The programme is designed to create incentive for cross selling of products and up-selling of business volume.

As a fast track to attract young customers (18–28), young adults are provided with a very attractive offer specially designed for this age group.

Gold customers
Differentiated Contact Policies apply to Gold customers with high grow potential – Balance-builders – and Gold customer with stable high business – Care customers. The contact rule for Balance Builders is that there should be at least one yearly contact and preferably a 360-degree meeting should be held once a year. In 2007 the new concept of 360 degree meetings was introduced. In these meetings, the personal banker advises about all aspect of the customers financial affairs.

Silver and Bronze customers
Silver/Bronze customers are served through a cost efficient mass market approach (1-many). However, to ensure that customers with potential are nurtured and developed into gold customers, also "Silver customers with potential" and "Bronze customers with potential" are to be approached by a dedicated personal banker.

The Contact Policy includes contact rules, contact plan, sales budget and follow-up for the six customer profiles (Balance Builders, Care customers, Silver customers with potential and other and Bronze customers with potential and other).

Distribution strategy
The distribution strategy 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 suits them. 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. The focus is for a named relationship manager or personal banker to develop person-to-person relationships to the customers with the most comprehensive needs. The future branch project, focusing on streamlining working processes within the branches, has contributed to the increase in number of customer meetings per adviser during the autumn. For Gold customers and Private Banking customers as well as for corporate customers, the adviser is the entry point to Nordea, and, depending on customer need, a range of highly specialised product specialists in tailoring the customer solution. Bronze and Silver customers are served in branches and contact centres. Nordea initiates contacts mainly through direct mail and the netbank.

Private Banking and Gold customers have their personal banker to call directly, whereas calls from Silver and Bronze customers are handled by 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. Nordea has more than 1,200 employees in contact centres who are all trained and educated in concepts and products. The Contact Centres handle a large number of calls per year.

In the net bank, customers do most of their daily business transactions like bill payments and transfers and get full overview of their economy. 45% of all transactions is conducted through the net bank.

Common sales support systems, including common Customer Management System (CMS) are powerful tools to support 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. This integration makes it possible for the customer to interact with Nordea at his or her convenience.

Premium segments: Gold customers – the engine for profitable growth

The income potential from developing the customer base is significant. Average income per Gold customer is 2 times higher than the average income from Silver customers. Approx. 60% of income from personal customers are dervied from Gold customers.

In 2008, a group of about 300,000 Gold customers will be presented a mass affluent offering. For Nordea, this group of Gold customers will be increasingly important for income growth and market shares within savings.

Value propositions

For no entrance fee, Gold customers are promised the best Nordea has to offer: individual solutions at best prices.

Individual solutions by personal service

Gold customers get the best service with a personal banker trained to act proactively and supported by a large range of specialists when designing solutions to satisfy the customers individually. Gold customers are offered a regularly 360 degree check of their economy based on advisory tools. A 360-degree meeting is a full-range financial analysis and advisory to the customer.

In these sessions, special focus is paid to review all aspects of the customer's financial affairs including the need for new or adjusted solutions within all product areas and combination of these eg savings, pension and life insurance, housing financing, consumer credit, cards, daily services eg net bank and general insurance products.

Individual solutions using the best standardised products

Gold customers are offered superior products, including free GOLD credit cards with travel and purchase insurance.

At a fair best price

Gold customers are being offered Nordea's best prices without having to spend time on bargaining.

Priority in access to service

Gold customers have direct access to the personal banker within opening hours. Also outside opening hours Gold customers have access to superior advisory service by means of personal meetings with the personal banker or qualified advisers in contact centres.

Business development

The focus on developing the potential in the customer base continues to be successful, indicated by a 7% increase in the number of Gold customers in 2007. More than one fifth of these customers are new customers to Nordea.

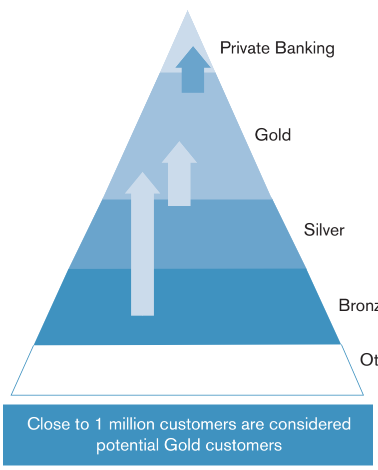
In 2007, business development with personal customers continued to be strong in all product areas. Nordea has successfully transformed the business model from the traditional dependency on housing loans and has now a well diversified revenue stream from the personal customer business.

In 2007, Nordea acquired the real estate agency chain PRIVATmegleren in Norway to support the growth ambitions in the Norwegian market and to increase the number of Gold customers.

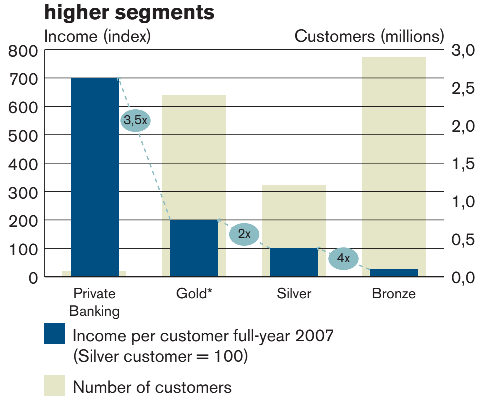
Nordic Private Banking

Nordea is the largest private banking supplier in the Nordic Region. The position varies across the Nordic markets reflecting differences in the legacy business. The approx. 90,000 Nordic customers are served out of 73 Private Banking units (co-located with regional branches) and 7 Private Wealth Management units. The latter cater to the high-net-worth sub-segment of customers with assets under management above EUR 1m.

Segmentation strategy – leverage the customer base



Migrating personal customers to higher segments



* Excl children under 18 years

Private Banking has a common platform in place in all Nordic markets with the business being based on the same service concepts, customer segmentation and product offerings. Nordic Private Banking accounts for approx. 8% of personal customer income.

Value proposition
Nordic Private Banking customers in Nordea receive individual services by a professional and active adviser who takes into account the entity of the customer's financial needs. The variety of needs is tackled with tailor-made products and services. Private Banking offers for example private sales service for active traders, discretionary portfolio management as well as special funds and Private Placements.

The focus in 2007 was to recruit new advisers to serve the many new Private Banking customers. In addition, the advisory platform is continuously being developed thereby enabling Private Banking advisers to be more efficient and spend more time with the customers.

Business development
The integrated operating model enables Nordea to fully leverage the distribution and customer network of the Group as well as all of the investment and product wrapping competencies.

In 2007, the net inflow into Nordic Private Banking was EUR 3.7 bn thereby increasing Asset under Management to EUR 45.7 bn. In 2007, Nordea welcomed 147 new colleagues and 13,000 new customers. The number of customers increased by 16% in 2007.

The growth opportunities within Nordic Private Banking are sizable. The market is expected to grow significantly and there is large internal private banking potential in Nordea as customers are becoming wealthier and qualify for the Private Banking concept. In 2008, new adviser resources will be added in all Nordic countries and the value proposition will be updated within certain areas.

At the end of 2007, Nordea had 640 Private Banking advisers.

International Private Banking

International Private Banking represents the value proposition to private banking customers living outside the Nordic area. There is a close cooperation between Nordic and International Private Banking when customers move abroad. However, more than 50% of customers in International Private Banking have no former relationship with Nordea.

Among the Nordic banks, Nordea is the largest private banking operator in Europe with more than 11,000 customers based in more than 100 countries. The customers are served out of the bank in Luxembourg and the branch in Zürich.

Value proposition
In recent years, the international Private Banking value proposition has been extended. The service concept has been strengthened within a number of areas for example within wealth planning, tax advices, and specific investment products.

Business development
International Private Banking Asset under Management increased by 4% in 2007 to EUR 9.6 bn.

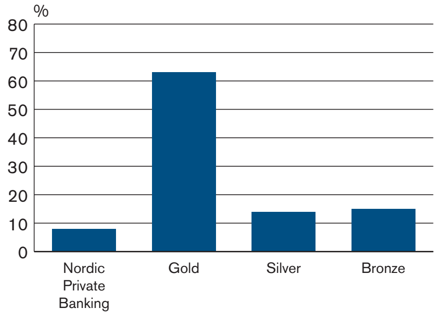
In 2008, International Private Banking will continue to leverage on the strong platform in the European market. For example, a Baltic desk is in place in Luxembourg and a new Russian desk is in process of being established in cooperation with Orgresbank in Russia.

Product strategy and business development – Personal customers

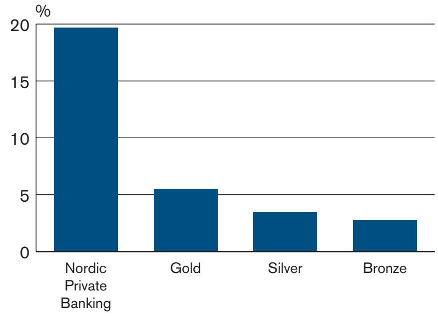
Financing of houses and apartments – Mortgage lending
Housing products are one of the inroads for attracting and building long-term relationships with personal customers. This creates possibilities for cross-selling the whole product range, capturing the customer's full banking business.

Nordea offers a comprehensive product range and supporting sales advice tools throughout the organisation. As for the development of the housing product, Nordea has focused on extending the offering to include

Share of income, personal customers, by segment, 2007



Income growth, personal customers, by segment, 2007



solutions through the customer's entire housing life cycle. These solutions range from home savings products for customers in the pre-housing 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. In Denmark, Nordea has introduced covered mortgage bonds, supporting more flexible terms for housing loans.

Approx. 90% of Nordea's Gold customers has a mortgage loan.

Business development

The total mortgage lending increased by 11% in 2007. Despite a beginning slow down in real estate markets in 2007, volume growth on housing loans continued to be strong in all markets. In the latter part of 2007, volume growth has more than compensated for the margin decrease. However, income from housing loans was slightly below last year due to the full year effect of margin decreases in 2006.

The market shares in mortgage lending increased in Denmark and Norway, were stable in Sweden and decreased slightly in Finland.

Financing capital goods and other purchases – Consumer lending

Consumer lending enables the customers to bridge periods of lower liquidity, thereby providing financial flexibility. Nordea offers a full product range, including standard non-collateralised lending, credit card based revolving credits and overdraft facilities, but also standard collateralised lending and home-equity products allowing customer to capitalise on equity in real estate facilities. Focus is to increase volume of consumer loans to existing Gold customers. Customers are advised to use the favourable terms of Nordea's instead of taking loans from a third-party supplier.

Business development

Consumer lending continued to increase at a steady 12% in 2007. Non-collateralised lending and home-equity products, successfully introduced in 2006, were important drivers for growth. There is still significant potential for growth. The average margin was slightly lower than last year. However, home-equity products have stable to increasing margins.

Every day purchase financing – Credit cards

The use of cards is widespread throughout the Nordic countries, as a complement to cash. Similar to housing products, Nordea views cards as one of the key products for attracting the customers' general banking business. This is also why the credit card area is an area of increasing competition.

Nordea offers a range of cards, reflecting the customer needs. A standardised card is normally provided to silver and bronze customers. The advanced Gold cards, including eg insurance facilities is offered without fee to Gold customers.

The card penetration varies across markets due to different market traditions. Of the Gold customers, 52% holds a credit card, mainly adults. Nordea thereby has a significant potential to increase the penetration of credit cards in the existing customer base.

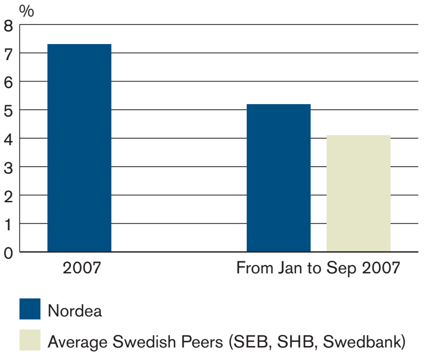
Towards the end of 2007, activities aiming for an increasing usage of credit cards and revolving credits were initiated.

Planning financial future – Savings Products

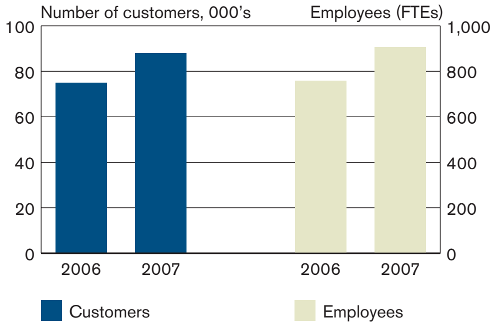
Financial planning and advice play a central role for Nordea's total savings offering to personal customers. The savings products offered cover investment funds, structured products, equities, bonds and all life and pension products as well as traditional savings accounts.

Advisory processes have been further developed in 2007 to include the new MiFID rules as a part of daily life servicing the customers. The savings strategy is being reviewed with increased focus on providing more targeted products and services to different customer segments.

Income growth in Sweden among Swedish banks



Nordic Private Banking customers and employees



Business development
In 2007, two large savings campaigns where rolled out to increase personal customer's savings, resulting in an increase in volumes of 10%. Strong sales of some savings products are often balanced by lower sales of others, since they target the same customer wealth. In 2007, large net inflow to savings accounts and sales of structured products were to some extent at the expense of investment funds realising a net outflow. Furthermore, the market turmoil following the subprime crisis resulted in customers reducing their market exposure and substituting investment funds for fixed income products and accounts.

Total savings volumes, personal customers

EURbn	2007	2006	Change %
Retail funds	28.3	29.7	–5
Life & Pensions products	17.0	16.8	1
Savings accounts	40.8	33.6	21
Equities, bonds and structured prod.[1]	33.7	28.5	18
Total	**119.8**	**108.6**	**10**

[1] Custodian assets in Norway are not included.

Savings Products – Accounts
Nordea offers savings accounts with attractive terms both regarding interest rates, flexibility and features that are important to the customers. In 2007, Nordea took an active part in the competitive market, offering attractive account products.

Nordea pursues a strategy to offer customers transaction accounts linked to a wide range of payment tools and highly competitive savings accounts.

Business development
The inflow to savings accounts were very strong at EUR 7.2 bn compared to EUR 1.9 bn in 2006. Total volumes in savings accounts increased by 21%, supported by the increased marketing and sales focus as well as favourable development of interest rates. The increase in savings accounts was attributable to a flow from transaction accounts and from funds to savings accounts.

Household deposits contributed significantly to income growth in 2007. The household deposit market shares were unchanged in Norway and Sweden, while Denmark and Finland saw slight declines.

Savings products – Equity, bonds and structured products
Nordea offers a broad range of advisory products and trading possibilities regarding Nordic as well as international equities and fixed income instruments, both online and through personal services. The offering is constantly developed to fulfil both active and less active customers' needs. Structured products are continuously launched to provide customers with attractive investment opportunities, based on equities, currencies and commodities etc.

Business development
Intensified focus on structured products increased net sales by 56% in 2007 compared to 2006. During 2007, Nordea rolled out structured deposits to Nordic customers. Structured deposits combine the features from accounts and structured products, offering customers an interesting alternative for short-term investments.

Savings products – Life and Pensions products
Nordea offers a full range of life insurance and pension products to personal customers. All life and pension products are based on the product groups – traditional (passive), new traditional (passive), unit-linked (active), and risk products. New traditional combines the best opportunities from traditional and unit linked universe and offers a market return and a pension portfolio managed by Nordea. The return but also the risk are higher than traditional products. The products cover all stages of the customers life cycle including dissavings products and advice. The unit-linked offerings include a broad selection of funds and an actively managed fund universe.

Business development
Within the life and pensions business, Nordea is a leading provider with a

Nordic market share of 10% based on total written premiums. Premiums from individual customers decreased in 2007 mainly due to the abolishment of the transfer right in Sweden.

In 2007, the share of unit-linked premiums of total individual premiums increased to 52%.

In Sweden, the new ITP scheme was introduced on 1 July 2007 with the premiums of 35,000 individuals going into the new scheme. However, the most important event in 2007 was the Swedish government's decision to remove Kapital Pension from the market and to suspend the transfer right. As Kapital Pension was a major part of Nordea's Swedish business model, Nordea suffered to a larger extent than competitors from these regulatory changes. However, the ban on transfers is proposed to be lifted in 2008.

In 2007, a new product within the New Traditional product group was introduced in Norway, Garantikonto Xtra, which offers stable return and full security. The product is based upon the Finnish platform, thus utilising Nordea's cross-border capacity.

Investments funds

Within investments funds, Nordea offers a broad spectrum of investment funds based on traditional asset classes like fixed income and balanced funds as well as alternative asset including hedge funds. The funds are mainly managed internally, but Nordea also offers selected external funds through the Choice concept, which is a fund-of-fund concept, and through white labelled products.

In total 19 new investment funds were introduced in the Nordic and European markets in 2007. As part of an efficient distribution strategy, Nordea aims to sell funds cross-border. Six of the 19 new funds and two existing funds were introduced cross-border in 2007. Significant fund launches in 2007 include Choice International Equities in the Nordic countries, Nordea European New Frontiers, Global Stable Equity Fund, Capital Guaranteed funds and emerging markets funds.

Business development

The new funds launched in 2007 were well received by the customers and generated high inflow. However, the new funds could not make up for the overall net outflow from retail funds of EUR 2.7bn due to financial market instability and attractive terms of accounts products.

Corporate customers

Segmentation strategy – relationship banking

Core in Nordea's corporate strategy is to create value by relationship banking, through a named relationship manager responsible of developing and organising the customer relationship and having a total view on the customer's business and financial affairs.

Relationship banking means that Nordea promises the customer a long-term relationship, including the willingness to use the bank's balance sheet to commit capital within a short time frame.

For the largest customers, in segment Corporate Merchant Banking and Large, the target is to establish strategic partnerships.

When successful, the strategic partnership, is developing into a house bank relationship, which aims at comprising the full spectrum of financial services.

In addition, the target is to attract new profitable customers through the same concept.

Also for the medium and small customer segments, the aim is to become house bank, through relationship banking with the relationship managers.

The purpose in all segments is to create great customer experiences. This requires understanding of the customer's business as the starting point for all banking activities, whether building the relationship or when creating solutions and developing concepts.

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

Building the relationship requires a different approach for different customers. Corporate customers are segmented according to product and service needs, complexity and business volumes. The value proposition towards different segments differ in relation to:

- how much the servicing of the customers is based on individual customer analysis and understanding
- the level of complexity in the customers' business and the required services
- the level of expert support
- to what extent the solutions for customers are completely individually designed
- the level of managements' involvement in the customer relationship

Value propositions and concept

In the upper segments – the Corporate Merchant Banking, Shipping and Oil Services, Finanicial institutions and to a high degree the Large customer segment – Nordea is building the strategic relationships through a structured Relationship Management Process.

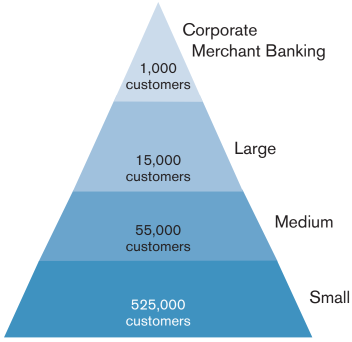
Key in this process is the senior relationship manager, (SRM), acting as an account manager for the largest customers. The SRM is responsible of developing and organising the relationship with the customer and having a holistic view on the customer's business and financial affairs.

Each SRM is supported by a Customer team, with specialists from all relevant areas in the Group, like Trade Finance, Export & Project Finance, Capital markets, Acquisition finance, Corporate Finance, Cash management, or Life and Pensions.

If relevant, industry specialists with extensive industry knowledge, are also included in the customer team. Industries where Nordea has build in-depth competence in order to act as proactive speaking partners to management teams in corporates, are eg pulp and paper, energy and telecom. When servicing the largest customers, the customer teams are often supported by an analysis group to secure a high degree of knowledge of the customer's strategy, value drivers and business environment. When conducting large transactions, deal teams are put in place for creating highly individualised solutions.

Nordea's top management is deeply involved in building the partnerships with customers through the active and dedicated sponsor support. The sponsor acts as sparring partner for the SRM and as the customer's internal ambassador in relation to large transactions.

Corporate customer segments



Shipping and Oil Services customers are included in Corporate Merchant Banking and Large.

In the Medium-sized corporate customers segment, the service concepts are focused on relationship, product range and local presence. The value proposition is to a high degree based on Nordea's strengths in offering competence and downstreaming product solutions from many areas within the Group.

In the lower segments, the aim is to service 100% of the customer wallet including all of the customer's daily business.

Corporate Merchant Banking
The Corporate Merchant Banking segment serves Nordea's 1,000 largest customers in one central unit in each market. Together with segment large, this segment accounts for approx. 55% of total income in the corporate segment.

Nordea holds the leading position in this segment, with strong relationships to a majority of the large corporates in the region. Key strengths towards this customer group are a highly competent and dedicated staff, a large balance-sheet capacity and proven placing power in the capital markets.

In this segment, the strategic partnership concept described above, is essential. When appropriate, the relationship banking includes involvement of the Nordea management at the highest level.

Shipping and Oil Services
Nordea is one of the world-leading providers of financial services to the shipping, offshore and oil services industries, benefiting from its extensive industry knowledge and sizable underwriting capacity.

Also this customer segment is serviced through a strategic relationship concept with dedicated customer teams. In Oslo, a competence centre is located, creating critical mass to service Nordic and global shipping customers.

Benefiting from its strong long-term relationships with leading companies, Nordea provides tailor-made solutions and targets the top-tier syndicated loan transactions, capitalising on its balance sheet and placing power. Continued focus is also placed on well structured, secured and profitable bilateral loans or club deals for core and target customers.

Furthermore, Nordea aims at being a leading provider of core products other than ordinary bank lending to the shipping, offshore and oil services industries. The efforts to introduce Nordea's broad range of products and services to the customers have been further successfully intensified in 2007, and will continue in the years to come. As an example of this, the Capital Markets Products division lead-managed a large number of bond transactions for offshore and shipping companies during the year.

Large corporate customers
For the 15,000 customers belonging to the segment Large, Nordea's competitive strength is to combine the large Nordic resources and competences of the Group with local presence. Customers in this segment are serviced by senior relationship managers (SRM) in 63 corporate competence centres covering the Nordic region. The SRM is the customers' main contact to the bank and the SRM has the responsibility to create long-term relationship with the customer. Each SRM is supported the customer team of product specialists, focusing on designing solutions fulfilling the customer need.

Medium-sized corporate customers
Nordea serves 55,000 medium-sized customers by relationship managers situated in selected branches. The value proposition and service concepts for medium-sized corporate are focused on relationship, product range and local presence.

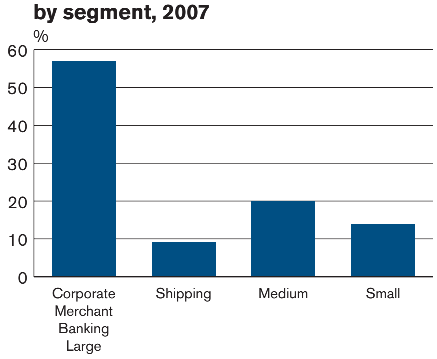
Nordea's competitive edge is to leverage the competence and down streaming product solutions, such as eg derivatives products and other capital markets products, developed to serve customers in the higher segments.

Small corporate customers
Nordea serves a large number, approx. 525,000, of smaller customers by customer advisers in the branches. In particular, this relates to the customers having both personal and corporate business in Nordea.

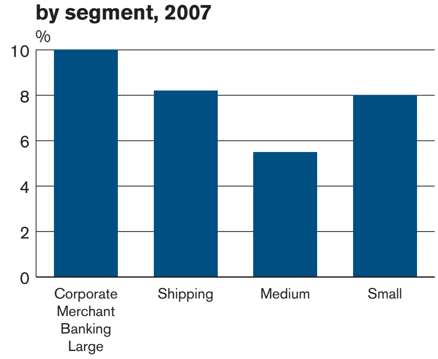
A significant growth opportunity arises from cross fertilising the business opportunity by a dedicated sales force capable of handling household products as well as corporate products.

The smallest corporate customers having less advanced financial needs are serviced through concepts based on a mass-market approach, scale and multi-channel competences.

Share of income, corporate customers, by segment, 2007



Income growth, corporate customers, by segment, 2007



Products in focus and business development – Corporate customers

During 2007, business development with corporate customers continued to be strong with double digit volume growth in all business areas leveraging the relationship strategy.

Even though the competition has been fierce in all markets, Nordea has succeeded to win market shares in the upper segments of the corporate market.

Corporate customers have continued their investments, which have kept corporate lending growing at a high level. Volume growth on lending was 17% and on deposits 12%.

During the market turmoil in the second half of 2007, the liquidity in the bond market has been scarce. The strong relationship strategy built on in-depth knowledge of customers has enabled Nordea to support customers through difficult market conditions still complying with prudent risk management policies.

Corporate lending margins decreased during the year, reflecting the financial strength among corporate customers and the fierce competition. In the international markets corporate margins have increased during the autumn 2007. In the Nordic area the competition has been fierce and margins have been stable during the autumn. Following the more differentiated view on risk pricing in the international market, 2008 should give some opportunities for higher corporate margins.

A strategic initiative has focused on down streaming the product range and advisory competences within risk management products including derivatives to a larger group of corporate customers also within the medium segment.

Managing risks through Capital markets products

Nordea supplies a wide range of risk management advisory and products to corporate customers. The focus on risk management products to handle foreign exchange, interest, and commodity risks etc continues to increase and forms a very important part of the advisory business. Markets experts carry out an important role in the customer teams providing solutions to the customers' identified needs. Risk management products have been a significant growth driver over the past years.

The use of e-Markets which provides internet based access to research, analytical tools and trading on Markets products continued to increase rapidly in 2007. The number of active e-Markets users increased by more than 100% to 9,300 users. More than half of all foreign exchange and money market transactions are now completed via the platform.

Capital raising – debt and equity

Nordea provides a variety of debt and equity related products for liquidity and capital raising purposes, ranging from syndicated loans, bond financings and IPOs to share buy-backs. Nordea enjoys a strong position in these markets.

In 2007, Nordea maintained the position as the leading mandated arranger and bookrunner of syndicated loans and international corporate bonds for Nordic corporate customers. In the Eurobond market, Nordea lead-managed Euro benchmark transactions for Elisa, TeliaSonera, Telenor and Eksportfinans. On the equity side, some highlights were the IPOs of Talvivaara, Systemair and Nordic Tankers and the Atria secondary offering.

Nordea also has a strong standing in related equity activities such as share buy-backs, evidenced by the 15 transactions totalling EUR 553m, which Nordea executed in 2007.

Structuring and execution of mergers and acquisitions – Corporate Finance

Nordea offers a wide range of financial advisory and capital raising services to corporate customers and governments through Corporate Finance. The advisory services are an integrated part of the offering for corporate customers, and the area was involved in many transactions during the year. In 2008, the corporate finance operations will be more closely aligned with the equity offering, enhancing the value for customers.

Financing of acquisitions – Acquisition Finance

Acquisition Finance arranges funding to private equity funds, which are dependent on having financing in place in connection with their acquisitions, eg leveraged buy-out transactions. The acquisition finance specialists tailor make solutions for public-to-private or private-to-private corporate transactions. Nordea has a leading position in this area owing to its extensive structuring capabilities, large under-writing capacity and placing power in the syndicated loans market.

Nordea retained its leading position as arranger of Nordic acquisition finance transactions in 2007. Transactions included Nordic Capital's acquisition of Thule, CVC's acquisition of Matas and EQT's recapitalisation of ISS.

Life and Pensions

The offering to corporate customers covers the full range of corporate pension schemes from simplified collective schemes to complex tailor-made products. The products are designed to support corporate customers with specific risk product needs while offering a complete product package to employees. 74% of corporate premiums remain within traditional products.

The major part of corporate premiums is from Danish and Norwegian customers. The customers are served through Life & Pensions' own sales force, through brokers or tied agents and through Nordea's branches.

In 2007, corporate premiums increased by 35% in 2007, driven by strong growth in both the Danish and Norwegian corporate business. Corporate pension is a focus area for Nordea and in 2007, 31,000 new corporate polices were signed. In general, Nordea was very successful on the Danish market in 2007, where the market share increased by 2.5%-points to 19% (third quarter 2007, both private and corporate premiums).

Cash management products
Solutions for liquidity management and handling payment transactions are provided to customers through the various cash management solutions. Cash management is also considered important in relationship banking as it further strengthens the relationship. Nordea has a strong position in the Cash Management area and has especially been acknowledged for the customer service capabilities.

The focus on improving value propositions in 2007 has resulted in local improvements as well as enhanced functionality in Nordic-wide systems.

This approach has assured economies of scale in common products, while maintaining local market competitiveness.

The enhancements include straight through processing functionality, improving the operational efficiency of the customers. Examples are two releases of Corporate Netbank, local e-Invoice solutions, Swedish Total In, extending the reach of Corporate eGateway to US, introducing new SWIFTNet FileAct connectivity for corporate customers, SEPA and, finally, full IBAN/BIC compliance in payment systems.

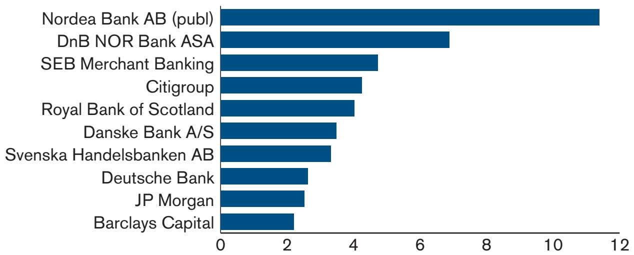
Specialised Financial Services
Asset finance and sales finance are two key areas for corporate customers in order to support growth.

Asset Finance includes solutions for purchase of equipment, cars and machinery and solutions to enhance working capital.

Sales finance provides tools to increase the sales and enhance customer loyalty of Nordea's partners. Both areas continued to grow during 2007. Within the Sales finance area Nordea entered several important new cooperation agreements, including vendor cooperation with Renault Finance Nordic and with Stockmann. Focus continued to be on developing products and solutions that support the value chains of our customers. The launch of a new solution for Stock financing complemented the support to the entire distribution chain from the manufacturer to the user.

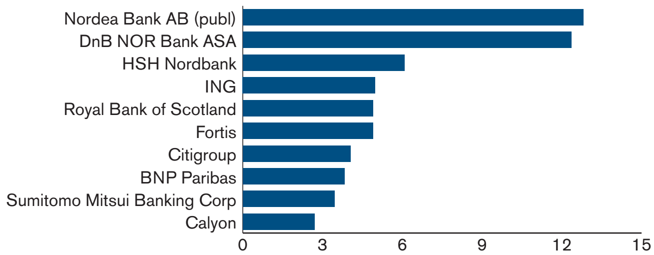
Shipping and Oil Services
In 2007, Nordea maintained its position as a top provider of financial services to the international shipping, offshore and oil services industries, as evidenced by official league tables (Dealogic) where Nordea captured the no 1 position as arranger of syndicated loans to the shipping industry in 2007. The leading position in the market was further confirmed in November 2007 when Nordea received the award "Best Provider of Syndicated Loans for the Shipping Industry" from Lloyd's Shipping Economist. New loan transactions for an aggregate volume of more than USD 22bn were arranged during the year.

Syndicated loans, Mandated lead arrangers, Nordic region 2007
EURbn



Source: Dealogic

Syndicated shipping loans, Mandated arrangers, 2007
USDbn



Source: Dealogic

Financial Institutions

The Financial Institutions segment is a strategically important customer segment for Nordea. The customer base includes approx. 270 Nordic and 100 international financial institutions as well as 750 bank groups.

Value propositions

Also when serving large and professional financial institution customers, including Banks, Funds and Investment Banks, and Institutions, the strategic partnership is the main concept. To build long term relationships, Nordea works in a structured way through the Relationship Management Process. A cornerstone in the process is the customer-team concept, where customer strategies are prepared and executed based on individual customer needs. The process involves all relevant product units in Nordea, as for the largest corporate customers.

The product offering to this customer segment includes capital markets products, custody and settlement services, cash management and institutional asset management.

Products 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 allow for a greater degree of investment control and risk management for the customer.

Markets products

Capital markets products are of key importance to financial institutions. In general, the customer demand is shifting from standardised cash products to more complex and structured solutions. Nordea is a major supplier of structured, value-adding solutions across a broad range of products.

In 2007, a key focus was the structured equity area and equity lending and financing activities. A focus was also to strengthen the franchise towards local and regional banks, and several structured transactions were executed during the year. Continued efforts were also put on the strong offering within asset-liability management for pension funds and insurance companies.

On the distribution side, emphasis remains on further enhancement of customer servicing through e-based channels, including e-Markets and international electronic trading portals.

Securities Services

Securities services is another important product area and Nordea is one of the top providers in this respect in the Nordic region.

The services include safekeeping and transaction services for securities, as well as more customer-tailored solutions. The high market activity during the year had a favourable impact on the business. Nordea is in general defending its position in this consolidating industry and, with regards to international clients, successfully winning market shares on the back of its award-winning service.

During the year, Nordea's subcustody offering was top-rated in all four Nordic countries in the leading magazine survey. International customers are placing an increasing part of their Nordic subcustody with Nordea, in recognition of service quality and Nordea's best-fit model for the Nordic market. The number of subcustody transactions within Securities Services doubled in 2007 compared to 2006.

Institutional Asset Management

Nordea's institutional asset management services range from single products (funds, equity products etc) offered to large sophisticated pension funds globally, over asset allocation advice and balanced mandates for smaller institutional customers, to fund sales via external platforms. The funds offering also include Nordea's European Funds, which are licensed for sale in 16 European countries. Customers are served both directly and through the integration of asset management as a part of Nordea's total value proposition to institutional customers.

One of the largest successes in 2007 was the new Nordea Alpha 15 multi-asset hedge fund launched in the end of 2006. The product combines eight different investment strategies to generate consistent absolute return.

Nordea continued to leverage on its global tactical asset allocation expertise, with the launch of Nordea Alpha 10 in December 2007.

Business development

Following three years of strong growth in the Nordic markets, 2007 proved to be a challenging year, due to the sub-prime crisis.

Nordea is closely monitoring market developments and is well positioned to respond to and handle adverse events in general in the financial markets.

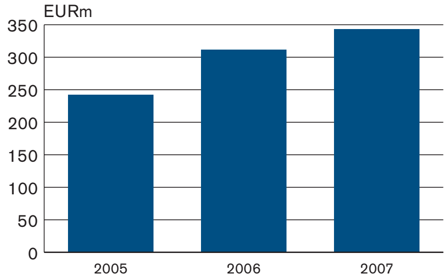
Financial Institutions Division's more trading-intense customer segments, eg broker-dealers and hedge funds remained active, while institutional investors took a somewhat more cautious view. Nevertheless, there were still a number of highly active customers. Storebrand's acquisition of SPP Liv from Handelsbanken is one of the largest acquisitions ever by a Nordic financial institution and Nordea played a key role in securing the required financing for Storebrand.

A continuing theme throughout the year has been the accelerating interest in alternative investments, ranging from absolute-return vehicles such as hedge funds to investments in real estate or infrastructure.

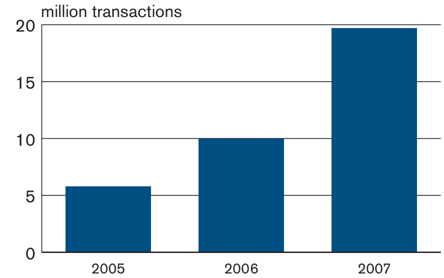
Nordea has also succeeded in gaining new institutional mandates especially in the fixed income and balanced areas but has lost some large equity mandates during the year, bringing the total Asset under Management to EUR 24.9bn end of 2007, from EUR 26.1bn 2006.

The financial institutions business is characterised by a high level of product innovation and rapid structural market changes. The level of assets under management among financial institutions has continued to increase, underpinning the structural growth of the segment. The focus going forward will be on realising the cross-selling potential within the financial institutions customer base to a greater extent.

Financial Institutions Division Income 2005–2007



Subcustody transactions – 2005–2007



Customers in New European Markets

Russia, Poland, Estonia, Latvia and Lithuania are Nordea's emerging home markets. In Poland and the Baltic countries, Nordea branches operate under the Nordea brand. In Russia, Nordea operates via majority-owned Orgresbank.

Nordea completed the acquisition of the majority (just above 75%) shareholding in Orgresbank in the first quarter of 2007. The remaining shares are held by the management of the bank and EBRD, The European Bank for Reconstruction and Development, holding close to 12.5% each.

From the time of the acquisition, Orgresbank's market position in the Russian banking market has continuously improved. As of November 2007, Orgresbank held a top-37 position in terms of assets.

Segmentation strategy

As in the Nordic countries, the customer segments Gold, Silver and Bronze are used to segment the customer base in Poland and the Baltic countries and the aim is to introduce the segmentation also in Russia.

In New European Markets, there is a major focus on acquiring new customers, often using the housing products as a first product and then gradually service more of the customers' financial needs. The aim is to leverage the personal customer base, identifying potential Gold customers within the lower segments.

Distribution strategy

Nordea is applying a multi-channel strategy in the Baltic countries, Poland and Russia, where the branch network is the key for developing the customer relationships, supported by contact centres and e-banking capabilities. In 2007, Nordea established 10 new branches in the Baltic countries, making the total number 54. Also, a contact centre was established in Latvia and a new version of Private Netbank was launched in all Baltic countries, supporting the multi-channel distribution strategy.

Nordea's operations in Poland had end December 85 branches, of which 40 were opened in 2007. Poland is a large market, both in terms of assets and population. A major aim of Nordea's strategy for New European Markets is to develop the operations in this market.

The execution of the current plans, the opening of up to 150 new branches in the 2007–2009 time period, will support this objective and increase the penetration in all customer segments over the coming years.

In Russia, the branch network of Orgresbank is primarily concentrated to the Moscow and S:t Petersburg regions and the main target going forward is to further increase the coverage in these areas. Also outside the two major cities, Orgresbank has increased its coverage during 2007.

Personal customers

The Baltic countries

Nordea has continued to build up advisory services towards personal customers in the Baltic countries. The improved services have resulted in a good progress in customer satisfaction.

The growth of the housing loan portfolio has been high and the sales of investment funds have also progressed well. Towards the end of the year, Nordea increased the focus on deposit products.

Nordea has continued to expand the ATM network and the coverage in the Baltic countries is now complete.

Nordea has approx. 200,000 household customers in the Baltic countries, of which 32,000 Gold customers.

Poland

The growing network has resulted in increased banking volumes, eg increased housing loan sales. As in the Baltic countries, the sales of investments funds have also increased significantly in 2007.

During the year, Nordea Bank Polska has increased the number of personal bank advisers, further upgraded sales systems and improved the Contact Centre capabilities in order to support the increasing number of customers. Nordea has approx. 362,000 personal customers in Poland, of which 14,000 Gold customers.

Nordea's Life Company in Poland offers life and savings products to mainly personal customers. The main products are unit linked savings and term products with guaranteed interest. The primary distribution channel is the branch network. Additionally, Nordea offers company paid (Pillar II) pensions. All in all, Nordea has approx. 800,000 Life & Pensions customers in Poland, mainly within company paid pensions.

Russia

At the time of the acquisition, the build-up of a household franchise was in its initial stages and the core activities were related to the corporate sectors. Nordea's aim is to build a well-diversified banking business in Russia and therefore a major activity

is to support the development within the household sector.

Key products in this effort are mortgage loans, car loans and cards. Also Private Banking Services will be offered. The expansion within the household segment is supported by the opening of new branches in late 2007 as well as the beginning of 2008. Orgresbank currently has approx. 28,000 personal customers.

Corporate customers

The Baltic countries

Nordea has a strong position in the Nordic-related corporate customers segment and is moving ahead in other segments. Additional relationship managers have been recruited, primarily focused on medium-sized corporates. This effort is also supported by the growing branch network.

Based on the house-bank approach, Nordea has expanded the product range and developed especially the Cash Management services for corporate customers. Furthermore, enhanced focus on advisory services has resulted in a significant growth of capital markets services.

Poland

The large corporates and Nordic related corporates have been the main business segments in focus so far in Poland. However, the expanding network will increase the sales capacity and enable an increased focus on the medium-sized corporate segment. The effort will be supported by a development of the relationship manager organisation.

The Life Company started to offer Group Life and Group Savings schemes in 2007.

Russia

The service offering towards corporate customers has been expanded during the year. Supported by Nordea, Orgresbank now has the strength to target the large corporates in Russia. As a result, a number of large transactions with major Russian companies were arranged in the second half of 2007.

A focus is also to target the Nordic and Baltic corporates present in Russia, many of which are already customers of Nordea. These efforts have been successful and the business volumes from this customer segment are expected to increase in the course of 2008.

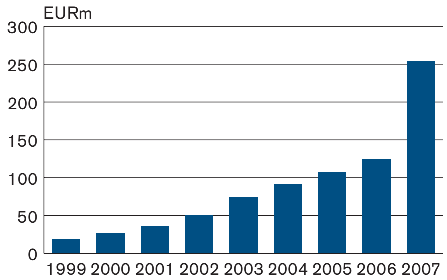
In order to even better serve the corporate customers, the product development efforts have increased during the year. Main areas in target are Cash Management services and capital markets products.

Business development

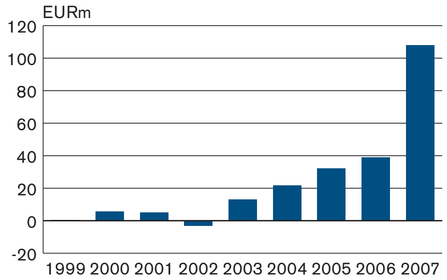
The strong business trend in Poland and the Baltic countries continued throughout 2007, supported by the branch network expansion and subsequent increased sales capacity. Nordea has applied a prudent credit policy in the Baltic countries from start of operations and has therefore been able to continue to grow the business volumes in 2007 with intact credit quality. Total lending increased by 77% in Poland and the Baltic countries compared to 2006, while mortgage lending grew by 70%. The number of Gold customers increased by 74% during the year.

The controlled growth strategy in the Baltic countries will continue in 2008, even though there are signs of

New European Markets, total income



New European Markets, operating profit



overheating in some parts of the economies. A smaller number of branches will be opened in 2008 in the Baltic countries.

Nordea has continued to expand the branch network in Poland in 2007, where a number of branches were opened in the latter part of the year. The new sales capacity will primarily target personal customers and medium-sized and small companies. Supporting the accelerated organic growth strategy in Poland, the back-office functions were centralized in order to support growing volumes.

The business activity in Russia was strong in 2007. During the year, Orgresbank attracted a number of Nordic corporate customers as well as large Russian corporates. This resulted in an expansion of the customer base, originally consisting of medium-sized corporate customers. The efforts of building up a household business has continued. The lending volumes related to Russia was close to four times higher at the end of 2007 than the volumes in Orgresbank by the end of 2006.

Life & Pensions Poland

The Polish Life & Pension business experienced strong growth in 2007. The Life Company premiums increased by 57% supported by strong sales in especially the Direct Channel, but also in Bancassurance. In 2007, a corporate pension savings offering without capital gains tax was developed to start growing a larger portfolio of regular premium business.

Nordea PTE, the acquired II pillar company (Sampo PTE) has increased the customers base with 50,000 in 2007.

Lending and deposits, New European Markets

	Lending			Deposits		
EURbn	2007	2006	Change	2007	2006	Change
Estonia	1.7	1.1	59%	0.5	0.5	17%
Latvia	2.3	1.2	89%	0.5	0.4	38%
Lithuania	1.5	0.8	89%	0.3	0.3	28%
Total Baltic countries	**5.5**	**3.1**	**78%**	**1.4**	**1.1**	**27%**
Poland	2.7	1.6	73%	1.7	1.2	41%
Total Poland and Baltic countries	**8.2**	**4.6**	**77%**	**3.0**	**2.3**	**34%**
Russia	1.6	–	–	0.6	–	–
New European Markets	**9.8**	**4.6**	**112%**	**3.7**	**2.3**	**60%**

Market positions

Nordic markets	
Personal customers in customer programme, 000's	*6,720*
– Denmark	1,300
– Finland	2,200
– Norway	700
– Sweden	2,520
Private Banking customers, 000's	*88*
– Denmark	39
– Finland	26
– Norway	8
– Sweden	14
Corporate customers, 1,000	*600*
– Denmark	46
– Finland	121
– Norway	70
– Sweden	363
Net banking customers, 1,000	*4,642*
– Denmark	827
– Finland	1,420
– Norway	404
– Sweden	1,991
Branches	*1,090*
– Denmark	340
– Finland	350
– Norway	120
– Sweden	280
Employees, FTEs	*16,580*
– Denmark	4,961
– Finland	5,423
– Norway	1,800
– Sweden	4,396

Market shares, Nordic markets (%):	
Personal customers	
– mortgage lending	
– Denmark	16
– Finland	31
– Norway	12
– Sweden	15
– consumer lending	
– Denmark	14
– Finland	30
– Norway	12
– Sweden	10
– deposits	
– Denmark	21
– Finland	32
– Norway	9
– Sweden	18
Corporate customers	
– lending	
– Denmark	18
– Finland	37
– Norway	17
– Sweden	14
– deposits	
– Denmark	22
– Finland	44
– Norway	18
– Sweden	20
Investment funds	
– Denmark	13
– Finland	26
– Norway	7
– Sweden	12
Life & Pensions	
– Denmark	19
– Finland	26
– Norway	12
– Sweden	3
Brokerage	
– Denmark	8
– Finland	2
– Norway	3
– Sweden	4

International Private Banking	
Private Banking customer, 1000	
– International	11

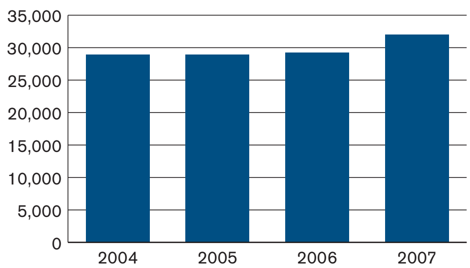
New European Markets	
Personal customers, 1,000	*588*
– Baltic countries	198
– Poland	362
– Russia	28
Corporate customers, 1,000	*73*
– Baltic countries	17
– Poland	50
– Russia	6
Net banking customers, 1,000	*256*
– Baltic countries	159
– Poland	97
Branches	*186*
– Baltic countries	54
– Poland	85
– Russia	47
Employees, FTEs	*3,491*
– Baltic countries	1,013
– Poland	1,110
– Russia	1,368
Market shares (%)	
– lending	
– Estonia	10
– Latvia	10
– Lithuania	7
– Poland	2
– deposits	
– Estonia	6
– Latvia	4
– Lithuania	3
– Poland	1

Financial Institutions	
Number of customers	*1,415*
– Denmark	165
– Finland	90
– Norway	200
– Sweden	190
– International	770
Number of employees	*412*

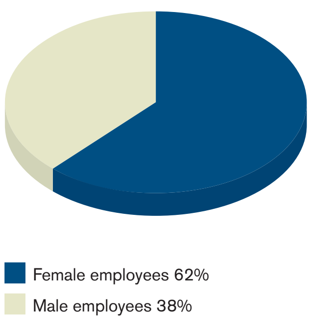
People forming Great Nordea

Nordea's 35,000 employees team up to create great customer experiences for the almost 10 million customers in Nordea. They focus on building strong relationships with customers and on living the mission – making it possible.

Number of employees (full-time equivalents, FTEs)



Female and male employees



It's all about people

While products and strategies relatively easily can be copied, people in the end are the most determining competitive factor in the financial services industry.

This perspective has become even more visible in the revised Nordea vision:

"The leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders"

Also, one of the three new values is 'It's all about people'. This value implies a strengthened focus on people and leadership to enable Nordea to reach its growth targets.

Revised People strategy

In order to remain in the lead, the right competences and attitudes need to be in place to deliver on customers' expectations, adjust to changes, and to perform. This is reflected in a new People strategy, developed in 2007.

The revised People strategy is addressing five focus areas:

- employer branding
- recruitment and on-boarding
- competence management
- developing talent
- compensation management

Nordea as an attractive employer

Nordea's ambition is to be the most attractive employer in the financial sector in the Nordic region in order to attract, develop and retain highly competent employees.

There is a clear inter-connection between financial results and the satisfaction and motivation of employees: satisfied staff performs better in all aspects, which in turn influences profitability positively and vice versa.

A comprehensive survey, Employer Satisfaction Index (ESI) – covering 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 by managers in their ongoing individual dialogues with their teams in order to continuously improve.

Last year's survey proves that the attitudes and levels of satisfaction have improved in many areas. Nordea employees are becoming even more proud of their company and they recommend Nordea to others.

Still, external surveys have shown the current position to be below target expectations when it comes to the external employer brand compared to the peer group. Several activities were therefore initiated during 2007.

As students are a prioritised target group, focus was put on employer branding activities in most universities and business schools across the Nordic countries.

A new concept – speed dating – was piloted in Denmark where 26 of the top 500 students met a corresponding number of Nordea employees in one day, proved to be a success – several of the students are now Nordea employees. The concept has been developed transferred to an online feature on nordea.com. Here, it is possible to meet Nordea employees from all parts of the bank, speaking about how it is to work in the company.

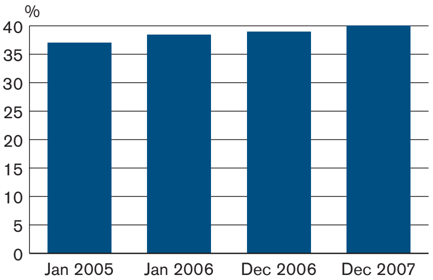
During 2008, additional employer branding activities will be launched targeting a wider range of potential employees.

Great leadership

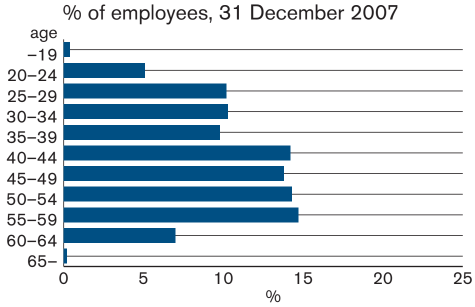
The employees' perceptions of their immediate manager performance

...acknowledged for its people

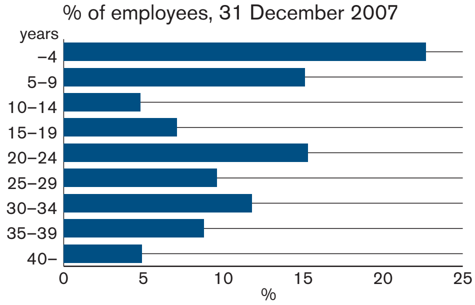
Female managers



Employees distributed by age
% of employees, 31 December 2007



Employees distributed by seniority
% of employees, 31 December 2007



remain in this year's ESI survey at a high 76 (out of 100), compared to the Nordic financial labour market in general (72). The most important drivers for employee satisfaction and motivation are the content of their daily work and opportunities for development.

A new set of leadership competencies based on the new values has been rolled out highlighting how managers should act in Nordea.

The professional leadership training programmes are tailormade to go hand in hand with implementing the business strategies covering all from potential managers to top executives.

Recruiting the right people

Nordea acknowledges the strengths of diversity in terms of gender, age, education and different cultural background. We also acknowledge that employees have different key personal drivers and career aspirations.

In 2007, 3,000 new employees were recruited and welcomed into the Nordea organisation.

End 2007, Nordea had 31,721 full-time equivalent employees (FTEs), an increased by approx. 2,500 or 8% compared to end of 2006. Excluding Orgresbank, which has contributed with approx. 1,400 FTEs, the number of FTEs has increased with approx. 1,100, or 4%.

A new concept to provide a better introduction experience was implemented. All new employees participate in the programme from the day they have signed the contract to quickly become a part of Nordea. The introduction consists of dvd, e-learning modules and physical meetings ensuring that all employees have a common understanding of Nordea's values, strategy, customers, organisation and culture.

Increased number of female managers

To increase the number of females in managerial positions is a priority throughout Nordea. 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 was run 2007. As a result of the activities the percentage of females in managerial positions, on all levels, increased during the last years to 40% by the end of 2007.

Compensation and profit sharing

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 80.

Employee satisfaction survey results, ESI, index	2005	2006	2007
Satisfaction and motivation	71	71	71
Development	67	68	69
Considered a good workplace	71	73	74
Proud to tell others where I work	73	75	78
Recommend others to start working in Nordea	69	72	74

Group organisation

Customer areas

Nordic Banking
The Nordic Banking customer area is the largest of the Customer areas in Nordea. Nordic Banking is responsible for customer relationship and sales processes covering personal and corporate customers in the Nordic Region. Nordic Banking develops cross-border customer strategies, sales processes and customer concepts for these segments.

The Nordic Banking customer area operates through 13 regional banking units, divided into 72 branch regions. Each branch region consists of a number of full service branches, household branches and typically a corporate service unit for the large corporate customers. In metropolitan areas, household and corporate customers are served in separate Branch regions comprising only household and corporate branches respectively Product specialists are supporting sales in all branches in the branch region. Distribution is integrated with Nordic Private Banking, focusing on affluent and high-net-worth customers requiring more sophisticated investment services.

Private Banking
Private Banking serves affluent and high net worth individuals and small and medium-sized institutions requiring personalised services with more sophisticated investment product and services.

Nordea is running its Private Banking business through an integrated model with Nordic Banking. The integrated operating model enables Nordea to fully leverage the distribution and customer network of the whole group as well as all of the investment and product wrapping competencies in the Group.

Nordic Private Banking serves Nordic customers through 73 Private Banking units and 7 Private Wealth Management Units and is run as an integrated part of the Nordea value chain in close cooperation with Nordic Banking.

International Private Banking is responsible for the advisory services to wealthy individuals living outside Nordea's home markets. Together with European Fund Distribution, Nordea's platform for distribution of Nordea's funds in Europe, the business has head office in Luxembourg, branch in Zürich and representative offices in Spain, France, Great Britatin and Singapore.

Institutional and International Banking
Institutional and International Banking consists of three divisions; New European Markets division, Financial Institutions division and Shipping, Oil Services and International division.

New European Markets service Nordea's customers in Poland, the Baltic countries and Russia, with full-service banking activities in all markets.

The Financial Institutions Division (FID) is organised in three units; Banks, Funds and Investment Banks and Institutions, which service customers in the global banking industry, fund and asset management industry and investment banking as well as the insurance and life & pension industries. FID is also responsible for Nordea's securities services offering.

The Shipping, Oil Services and International Division provides a diversified range of financial services to its global customer base through Nordea's offices in Oslo, Bergen, Copenhagen, Gothenburg, Helsinki, London, New York and Singapore. The centre of competence is located in Oslo.

Product areas

Banking and Capital Markets Products is a product area, divided into three product divisions, Account Products, Transaction and Finance products and Capital Markets Products.

Savings and Life Products is a product area, which is organised in two units: Savings Products & Asset Management and Life & Pensions. The product area comprises one product division, Savings Products & Asset Management.

Banking and Capital Markets Products

Account Products
The division Account Products is responsible for Nordea's product offerings within deposits, credits and loan products and the Private Netbank, as well as cash handling services such as night safes for corporate customers. The division is also responsible for the mortgage subsidiaries Nordea Kredit in Denmark and Nordea Hypotek in Sweden. The division is organised in three units: Deposit Products, Credit & Loan Products, and Private Netbank. Each unit is responsible for product development and delivery within its area.

Account Products has centralised back-offices for handling of loans and credits, debt collection, cash handling and account services. Account Products focuses on continuous reduction of processing cost with a sustained high reliability of deliveries.

Transaction and Finance Products
Transaction and Finance Products division consists of four units, each representing a value chain: Cash Management, Trade & Project Finance, Cards and Specialised Financial Services. The division is responsible for the product offering within e g trans-

The new operating model and organisation are characterised by strong customer orientation

action products and services, working capital related services, corporate e-channels, trade, sales and transaction related financing, and asset based lending. Each unit is responsible for sales and customer support, product development and processing.

Capital Markets Products
The division Capital Markets Products (CMP) is responsible for handling trading, research and sales within areas such as Foreign Exchange, Fixed Income, Equities, Structured Products, Commodities, Capital Markets services, Financial Advisory and Corporate Finance. CMP's products are offered to corporates and financial institutions and through Savings & Asset Management to personal customers. The activities in CMP are customer-driven, proprietary trading is performed by Group Treasury.

CMP's organisational units consist of Markets, responsible for all customer sales and trading, Financial & Risk Control, responsible for monitoring and controlling the financial and operational risks in CMP, as well as Capital Markets & Treasury Operations, responsible for operations.

Savings and Life Products

Savings Products and Asset Management
The Savings Products & Asset Management product division is responsible for delivering all savings products to personal customers, including private banking customers. The savings product offering to personal customers consists of savings account products, investment products like investments funds, structured products, equity trading and fixed income products, as well as life insurance and pension products.

The Savings Products & Asset Management product division is also responsible for Nordea's asset management offerings to large corporate and institutional customers.

The business activities within Savings Products & Asset Management covers competences within all part of the value chain from Investment Management and Manager Selection to product development and packaging of savings products to delivering of sales support to Nordic Banking.

Life and Pensions
Life & Pensions cover product development and packaging of life insurance and pension products to Nordic and Polish corporate and personal customers. The customers are served through Nordic Banking branches, Life & Pensions own sales force or via tied agents and brokers.

Service function

Group Services and Technology
Increasing, agile and efficient use of information technology, growing productivity and fluent and efficient internal services together with active partnering and utilisation of supplier market form one of the corner stones of Nordea's strategy. Group Services and Technology plays an important role in reaching these objectives. It contributes to the competitiveness of Nordea by being a value adding and proactive partner to Customer areas, Product divisions and other areas within the Group. The ultimate goal for Group Services and Technology is to ensure efficient service deliveries to Nordea's customers.

Group functions

People and Identity
People and Identity has been established consisting of three divisions Group Human Resources, Group Identity & Communications and Marketing. This will also strengthen the Nordea brand and the focus on people management in the Group. People and Identity supports in communication, marketing and HR issues.

The aim is to help in creating great customer experiences by supporting with efficient communication and marketing and dedicated people management.

Group Corporate Centre
Group Corporate Centre is responsible for the Group's financial, accounting, planning and control activities, the Group's capital, asset and liability management and the Group Treasury operations, including funding and the Group's own market risk-taking in financial instruments (excluding investments within Life). Group Corporate Centre is also responsible for the communication with investors.

Group Credit and Risk Control
Group Credit and Risk Control is responsible for the risk management framework. The framework consists of policies, instructions and guidelines for the whole Group, concerning credit, market, liquidity and operational risk, including Group compliance issues. The responsibilities include the credit risk process as well as monitoring and reporting of all risks.

Group Legal
Group Legal provides legal services to the Nordic units within Nordea applying Nordic civil laws and regulations relating to Group companies, funding, product development, customer agreements and other commitments.

Number of employees, by area and function 31 December 2007

Full-time equivalents (FTEs)	
Nordic Banking	16,580
Institutional and International Banking	4,194
Account Products	1,420
Transaction and Finance Products	2,399
Capital Markets Products	1,451
Savings and Life Products and Private Banking	2,226
Group Services and Technology	2,207
People and Identity	404
Group Corporate Centre	232
Group Credit and Risk Control	347
Group Legal	156
Other functions	105
Nordea Group	**31,721**

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 the Group'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.

Following the introduction of new Nordea Values in 2007, a process leading towards a new CSR strategy was initiated. The new strategy will be completed during the first half of 2008 and implemented stepwise. The overall purpose of the new CSR strategy and its related activities is to support the Nordea Values and the Group's strategic move towards the state of Great Nordea.

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. The Nordea Corporate Citizenship Principles have since 2002 served as the main standard of good corporate citizenship.

Business conduct

A key 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 operational risk. Operational risk, for a bank, stem from human behaviour, procedures and systems. Human behaviour is at the core of this because it is people who make judgements and decisions, define procedures and make systems. In other words, appropriate human conduct is 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 Customer and Product 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 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 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 is committed to sustainable development

In November 2007, Nordea (Savings and Asset Management units) signed the United Nations Principles for Responsible Investments (UNPRI). The UNPRI consists of six general principles through which a signatory institution commits to incorporate environmental, social and corporate governance issues (ESG) into its investment analyses, decision-making processes and ownership policies and practices.

Nordea supports the OECD Guidelines for Multinational Enterprises, and in February 2007 took on the Equator Principles as the first Nordic bank to do so and is now finalising its internal implementation. The Equator Principles is a global financial industry benchmark for determining, assessing and managing social and environmental risks in project financing. As a first year Equator Principal Financial Institution, Nordea has worked to implement the principles in various ways:

- An Equator Principles Manual including routines for EP screening has been established.
- An Equator Principles Advisory Group has been established.
- The Equator Principles have been included in the Project Finance credit guidelines
- Staff responsible for Equator Principles has been appointed and educated.
- An EP reporting template has been created.

Following the implementation work during 2007, Nordea will be a fully reporting Equator Principles Financial Institution going forward.

Compliance

Nordea has since 2000 a network of Compliance Officers throughout the Group supporting on a daily basis the Customer and Product Areas in handling compliance risk. Part of the support is to assist the business by facilitating the development of the right culture, by providing training, advice and by monitoring that the organisation acts in accordance with internal and external rules and regulations. The compliance function reports on activities and findings to the management and the Board of Directors. CSR is an element in the Group's compliance activities.

New CSR initiatives during 2007

- Nordea adopted the Equator Principles in February 2007.
- Nordea (Savings and Asset Management units) signed the United Nations Principles for Responsible Investments (UNPRI) in November 2007.
- An internal Social Responsible Investments (SRI) policy has been developed and is being implemented stepwise, starting Q3 2007 by establishing operational procedures, organisation and partnering with third parties, helping Nordea executing the strategy.
- 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 2008. The extended scope is also reflected in the credit policy and strategy as well as in the credit instructions.
- A strategy process leading towards a new Nordea CSR strategy was initiated in during the autumn. This work will continue throughout 2008.

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

The Nordea Corporate Citizenship Principles

Nordea is committed to sustainable development by combining financial performance with environmental and social responsibility.

– **We are committed to freedom.** We stand for democracy and a responsible market economy. We support the UN Global Compact and follow the UN declaration of Human Rights, ILO-conventions and the OECD Guidelines for Multinational Enterprises. We do not discriminate based on gender, ethnic background, religion or any other ground.

– **We are committed to equal opportunities**. We seek high professionalism and make it possible for our employees to develop and assume responsibility. We support diversity and a fair representation of women and men as well as ethnic minorities in our organisation.

– **We are committed to caring for the environment.** We work to reduce negative and increase positive environmental impact from our business activities. We have signed the UNEP Banking Principles.

– **We are committed to good citizenship**. We respect the laws, regulations and norms of the countries where we operate while also adhering to our Group policies. We work with others for a prosperous and sustainable development in the communities where our customers and employees do business and live.

– **We are committed to ethics, honesty and sincerity.** We do not offer, request or accept unwarranted gifts and payment nor limit free and fair competition. By adhering to Group policies so that our integrity can not be questioned, we enable shareholders, customers, employees and other concerned parties to make balanced and well-founded decisions.

To ensure performance according to these principles, we adopt relevant policies, set targets in our management system, ensure that these principles are known throughout the organization and encourage reports on non-compliance, carry out systematic follow up and deliver open and reliable reporting.

Financial Review 2007

Strong result – based on growth strategy and prudent risk management

- Income EUR 7,886m (EUR 7,365), up 8% on a comparable basis*
- Gap between income and cost growth of 2.0 %-points*
- Risk-adjusted profit EUR 2,417m (EUR 2,107), up 15%
- Profit before loan losses EUR 3,820m (EUR 3,543), up 11%*
- Positive net loan losses EUR 60m (positive EUR 257m)
- Net profit EUR 3,130m (EUR 3,153m), up 3% on a comparable basis*
- Return on equity 19.7% (22.9%)
- Earnings per share EUR 1.20 (EUR 1.21)
- Proposed dividend per share EUR 0.50, (EUR 0.49), corresponding to a dividend payment of EUR 1,297m

*) The growth figures are calculated on a comparable basis, excluding the income of EUR 120m from the deposit guarantee refund in Finland in 2007 and the income of EUR 199m from the divestment of International Moscow Bank (IMB) in 2006.

Continued strong volume growth despite increasing uncertainty

- Total lending up 14%
- Corporate lending up 17%
- Total deposits up 12%, of which volumes in savings accounts up 21%
- Number of gold customers up 7%, number of Private Banking customers up 16%
- Successful execution of organic growth strategy in New European Markets
- Strong increase in capital market business with corporate segment

Legal structure

Nordea aims at continuous simplification of its legal structure and as regards the Nordic banks 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.

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 Nordea has established a dialogue with the legislators and supervisory authorities in the Nordic countries with the purpose to diminish the obstacles for the conversion into a European Company with the current set-up.

The final conversion process in itself is estimated to take up to one year from start to execution.

Orgresbank

The acquisition of JSB Orgresbank has been completed according to plan and JSB Orgresbank has been consolidated from 31 March 2007.

Result summary 2007

Nordea reports a new record result in 2007, driven by strong revenue growth. This was supported by the consistent execution of Nordea's organic growth strategy. The number of customers in the premium segments, private banking and Gold, increased. Volume growth continued in all areas. Deposit margins improved, while lending margins were under pressure.

Total income increased by 7% to EUR 7,886m. On a comparable basis, when excluding non-recurring items in 2007 and 2006, total income was up 8%.

Total expenses increased by 6%, following increased business volumes, investments in growth areas and wage inflation. With an achieved gap between growth in income and cost of 2.0 %-points, on a comparable basis, the target for the year was met. The gap target was reached, while significant investments have been made in line with the communicated growth strategy and despite difficult market conditions during the autumn.

Profit before loan losses was up 8% to EUR 3,820m and operating profit was up 2% to EUR 3,883m. Risk-adjusted profit increased by 15%. Return on equity was 19.7% and the cost/income ratio was stable at 52%. Loan losses were positive at EUR 60m.

The financial market turmoil in the second half of 2007, which strongly affected global financial markets, has had limited effect on Nordea's result, with the impact mainly restricted to the third quarter. This is due to Nordea's limited direct and indirect exposure to the sub-prime market as well as limited exposure to credit-linked structured investment vehicles. Nordea has also benefited from its high-quality balance sheet, well diversified business profile, strong liquidity position and solid funding name.

Nordea's strong performance continued in the fourth quarter, despite the difficult market conditions. The positive trends from previous quarters continued, with double-digit lending volume growth and strong increase in deposits. Lending growth was in particular strong in the corporate segment. Despite signs of stagnating house prices across the Nordic markets, mortgage loans increased at double-digit rates also in the fourth quarter. Deposit volume growth continued, driven by strong inflows into savings accounts.

In the fourth quarter lending margins were generally stable. Also, deposits margins were on average unchanged. Margins on transaction accounts continued to improve somewhat. However, since volumes on savings accounts, with moderate margins, in the last quarter increased strongly and volumes on transaction accounts, with clearly higher margins were unchanged, the overall reported average margin was also unchanged. Assets under Management were largely at the same level as end 2006, with inflows in Private Banking, but a total net outflow reflecting a shift from fund products to savings accounts with high and stable return.

Nordea's activities in capital markets performed well in 2007, despite market turmoil in the second half of the year. Strong demand from corporate customers for risk management products was experienced in the last two quarters.

Income

Total income increased by 7% to EUR 7,886m. Net interest income grew by 11% to EUR 4,282m, mainly driven by strong lending and deposit volume growth and increased deposit margins. Lending grew at double-digit rates in all major segments, which compensated for the margin pressure experienced during the year. Total lending to the public increased by 14% to EUR 245bn. The growth rate was stable throughout the year.

Deposit volumes increased by 12% to EUR 142bn, driven by increases in both the household and corporate segments. In particular, inflow into savings accounts was strong, where volumes increased by 21% compared with end December last year. This reflects customers' demand for low-risk products and is supported by Nordea's strategy to offer market competitive interest rates. The net inflow on savings accounts was EUR 7.2bn during the year. Deposit margins improved following higher market interest rates, although the strong growth in savings accounts led to unchanged average deposit margins in the fourth quarter.

Strong growth in corporate lending was recorded in the Nordic region in all segments, even though demand related to M&A transactions softened during the autumn. Corporate lending growth the last twelve months was approx. 25% in Norway, 15% in Denmark and Sweden and approx. 10% in Finland. Corporate lending margins decreased during the year, reflecting fierce competition and financial strength among corporate customers leading to higher ratings. Nordea's ambition to increase the risk-adjusted margins will continue.

Net interest income in Nordic Banking increased by 10%, as a result of strong growth in corporate and consumer lending, and improved income from deposits, supported by higher margins and volumes.

In Institutional and International Banking, net interest income increased by 39% following strong lending growth mainly in New European Markets, but also supported by strong development in the Financial Institutions Division and the Shipping, Oil Services and International Division. In New European Markets, lending on a comparable basis, excluding Russia, increased by 77%, with a declining growth rate in the fourth quarter, and deposits increased by 35%. This led to an increase in net interest income of 45%. The increase in lending in New European Markets was well balanced between the markets and is a consequence of the selective growth strategy, meaning continued prudent risk management and focus on customers in the premium segments. Total lending in New European Markets, including Orgresbank, amounted to EUR 10bn, which represents 4% of Nordea's total lending to the public.

Assets under Management (AuM) decreased by 1% to EUR 157bn compared to last year, even though average AuM during 2007 was higher than in 2006. In 2007, a net outflow of EUR 2.4bn was reported, mainly due to customers moving assets from equity funds into low-risk savings accounts.

Net commission income increased by 3% to EUR 2,140m. Lending-related commissions increased by 12% to EUR 394m, reflecting the strong lending growth as well as increased guarantee fees. Savings-related commissions grew in total by 7% to EUR 1,408m. Asset management commissions increased by 2%, following modestly higher average AuM in the year and a negative product mix effect, with outflows from various equity funds with high margins to fixed income products. However, both Life Insurance and Brokerage achieved double-digit commission growth, as a result of a strong performance in unit-linked insurance products and increased activity level within both areas. Total payment commissions were up by 5% to EUR 776m, mainly driven by a strong increase in card commissions of 16%. However, volume and price pressure on domestic payments dampened the growth rate. Total commission expenses increased by 17% to EUR 594m, reflecting increased business volumes and the launch of credit cards to gold customers. These cards include value-added services such as free insurance for customers.

Net gains/losses on items at fair value increased by 15% to EUR 1,187m, despite the difficult market conditions in the second half of the year. Net gains/losses in Customer areas increased by 10% to EUR 1,048m, driven by a high activity level in all segments within the Capital Markets product area and increased penetration of Nordea's corporate customer base. In Group Corporate Centre, mainly Group Treasury, net gains/losses were EUR 156m, following successful asset and liability management and the appreciation of the OMX shares which contributed with approx. EUR 90m, compared to EUR 17m in 2006. In Life, net gains/losses increased by 8% to EUR 283m.

Income under the Equity method was EUR 41m compared to EUR 68m last year. The reduction is mainly explained by the discontinued profit contribution from the holding in International Moscow Bank, following the divestment last year.

Nordea in 2007 received a refund from the Finnish Deposit guarantee system, included in the income statement with EUR 120m.

Expenses

Total expenses increased by 6% to EUR 4,066m. Close to half of the increase was due to investments in growth areas, ie increased advisory capacity within Nordic Private Banking, Growth Plan Sweden as well as investments in New European Markets, including Orgresbank. Orgresbank is included in the Income statement from the second quarter. The other half, or approx. 3 %-points, was due to increased business volumes and underlying inflation, partly compensated by continued efficiency gains.

Staff costs increased by 6% to EUR 2,388m, reflecting an increased ambition level within growth areas. In total the number of FTEs has during 2007 increased by approx. 2,500 or 8% compared to end of 2006. Excluding Orgresbank, which has contributed with approx. 1,400 FTEs, the number of FTEs has increased with approx. 1,100, or 4%. The cost increase is also explained by general wage inflation and higher variable salaries.

Other expenses amounted to EUR 1,575m, up by 6% compared to last year, due to higher business volumes, investments in growth areas and strategic initiatives.

The cost/income ratio was stable at 52% compared to last year.

Loan losses

Net loan losses were positive at EUR 60m reflecting that recoveries were maintained at a high level while there at the same time was limited need for new provisions. The quality of the credit portfolio remains strong.

Taxes

For 2007, the effective tax rate was 19%, which is below Nordea's average standard tax rate of 26%. The tax expenses for 2007 were influenced by a reduction of the corporate tax rate in Denmark and a revaluation of the tax asset in Finland, which reduced the tax expenses by approx. EUR 240m.

Net profit

Net profit decreased by 1% to EUR 3,130m. This corresponds to a return on equity of 19.7% and earnings per share of EUR 1.20.

Financial structure

Total assets increased by 12 % or EUR 42bn to EUR 389bn during 2007. 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 item 27 therein for cross currency rates used.

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

The Euro strengthened against the Swedish krona but weakened against the Norwegian krona during 2007. The Danish krona was unchanged v.s. the Euro. The net effect of changes in currency exchange rates amounted to a total decrease in Group assets of EUR 4.3bn. Liabilities decreased with EUR 6.8bn.

Lending

The growth in total assets was driven by a 14% increase in loans and receivables to the public, or EUR 31bn, to EUR 245bn.

Trading assets

Investments in interest bearing securities and shares increased by EUR 4bn, or 7%, to EUR 58bn, following higher volumes and positive fair value changes.

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 16bn or 13% to EUR 142bn. During 2007 long term issuance under Nordea funding programmes in the bank and the mortgage companies amounted to EUR 31bn. Total debt securities in issuance as per December 31, 2007 amounted to EUR 100bn.

Life activities

Net premiums received in the Life business are invested in securities and properties. Premiums received and fair value changes in investments lead to an increase of "liabilities to policyholders" by EUR 1bn or 4%.

Derivatives

The balance sheet items "Derivatives" reflects the net present value of derivatives contracts. The nominal value of derivative contracts is disclosed in Note 45.

The derivatives volume, measured in nominal terms, increased by EUR 867bn, or 34%, to EUR 3,405bn. High activity in the financial markets supported the volume growth. For more information on derivatives, see the Notes 1, 20 and 45.

Effect of market turmoil on Nordea's funding operations

The problems in the US sub-prime market, which started to affect capital markets in general during the third quarter, caused widening of credit spreads and funding difficulties for large parts of the market. This led to a severe tightening of global liquidity.

Nordea's name has, however, been well received in the market. This is due to the well diversified and strong funding base, including a stable household deposit base as well as Nordea's prudent liquidity management strategy, established since the creation of Nordea.

This foundation has made it possible for Nordea to conduct its short and long-term funding operations without any notable distress, only influenced by the general increase in funding spreads. The Swedish and Danish covered bond markets remained fully operational during this turbulent period, meaning that Nordea also was able to conduct its ordinary domestic funding activity of its mortgage assets. In addition, Nordea Hypotek took advantage of a temporary strength in the European Covered Bond market by issuing a 3-year EUR 1.25bn covered bond. The bond was favourably received with more than 90 investors participating.

Proposed dividend

The Board of Directors will propose to the AGM a dividend of EUR 0.50 per share (EUR 0.49 last year), corresponding to a payout ratio of 42% of net profit. This represents an increase of 2%. Total proposed dividend amounts to EUR 1,297m.

The ex-dividend date for the Nordea share is 4 April 2008. The proposed record date for the dividend is 8 April, and dividend payments will be made on 15 April.

The Nordea share

According to the Articles of Association, shares in Nordea may be issued in two classes, ordinary shares and C shares. The total number of shares in the Company is 2,597,228,227. On 8 June, 3,120,000 C shares were issued as part of a hedge of the Long Term Incentive Programme 2007. On 18 June 2007, the C shares were converted into ordinary shares, where after there is only one class of shares outstanding, namely 2,597,228,227 ordinary shares, see also Note 41 and a table showing the change in share capital is found on page 131. All shares in Nordea carry voting rights, with each of the ordinary shares entitled to one vote and each of the C shares entitled to one tenth of one vote. Nordea Bank AB (publ) is not entitled to vote for own shares at General Meetings. C shares do not entitle to any dividend.

In addition, there are provisions in the Articles of Association, which will ensure that the reciprocal rights and obligations between each owner and each class remain in case of any issuance of new shares, warrants or convertibles. There are no restrictions in law or in the Articles of Association regarding the right to transfer shares and the Company is not aware of any agreements between shareholders in this respect.

However, since Nordea is a credit institution, a direct or indirect acquisition of shares in Nordea, which causes the acquirer's total holding to comprise a qualifying holding or an increase of qualifying holding, may only take place following consent by the Swedish FSA, according to the Swedish Banking and Finance Business Act.

The 31 December 2007, the Swedish state was the largest shareholder, with a holding of 19.9% and the only shareholding with a holding of at least 10%. A table showing the largest shareholders in Nordea, end of 2007 is presented on page 8. In February 2008, Sampo Oyj has announced that its ownership in Nordea exceeds 10%.

The employees have an indirect shareholding of 0.5% in the Company through Nordea Profit Sharing Foundation (see table on page 8) and a minor indirect shareholding in the Company through the pension foundation. The control rights are in neither case exercised directly by the employees.

Christian Clausen new CEO

Lars G Nordström retired with pension on 1 April 2007 from the position as President and Group CEO of Nordea and was succeeded by Christian Clausen.

Mandate to repurchase and convey of own shares

The Board of Directors received at the Annual General Meeting (AGM) in April 2007 a mandate to repurchase own shares. This mandate has not been utilised during the year, mainly due to the market turmoil.

In order to be able to adjust the Company's capital structure to the capital need existing at any time and to use own shares as payment in connection with acquisitions or in order to finance such acquisitions, the Board of Directors will propose to the AGM on 3 April a 10% authorisation to repurchase own shares on a regulated market where the Company's shares are listed, or by means of an acquisition offer directed to all shareholders.

The Board of Directors will further propose to the AGM 2008 an authorisation to decide on conveyance of own shares as payment in connection with acquisitions of companies or businesses or in order to finance such acquisitions.

Rating

Information on the Ratings of the Nordea Group is presented on page 151.

Personnel

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

Incentive systems

A description of the Profit sharing scheme and the Long term incentive programmes in Nordea is presented on page 80.

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. Further information is presented in Note 44.

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

The turbulent development in international capital markets since last summer, with international equity markets being heavily affected beginning of 2008, has significantly increased the uncertainty for 2008.

Nordic GDP growth is expected to slow down in 2008, however on average still reach above 2%. In the estimates for 2008, Nordea assumes no significant changes in average interest rates during 2008. Lower interest rates would negatively impact Nordea's income growth.

Following the strong performance from growth initiatives, Nordea will continue with investments in growth areas, in the Nordic countries and in New European Markets. The increase in the cost base, resulting from growth initiatives, is for 2008 expected to be EUR 100–120m. These initiatives and increased wage inflation are expected to lead to a somewhat higher cost increase in 2008, compared with 2007.

If the economic growth slows down more than now anticipated, Nordea will review the level of growth investments.

Nordea's long-term target, formulated in 2006, is to double the risk-adjusted profit in seven years. Based on the forecast for GDP growth for the Nordic region, as well as for interest rates, the risk-adjusted profit is in 2008 expected to grow in the range of 5–10%.

The overall quality of the credit portfolio remains strong. Nordea has a well diversified portfolio both in terms of geography, with an almost equal distribution between the four Nordic countries, and in terms of industry and corporate/household distribution. Also in the New European Markets, Nordea is confident about its credit risk exposure, even though the macro-economic situation is likely to gradually affect credit quality. This has been recognised by establishing group wise provisions.

A change in macro-economic outlook is likely to influence the credit climate over time. For 2008, Nordea expects some net loan loss charges, as reversals of previously made provisions are likely to decrease.

The average standard tax rate for Nordea's business based on current tax regulations is approx. 26%. The effective tax rate for 2008 is expected to be 3–5 %-points lower than this average.

Annual General Meeting 2008

The AGM will be held on Thursday 3 April 2008 in Stockholm.

Customer areas results and Product results

Nordic Banking

Nordic Banking is Nordea's largest customer area, which serves personal and corporate customers in the Nordic region. It comprises 13 regional banks in the four Nordic countries, including the Corporate Merchant Banking units. Before 1 July 2007, the operations were mainly included in Retail Banking, and also in the Corporate Banking Division.

Result 2007

In 2007, income in Nordic Banking increased by 8% to EUR 5,963m. In Denmark, Norway and Sweden the income increased by between 6 and 7% while the income growth in Finland was 12%. Nordea's strong funding base in Finland combined with increased interest level was one of the key drivers for the double-digit income growth.

Net interest income increased by 10% to EUR 3,666m. Strong volume growth in lending, 14%, offset the pressure on lending margins. Lending margins were down from last year, reflecting continued competition in all segments. The deposits growth was double digit, 11%, and margins increased over the year.

Net commission income increased by 2% to EUR 1,772m impacted by increased lending and guarantee commissions, but also a decline in payment commission income and largely unchanged AuM.

Net gains/losses increased by 17% to EUR 460m reflecting the successful selling of capital markets products to corporate customers.

Total expenses increased by 4% to EUR 3,002m. Loan losses were positive at EUR 55m.

The number of employees in Nordic banking increased by 456 during 2007. The increased number of employees supported the growth strategy and was mainly related to Growth Plan Sweden, the regional banks in Norway and increased staff in the Contact Centres.

Operating profit increased by 2% to EUR 3,016m. RAROCAR was 26% (25%). The cost/income ratio continued to improve and dropped to 50% (52%).

Nordic Banking, operating profit by market

	Total		Nordic Banking Denmark		Nordic Banking Finland		Nordic Banking Norway		Nordic Banking Sweden		Nordic Functions	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	3,666	3,328	1,036	956	1,065	927	544	511	984	900	37	34
Net fee and commission income	1,772	1,731	489	511	509	464	170	166	604	600	0	–10
Net gains/losses on items at fair value	460	393	155	125	111	98	80	74	114	95	0	1
Equity method	25	15	25	15	0	0	0	0	0	0	0	0
Other operating income	40	79	2	9	11	28	7	4	15	5	5	33
Total income incl. allocations	**5,963**	**5,546**	**1,707**	**1,616**	**1,696**	**1,517**	**801**	**755**	**1,717**	**1,600**	**42**	**58**
Staff costs	–1,140	–1,064	–360	–341	–292	–283	–163	–149	–300	–279	–25	–12
Other expenses	–1,836	–1,784	–462	–433	–455	–439	–283	–279	–632	–634	–4	1
Depreciations etc.	–26	–28	–2	–9	–2	0	–4	–6	–8	–8	–10	–5
Expenses incl. allocations	**–3,002**	**–2,876**	**–824**	**–783**	**–749**	**–722**	**–450**	**–434**	**–940**	**–921**	**–39**	**–16**
Profit before loan losses	**2,961**	**2,670**	**883**	**833**	**947**	**795**	**351**	**321**	**777**	**679**	**3**	**42**
Loan losses	55	276	1	153	60	28	7	103	–26	–1	13	–7
Operating profit	**3,016**	**2,946**	**884**	**986**	**1,007**	**823**	**358**	**424**	**751**	**678**	**16**	**35**
Cost/income ratio, %	50	52	48	48	44	48	56	57	55	58		
RAROCAR, %	26	25	27	26	38	33	18	19	24	23		
Other information, EURbn												
Lending	207.2	182.1	62.7	54.5	47.5	42.4	37.2	30.4	59.8	54.8		
Deposits	110.1	99.3	31.6	28.1	30.4	26.4	18.8	16.6	29.3	28.1		
Economic Capital	7.3	6.7	2.2	2.0	1.9	1.6	1.3	1.1	2.0	2.0		

Institutional and International Banking

Institutional and International Banking has the global customer responsibility for financial institutions and shipping, offshore and oil services companies and also includes Nordea's banking activities in Poland, the Baltic countries and Russia. In 2006, the operations were included in Corporate and Institutional Banking.

Result 2007

The business activity within IIB was on a high level during 2007 and solid growth was recorded in all divisions.

The market turmoil had an impact on some of the customer segments within the Financial Institutions Division, but less so for the other divisions. Total income was EUR 868m, down 6%. On a comparable basis, excluding the impact from the consolidation of Orgresbank and the capital gain of EUR 199m from the divestment of IMB in 2006, total income was up 12%. The profit and loss statement of Orgresbank was consolidated as of the second quarter and the bank contributed with a total income of EUR 63m.

Net interest income increased by 21% on a comparable basis, ie excluding Russia, supported by high growth in lending as well as deposit volumes. Lending volumes increased by 35% on a comparable basis and deposits grew by 52%. Net commission income reached EUR 257m in 2007, up 8% on a comparable basis. The customer activity continued to be on a high level throughout the year. Net gains/losses at fair value increased by 26%, with strong performance in all areas.

Total expenses amounted to EUR 394m in 2007, up 10%, excluding Orgresbank. Main drivers behind the increase are a higher number of FTEs and increased variable salaries, but also investments within New European Markets. The number of full-time equivalents (FTEs) was approx. 4,200 by the end of 2007. The growth in number of staff in 2007, equals to approx. 1,800 FTEs, mainly attributable to New European Markets.

Profit before loan losses amounted to EUR 474m in 2007, down 21%, following higher business volumes, but negatively affected by other income, which was lower than 2006, due to the capital gain of EUR 199m from IMB share sales last year. On a comparable basis, profit before loan losses was up 13%. Operating profit decreased by 17% or increased 20% on a comparable basis, also attributable to positive net loan losses, positively affected by reversals in the transfer risk reserve and negatively affected by an increased group wise provision for the Baltic countries. Orgresbank contributed with an operating profit of EUR 25m with a strong fourth quarter. The RAROCAR was 38% in 2007 and the cost/income ratio was 45%.

Institutional and International Banking, operating profit by area

	Total		Financial Institutions		Shipping Oil Services & International		New European Markets		of which Russia		Other	
EURm	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	424	304	65	50	170	155	168	77	56	–	21	22
Net fee and commission income	257	232	136	119	54	45	57	32	7	–	10	36
Net gains/losses on items at fair value	178	141	138	133	13	17	26	14	–1	–	1	–23
Equity method	1	30	0	0	0	0	0	0	0	–	1	30
Other operating income	8	212	0	9	0	3	4	2	1	–	4	198
Total income incl. allocations	**868**	**919**	**339**	**311**	**237**	**220**	**255**	**125**	**63**	**–**	**37**	**263**
Staff costs	–143	–100	–31	–30	–37	–32	–72	–34	–26	–	–3	–4
Other expenses	–243	–214	–143	–140	–13	–11	–67	–40	–12	–	–20	–23
Depreciations etc.	–8	–8	0	0	0	–2	–7	–7	–1	–	–1	1
Expenses incl. allocations	**–394**	**–322**	**–174**	**–170**	**–50**	**–45**	**–146**	**–81**	**–39**	**–**	**–24**	**–26**
Profit before loan losses	**474**	**597**	**165**	**141**	**187**	**175**	**109**	**44**	**24**	**–**	**13**	**237**
Loan losses	5	–19	0	0	2	3	–1	**–5**	1	–	4	–17
Operating profit	**479**	**578**	**165**	**141**	**189**	**178**	**108**	**39**	**25**	**–**	**17**	**220**
Cost/income ratio, %	45	35	51	55	21	20	57	65	62			
RAROCAR, %	38	66	64	54	38	43	23	19	19			
Other information, EURbn												
Lending	24.6	17.0	1.9	1.5	11.1	9.4	9.8	4.6	1.6	–	1.8	1.5
Deposits	30.9	20.0	20.3	13.0	6.7	4.5	3.7	2.3	0.6	–	0.1	0.1
Economic capital	1.0	0.6	0.2	0.2	0.4	0.3	0.4	0.2	0.1	–	0.0	0.0

Other customer operations

The Customer operations, which are not included in Nordic Banking or Institutional and International Banking are included under Other Customer operations as well as result that have not been allocated to any of the customer areas. These include International Private Banking and Funds as well as customer operations within Life and Other.

International Private Banking & Funds

Despite the difficult market situation International Private Banking managed to continue with net inflow throughout 2007. In total, net inflow amounted to EUR 0.6bn. The Asset under Management reached EUR 9.6bn up 4% from 2006.

The strong inflow is a result of a strengthened value proposition, including more innovative products and advisory services, combined with an increased sales focus and cooperation with Nordic Private Banking.

Within European Fund Distribution the product diversifications process continued. This resulted in an inflow in the non-value funds, balancing the outflows from the two major value funds, North America and European. However, total net outflow was EUR 1.8bn in 2007. Total AuM end 2007 was EUR 3.6bn, of which 38% was within non-value funds, with Nordic Equity Fund as the largest single fund.

During 2007, Nordea also began to implement One Global Platform for investment funds. In the future most of new Nordea funds will be registered on this platform in Luxembourg.

The combined result for IPB&F grew 4% compared to 2006 and reached EUR 101m. The income and product result for IPB&F are included in the Asset Management income and result.

Life

The customer operation Life includes the Life Insurance operations outside Nordea Banks's distribution network. This includes sales to Nordic customers through Life own's sales force, brokers and tied agents. The Life customer operation also includes the Polish life business.

Life's own sales and adviser force, servicing corporate customer, was strengthened in 2007 with approx. 30 new advisers in the Nordic countries. The sales channel is well established in Denmark and Norway and is currently being developed in Sweden and Finland.

The Polish Life Company premiums increased by 57% driven by strong sales in especially the Direct channel but also in Bancassurance. Nordea PTE, the acquired II pillar company has gained 50,000 new customers net in 2007.

Life customer operation reached an operating income of EUR 358m in 2007, up 14%, driven by new businesses. The operating profit increased by 34% ending at EUR 177m due to strict cost control and active risk management. The result of Life customer operation is included in the result for Life & Pensions, part of Asset Management and Life.

Other

The customer operations "Other" mainly includes the result in Markets, which is not allocated to Nordic Banking or Institutional and International Banking. For the presentation of Markets' product result, see page 51.

Other customer operations, operating profit

	Total		Life		Int. Private Banking & Funds		Other	
EURm	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	65	58	0	0	44	39	21	19
Net fee and commission income	170	159	75	45	113	111	–18	3
Net gains/losses on items at fair value	410	420	283	261	15	23	112	136
Equity method	0	0	0	0	0	0	0	0
Other income	12	9	0	8	11	0	1	1
Total operating income	**657**	**646**	**358**	**314**	**183**	**173**	**116**	**159**
Staff costs	–434	–387	–103	–96	–55	–50	–276	–241
Other expenses	–11	–22	–74	–77	–23	–23	86	78
Depreciations	–9	–13	–4	–9	–5	–3	0	–1
Total operating expenses	**–454**	**–422**	**–181**	**–182**	**–83**	**–76**	**–190**	**–164**
Loan losses	0	0	0	0	0	0	0	0
Disposals of tangible and intangible assets	1	0	0	0	1	0	0	0
Operating profit	**204**	**224**	**177**	**132**	**101**	**97**	**–74**	**–5**
Other information, EURbn								
Lending	10	11	1	1	2	2	7	8
Deposits	8	6	3	1	3	3	2	2
Economic capital	1	1	1	1	0	0	0	0

Group Corporate Centre

Group Corporate Centre is responsible for the Group's financial, accounting, planning and control activities, the Group's capital, asset and liability management and the Group Treasury operations, including funding and the Group's own market risk-taking in financial instruments (excluding investments within Life).

Business development

Financial markets in 2007 deteriorated over the summer after a more positive first half of the year. During the summer the concerns about the US residential market lead to increased credit spreads which affected global credit markets.

Nordea has during this period benefited from its focus on prudent liquidity management and low investment risks, as the financial turmoil has proven these to be important.

Reflecting the good reception of the Nordea name in the market and the diversified and strong funding base, Nordea has been able to conduct its short and long term funding operations without any distress, only affected by the general increase in bank funding spreads.

In the long term funding activity, Nordea has been able to take comfort to have two of the five largest covered bond markets in the Nordic home markets.

Despite the global credit turmoil, the respective domestic mortgage market has been functioning as normal, allowing Nordea to access each market throughout the quarter. Bond issuance in the Danish and Swedish mortgage markets during the fourth quarter amounted to EUR 13bn. Access to large domestic markets has once again proven its value in times of external shocks.

The international covered bond and credit markets have been less well functioning in the autumn. The uncertainty in valuation led to the primary market, at times, effectively being shut. However, in November Nordea, as the only Swedish issuer managed to issue a 3-year covered bond into the European covered bond market. The bond met with good reception and had more than 90 investors participating.

On the investment risk, Nordea benefited from a conservative investment strategy with no investments in US mortgage related bonds or in CDO and CLO structures.

At year end the price risk on Group Treasury's interest rate positions, calculated as VaR, was EUR 30m, compared to EUR 8m at the end of 2006. The risk related to equities, calculated as VaR, was EUR 32m, unchanged compared to the end of 2006.

The structural interest income risk (SIIR) was EUR 235m assuming increased market rates by 1 %-point and negative EUR 267m assuming decreased market rates by 1 %-point.

Result 2007

Total operating income in 2007 was EUR 283m, up 13% from 2006, including the appreciation of the holding of OMX shares of EUR 90m. Operating profit was EUR 134m, compared to EUR 110m last year. Positive income was generated from most aspects of the funding and investment activities.

Furthermore, the increase in short term rates supported the investment return, which reached 5.12%, well above the 3.98% in 2006.

Group Corporate Centre, operating profit

EURm	2007	2006
Net interest income	107	119
Net fee and commission income	–9	–8
Net gains/losses on items at fair value	156	100
Equity method	5	18
Other income	24	21
Total income	**283**	**250**
Total operating expenses	**–149**	**–140**
Operating profit	**134**	**110**

Product dimension results
Asset Management and Life

Result 2007

Assets under Management (AuM) were EUR 157.1bn end of 2007, down EUR 1.0bn from 2006, due to overall net outflow of EUR 2.4bn while financial market development contributed positively to AuM growth. However, the financial market volatility in the second half year of 2007 lowered the positive effect of market appreciation considerably.

Despite unfavourable financial markets in second half year of 2007, investment performance stabilised at the end of the year. 70% of investment composites outperformed their relevant benchmark in 2007.

Total income in Asset Management was EUR 761m in 2007, up 4% compared with last year. The income growth was dampened by lower AuM. The product result was EUR 380m, up 4%.

The Life & Pensions product result for 2007 was all time high at EUR 274m, up 13%.

In spite of volatile equity market and a general increase in interest rate, the full-year Life and Pensions investment return ended at a level of 3.6%, reflecting a balanced asset mix. The financial buffers were only down EUR 46m compared to last year to EUR 2,231m, or 10% of the Life provisions. Nordea has a satisfactory level of buffers in all markets.

The market consistent embedded value (MCEV), the method by which Nordea measures value creation in its Life business, was EUR 3,189m at end 2007 compared to EUR 2,873m end 2006. Value of new business was EUR 194m reflecting a good premium income from new sales.

Product result and key figures Asset Management activities

EURm	2007	2006
Net interest income	51	47
Net fee and commission income	688	643
Net gains/losses on items at fair value	15	25
Equity method	0	0
Other income	7	14
Total income	**761**	**729**
Staff costs	–147	–142
Other expenses	–82	–80
Depreciations etc.	–5	–2
Operating expenses	**–234**	**–224**
Estimated distribution expenses in Nordic Banking	–147	–140
Product result	**380**	**365**
of which income within Nordic Banking	344	323
Margins [1]		
Income margins (bps)	70	71
Operating expenses margin (bps)	–21	–22
Distribution expenses margin (bps)	–14	–14
Result margin (bps)	35	35
Cost/income ratio, %	50	50
Economic capital	143	179
Assets under management, EURbn	157	158
Number of employees (full–time equivalents)	855	940

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

Assets under Management Volumes and inflow

EURbn	AuM 2007	Inflow[1] 2007	AuM 2006
Nordic Retail funds	34.4	–2.7	37.2
European fund distribution	3.6	–1.8	5.7
Private Banking			
Nordic Private Banking	45.7	3.7	42.3
International Private Banking	9.6	0.6	9.2
Institutional customers	24.9	–2.5	26.1
Life & Pensions	38.8	0.3	37.6
Total	**157.1**	**–2.4**	**158.1**

[1] Net inflow, Assets under Management are also affected by change in values during the year.

Product result and key figures Life insurance activities

EURm	2007	2006
Profit drivers		
Traditional insurance:		
Fee contribution/ profit sharing	173	152
Contribution from cost result	–3	–9
Contribution from risk result	30	28
Return on shareholders' equity/ other profits	29	37
Total Profit Traditional	**229**	**208**
Total profit Unit–linked	**62**	**52**
Estimated distribution expenses in Nordic Banking	–17	–17
Total product result	**274**	**243**
of which income within Nordic Banking	124	139
Key figures		
Premiums written, net of reinsurance	3,780	3,768
of which from Traditional business	2,208	2,197
of which from Unit–linked business	1,572	1,572
Total operating expenses	**–175**	**–174**
Investment assets:		
Bonds	15,799	15,642
Equities	4,772	4,843
Alternative investments	2,788	2,345
Property	3,178	3,017
Unit–linked	7,349	6,683
Total investment assets	**33,885**	**32,530**
Investment return %	3.6	4.7
Technical provisions	32,118	30,765
of which financial buffers	2,231	2,277
Economic capital	1,136	1,035
Number of employees (full time equivalents)	1,252	1,176

MCEV composition of Nordea Life & Pensions

31 Dec 2007

EURm	Traditional business	Unit Linked business[1]	Total
Denmark	1,064	103	1,167
Finland	689	216	905
Norway	562	98	660
Sweden	137	156	293
Poland	–	159	159
Holding	–	–	5
Total	**2,453**	**731**	**3,189**

[1] Includes New Traditional business

Reconciliation between MCEV of Nordea Life & Pensions in 2006 and 2007

EURm	Total
MCEV 2006	2,873
Value of new business	194
Additional financial earnings	206
Other [1]	–39
Divided paid in 2007	–45
MCEV 2007 after dividend	**3,189**

[1] 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	0.4%
100 bp upward shift of the yield curve	–0.2%
+10% equity return in first year	2.6%
–10% equity return in first year	–7.1%
10% increase in surrender assumptions	–1.4%
10% decrease in surrender assumptions	1.0%
10% increase in maintence costs	–1.8%
10% decrease in maintence costs	1.3%

Markets

Result 2007

The product result increased by 14% to EUR 527m, despite the volatile market conditions. Compared to 2006, income was up 13%, once again with a very strong fourth quarter. The strong income growth was driven by a high activity level in all areas, with strong customer demand for risk management products, foreign exchange products, equity products and structured products.

Markets, product result

EURm	2007	2006
Net interest income	28	24
Net fee and commission income	100	74
Net gains/losses on items at fair value	785	712
Other	0	0
Total income	**913**	**810**
Staff costs	–225	–192
Other expenses	–161	–156
Depreciations etc .	0	0
Operating expenses	**–386**	**–348**
Product result	**527**	**462**

Risk, Liquidity and Capital management

Risk, liquidity and capital management are key success factors in the financial services industry. Exposure 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. The maintaining of risk awareness in the organisation is incorporated in Nordea's business strategies. Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types and for the capital structure.

Management principles and control

Board of Directors

The Board of Directors of Nordea has ultimate responsibility for limiting and monitoring the Group's risk exposure. The Board of Directors also has ultimate responsibility for setting the targets for the capital ratios. Risk in Nordea is measured and reported according to common principles and policies approved by the Board of Directors. The Board of Directors decides on policies for credit, market, liquidity, operational risk management and the internal capital adequacy assessment process. 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 customer 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 of Directors also decides on the limits for market and liquidity risk in the Group.

Board Credit Committee

The Board Credit Committee monitors the development of the credit portfolio including industry and major customer exposures. The Board Credit Committee confirms industry policies approved by the Executive Credit Committee (ECC).

CEO and GEM

The Chief Executive Officer (CEO) has overall responsibility for developing and maintaining effective risk, liquidity and capital management principles and control in Nordea.

The CEO in Group Executive Management (GEM) decides on the targets for the Group's risk management regarding Structural Interest Income Risk (SIIR), as well as, within the scope of resolutions adopted by the Board of Directors, the allocation of the market risk limits and liquidity risk limits to the risk-taking units Group Treasury and Markets. The limits are set in accordance with the business strategies and are reviewed at least annually. The heads of the units allocate the respective limits within the unit and may introduce more detailed limits and other risk-mitigating techniques such as stop-loss rules.

The CEO and GEM regularly review reports on risk exposures and have established the following committees for risk, liquidity and capital management:

- The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning the Group's financial operations, financial risks as well as capital management for decision by the CEO in GEM.
- Capital Planning Forum, chaired by the CFO, monitors the development of the required (internal and regulatory) capital and the capital base and decides also upon capital planning activities within the Group.
- The Risk Committee, chaired by the Chief Risk Officer (CRO), monitors developments of risks on an aggregated level.
- The Executive Credit Committee (ECC) and Group Credit Committee (GCC), chaired by the 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.

The CRO, has the authority to issue supplementary guidelines and limits, where it is deemed necessary.

CRO and CFO

Within the Group, two units, Group Credit and Risk Control and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management.

Group Credit and Risk Control is responsible for the risk management framework, consisting of policies, instructions and guidelines for the whole Group

Group Corporate Centre is responsible for the capital management framework including required capital as well as capital base.The framework for SIIR and liquidity risk is developed by Group Treasury, within Group Corporate Centre.

The CRO is head of Group Credit and Risk Control and the CFO is head of Group Corporate Centre.

The CRO is responsible for the Group's credit, market, operational and liquidity risk management framework, for the development, validation and monitoring of the rating and scoring systems, for the credit policy and strategy, the credit instructions, the guidelines to the credit instructions as well as the credit decision process and the credit control processes.

The CFO is responsible for the capital planning process including capital adequacy reporting, economic capital and parameter estimation used for the calculation of risk-weighted amounts and for liquidity and balance sheet management.

Each customer area and product 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 and on other organisational levels.

Monitoring and reporting

The control environment in Nordea is based on the principles for separation of duties and independence. Monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, on a monthly and quarterly basis for credit risk and on a quarterly basis for operational risk.

Risk reporting is regularly made to Group Executive Management and to the Board of Directors. The Board of Directors in each legal entity receives internal risk reporting which covers both market, credit and liquidity risk per legal entity. Within the credit risk reporting, different portfolio analyses such as credit migration, current probability of default and stress testing are included.

The internal capital reporting includes all types of risks and is reported regularly to the Risk Committee, ALCO, Capital Planning Forum, Group Executive Management and Board of Directors.

Group Internal Audit makes an independent evaluation of the processes regarding risk and capital management in in accordance with the annual audit plan.

Risk, Liquidity and Capital Management governance structure

Nordea – Board of Directors
Board Credit Committee

Chief Executive Officer (CEO)/Group Executive Management (GEM)

Asset and Liability Committee, ALCO (Chairman: CFO)	**Capital Planning Forum** (Chairman: CFO)	**Risk Committee** (Chairman: CRO)	**Executive and Group Credit Committees, ECC and GCC** (Chairman: CRO)

Risk, Liquidity and Capital Management responsibilities

Chief Financial Officer (CFO)	**Chief Risk Officer (CRO)**
Group Corporate Centre (Head: CFO) Liquidity management framework Capital management framework Balance sheet management framework	**Group Credit and Risk Control** (Head: CRO) Risk management framework Monitoring and reporting

Risk management

Group Credit and Risk Control is responsible for the risk management framework, consisting of policies, instructions and guidelines for the Group.

Each customer area and product area is primarily responsible for managing the risks in its operations, while Group Credit and Risk Control consolidates and monitors the risks on Group level and on other organisational levels.

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

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.

Credit risk identification and definitions

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

The credit risk from guarantees and documentary credits arises from the potential claims on customers, for which Nordea has issued guarantees or documentary credits.

Counterparty risk is the risk that Nordea's counterpart in an FX, interest, commodity, equity or credit derivative 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 contract 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 the countries concerned.

Risks in specific industries are managed 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 account in the overall risk assessment through the so-called Environmental Risk Assessment Tool (ERAT). This tool is being extended to also include social and political risk during 2008. 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).

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, which on an ongoing basis assesses customers' ability to fulfil their obligations and identifies deviations from agreed conditions and weaknesses in the customers' performance.

Based on past due reports with late payments and other available information, the customer responsible unit must also assess whether the exposure is impaired, indicating that the customer's repayment ability is threatened.

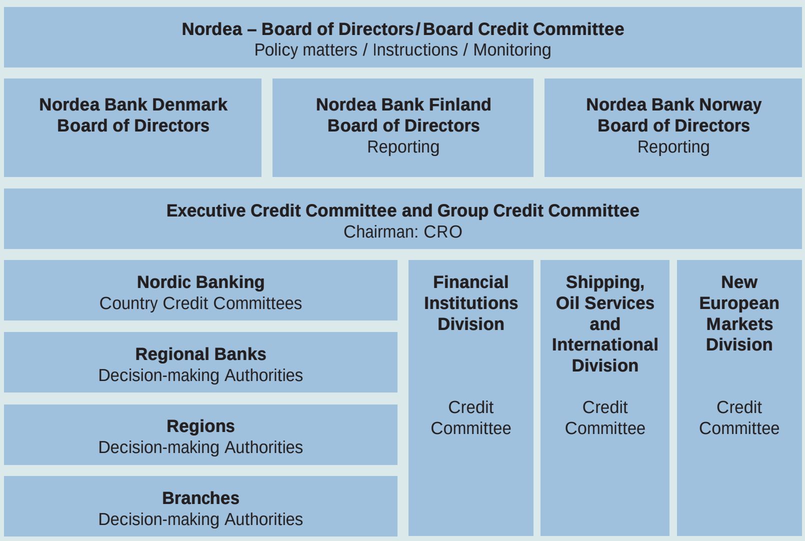
If it is considered unlikely that the customer will be able to repay its debt obligations (principal, interest, or fees) in full, and the situation cannot be satisfactorily remedied, the exposure is regarded as default. Exposures that have been past due more than 90 days are automatically regarded as defaulted.

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.

Individual and collective assessment of impairment

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

Credit decision-making structure



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.

In addition to individual impairment testing of all individually significant customers, collective impairment testing is performed for groups of customers that have not been found to be impaired on individual level.

The rationale for this two-step procedure with both individual and collective assessment is to ensure that all incurred losses are accounted for up to and including each balance sheet day. Impairment losses recognised for a group of loans represent an interim step pending the identification of impairment losses for an individual customer.

Measurement methods

Quantification of credit risk was initially developed in Nordea as part of the Economic Capital framework. The internal quantification of credit risk are being aligned with the external requirements following Nordea's roll-out of 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 and scoring models is the ability to predict defaults and rank the customers. While the rating models are used for corporate customers and bank coun-

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

EURm	31 Dec 2007	31 Dec 2006	31 Dec 2005
Loans and receivables to credit institutions	24,262	26,792	31,578
Loans and receivables to the public	244,682	213,856	187,586
Unutilised credit commitments etc	81,607	76,776	58,089
Guarantees and documentary credits	24,202	22,485	16,349
Counterparty risk exposure[1)]	21,225	21,315	22,363
Treasury bills/other eligible bills and interest-bearing securities	25,894	17,432	17,656
Treasury bills/other eligible bills and interest-bearing securities pledged as collateral in repurchase agreements	4,688	10,496	11,674
Total credit risk exposure in the banking operations	**426,560**	**389,152**	**345,295**
Loans and receivables to the public[2)]	0	129	874
Guarantees and documentary credits[2)]	52	10	0
Treasury bills/other eligible bills and interest-bearing securities in the life insurance operations[2)]	18,081	18,312	14,500
Total credit risk exposure including life insurance operations	**444,693**	**407,603**	**360,669**

1) After closeout netting and collateral agreements, including current market value exposure as well as potential future exposure.
2) After intragroup eliminations in Nordea Group.

Loans and receivables to the public, by customer type

EURm	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
Corporate customers	133,321	54.4	113,484	53.0	99,948	53.0
Personal customers	107,067	43.8	96,418	45.1	84,614	44.9
Public sector	4,294	1.8	4,084	1.9	3,898	2.1
Total	**244,682**	**100.0**	**213,985**	**100.0**	**188,460**	**100.0**

Loans and receivables to corporate customers, by industry

EURm	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
Real estate management	36,766	27.7	30,724	27.1	26,197	26.2
Construction	4,563	3.4	3,386	3.0	2,899	2.9
Agriculture and fishing	7,319	5.5	6,365	5.6	5,825	5.8
Transport[1)]	6,914	5.2	5,889	5.2	5,576	5.6
Shipping[1)]	6,455	4.8	5,714	5.0	5,282	5.3
Trade and services	13,091	9.8	11,095	9.8	9,980	10.0
Manufacturing	20,659	15.5	14,995	13.2	13,528	13.5
Financial operations [2),3)]	12,330	9.2	12,749	11.2	10,520	10.5
Renting, consulting and other company services[2)]	14,675	11.0	12,476	11.0	9,640	9.7
Other	10,549	7.9	10,090	8.9	10,501	10.5
Total	**133,321**	**100.0**	**113,484**	**100.0**	**99,948**	**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 7,424 m (EUR 8,345)

Loans and receivables to corporate customers, by size of loan

EURm	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
0–10	55,939	42.1	49,632	43.7	44,642	44.6
10–50	34,410	25.8	28,224	24.9	25,273	25.3
50–100	13,918	10.4	11,710	10.4	10,892	10.9
100–250	14,057	10.5	10,265	9.0	8,106	8.1
250–500	8,183	6.1	5,660	5.0	4,571	4.6
500–	6,814	5.1	7,992	7.0	6,464	6.5
Total	**133,321**	**100.0**	**113,484**	**100.0**	**99,948**	**100.0**

Loans and receivables to real estate management companies, by country

EURbn	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
Denmark	4.6	12	3.5	11	2.6	10
Finland	7.0	19	6.4	21	5.7	22
Norway	8.6	23	6.3	21	5.2	20
Sweden	14.9	41	13.5	44	12.1	46
Baltic countries	1.0	3	0.4	1	0.2	1
Poland and Russia	0.2	1				
Other	0.5	1	0.6	2	0.4	2
Total	**36.8**	**100**	**30.7**	**100**	**26.2**	**100**

Shipping exposure[1])

EURbn	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
Bulk carriers	1.6	15	1.5	15	1.4	16
Product tankers	1.5	14	1.5	14	1.1	13
Cruise and ferries	0.9	9	1.4	13	0.7	8
Crude tankers	1.4	13	1.3	12	1.3	15
Chemical tankers	1.0	10	1.0	10	0.7	8
Gas tankers	0.9	8	0.9	9	0.6	7
Liners	0.7	7	0.6	6	0.8	9
Others	2.5	24	2.2	21	2.1	24
Total exposure	10.5	100	10.5	100	8.7	100
Utilised exposure	**7.6**		**7.9**		**7.5**	

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 2007	%	31 Dec 2006	%	31 Dec 2005	%
Mortgage loans	82,893	77.4	74,392	77.2	64,499	76.2
Consumer loans	24,174	22.6	22,026	22.8	20,115	23.8
Total	**107,067**	**100.0**	**96,418**	**100.0**	**84,614**	**100.0**

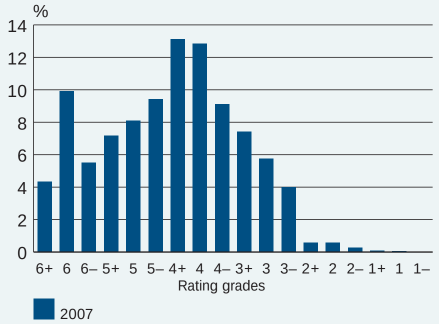
terparts, scoring models are used for personal customers and small business customers.

The internal rating represents an estimate of the repayment capacity of the corporate customers or bank counterparts. The repayment capacity of each rating grade is quantified by the one year Probability of Default (PD), which is used as an input to the Economic Profit framework, including performance measurement, capital allocation and pricing, as well as calculation of the Regulatory Capital.

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 (0+, 0, 0–) for counterparts fulfilling Nordea's internal definition of default.

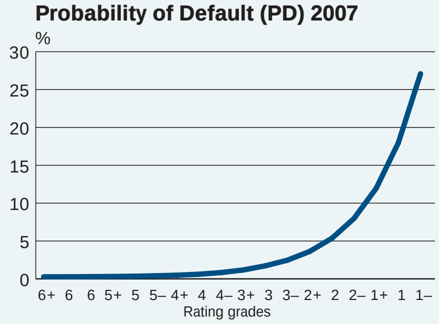
Ratings are normally assigned in conjunction with limit/credit proposals or the annual review of the customers, and approved by the credit committees. The consistency and transparency of the ratings are ensured by the use of rating models.

Exposure to corporate and institutional customers (rated customers)*, distributed by rating grades, 2007-12-31



* Exposure to rated corporate and institutional customers 2007 totalled EUR 243bn.

Probability of Default (PD) 2007



A rating model is a set of specified and distinct rating criteria which, given a set of a customer's characteristics, produces a rating. It is based on the fact that it is possible to predict the future performance of customers on the basis of their characteristics.

Nordea uses different rating models in order to better reflect the risks involved for customers with different characteristics. Hence, rating models have been developed for a number of general as well as industry specific segments, eg real estate management and shipping. Different methods ranging from pure statistical to expert-based, depending of the segment in question, have been used when developing the rating models. The models are generally based on an overall rating framework, in which financial and quantitative factors are combined with qualitative factors.

Scoring models are pure statistical methods to predict the probability of customer default. The models are used in the personal customer segment as well as for small corporate customers. Nordea utilises bespoke behavioural scoring models developed on internal data to support both the credit approval process, eg automatic approvals or decision support, and the risk management process, eg "early warning" for high risk customers and monitoring of portfolio risk levels. As a supplement to the behavioural scoring models Nordea also utilises bureau information in the credit process.

The internal behaviour scoring models are used in the Economic Capital framework to identify the probability of default (PD) of the scored customer portfolio.

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 as well as the Nordea's internal behaviour scoring models, procedures and systems. The annual validation includes both a quantitative and a qualitative validation.

Quantification of credit risk

The most important parameters when quantifying the credit risk are the

Mortgage loans to personal customers, by country

EURm	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
Denmark	20,727	25	19,188	26	17,671	28
Finland	19,678	24	17,762	24	15,071	23
Norway	17,496	21	13,529	18	11,589	18
Sweden	22,032	27	22,066	30	19,253	30
Baltic countries	2,093	2	1,299	2	723	1
Poland	810	1	369	0	192	0
Russia	57	0				
Other			179	0	–	–
Total	82,893	100	74,392	100	64,499	100

Impaired loans to the public and to credit institutions

EURm 31 Dec 2007	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	951	362	1,321
Allowances for individually assessed loans	8	462	133	603
Impaired loans, net, individually assessed	0	489	229	718
Allowances / impaired loans, gross, individually assessed (%)	100%	49%	37%	46%
Impaired loans, gross , individually assessed /lending (%)	0.0%	0.7%	0.3%	0.5%
Allowances for collectively assessed loans	2	294	58	354
Total allowances (individually and collectively)/lending (%)[2]	0.0%	0.6%	0.2%	0.4%

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	1,084	524	1,616
Allowances for individually assessed loans	7	628	128	764
Impaired loans, net, individually assessed	1	456	396	852
Allowances / impaired loans, gross, individually assessed (%)	93%	59%	23%	47%
Impaired loans, gross , individually assessed /lending (%)	0.0%	0.9%	0.5%	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%

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 55m (EUR 59m).

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

EURm	31 Dec 2007	% of lending to the industry	31 Dec 2006	% of lending to the industry
Real estate management	86	0.2	110	0.4
Construction	47	1.0	45	1.3
Agriculture and fishing	29	0.4	30	0.5
Transport	61	0.9	54	0.9
Shipping	1	0.0	26	0.5
Trade and services	181	1.4	193	1.7
Manufacturing	354	1.7	307	2.0
Financial operations	41	0.3	42	0.3
Renting, consulting and other company services	131	0.9	175	1.4
Other	19	0.2	99	1.0
Total[1]	**950**	**0.7**	**1,081**	**1.0**

1) Excluding public sector EUR 2m (EUR 3m)

Loans and receivables to the public, by geographical area

EURm	31 Dec 2007	%	31 Dec 2006	%	31 Dec 2005	%
Nordic countries	218,303	89.2	194,424	90.9	171,124	90.8
of which Denmark	65,290	26.7	58,123	27.2	50,447	26.8
of which Finland	47,708	19.5	42,361	19.8	38,160	20.2
of which Norway	42,824	17.5	34,742	16.2	29,686	15.8
of which Sweden	62,481	25.5	59,198	27.7	52,831	28.0
Baltic countries	5,967	2.4	3,501	1.6	2,386	1.3
Poland	2,315	0.9	1,266	0.6	919	0.5
Russia[1)]	1,603	0.7				
EU countries other	8,934	3.7	7,876	3.7	7,374	3.9
USA	1,916	0.8	1,564	0.7	2,519	1.3
Asia	1,722	0.7	2,070	1.0	1,269	0.7
Latin America	1,421	0.6	1,232	0.6	1,093	0.6
OECD other	923	0.4	743	0.3	795	0.4
Non-OECD other	1,578	0.6	1,310	0.6	981	0.5
Total	**244,682**	**100.0**	**213,985**	**100.0**	**188,460**	**100.0**

1) For 2006 and 2005, Russia was included in Non-OECD other.

Transfer risk exposure[1)]

EURm	31 Dec 2007	31 Dec 2006	31 Dec 2005
Asia	906	874	641
Eastern Europe and CIS	439	359	302
Latin America	570	303	328
Middle East	397	292	438
Africa	148	124	46

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 and for 2007 excluding Russia. Exposure net of ECA guarantees.

Distribution of allowances to corporate customers, by industry

	31 Dec 2007				31 Dec 2006			
EURm	Individually assessed loans	%	Collectively assessed loans	%	Individually assessed loans	%	Collectively assessed loans	%
Real estate management	33	7.2	98	33.1	57	9.0	9	3.1
Construction	18	3.9	8	2.8	21	3.3	4	1.4
Agriculture and fishing	14	3.0	30	10.2	21	3.3	30	10.5
Transport	21	4.7	7	2.4	27	4.3	10	3.5
Shipping	3	0.5	0	0.0	7	1.1	0	0.0
Trade and services	81	17.5	4	1.2	107	16.9	0	0.0
Manufacturing	180	39.1	45	15.4	213	33.5	135	47.1
Financial operations	15	3.3	0	0.1	20	3.1	0	0.0
Renting, consulting and other company services	73	15.8	0	0.0	113	17.8	13	4.5
Other	23	5.0	102	34.7	49	7.7	86	29.9
Total[1)]	**461**	**100.0**	**294**	**100.0**	**635**	**100.0**	**287**	**100.0**

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

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 same parameters will be used for calculation of RWA following Nordea's roll out of Basel II.

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 type, the counterpart's balance-sheet components, and the presence of any structural support. 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, comprehensive credit risk stress testing is performed at least annually 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.

Credit risk analysis

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 10% to EUR 427bn during 2007 (EUR 389bn), excluding the exposures related to the Life insurance operations.

The largest credit risk exposure is loans and receivables to the public (lending), which in 2007 increased by

14% to EUR 245bn (EUR 214bn). Lending to corporate customers was EUR 133bn (EUR 113bn), an increase by 17%, and lending to personal customers was EUR 107bn (EUR 96bn), an increase by 11%. The portion of total lending to corporate customers was 54% (53%) and to personal customers 44% (45%).

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to EUR 24bn at the end of 2007 (EUR 27bn). Of these loans, 12% was to credit institutions outside OECD.

Loans and receivables to corporate customers

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

Real estate management remains the largest sector in Nordea's lending portfolio, with EUR 36.8bn (EUR 30.7bn). The portfolio predominantly comprises relatively large and financially strong companies, with 74% (71%) 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). Approx. 40% of the lending to the real estate management industry or EUR 14.9bn, is to companies in Sweden and almost half is also to companies managing residential real estate.

The shipping exposure was stable, despite the effect of the weakened US Dollar, at EUR 10.5bn (EUR 10.5bn), of which EUR 7.6bn (EUR 7.9bn) 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 for which Nordea operates 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 approx. 70% of the corporate volume is for lending on a scale up to EUR 50m for each customer. This distribution has been stable in recent 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. Collateral coverage is higher for exposures to financially weaker customers than for those which are financially strong.

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.

Rating distribution

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.

The graph shows the rating distribution by exposure for corporates and institutions. About 80% of the exposure is rated 4– or higher.

Loans and receivables to personal customers

In 2007, mortgage loans increased by 11% while consumer loans increased by 10%. The portion of mortgage loans of total loans to personal customers was 77% (77%).

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 89% (91%). Other EU countries represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited. The exposure to banking operations in Poland was at the end of 2007 EUR 2.3bn, to Russia EUR 1.6bn and to the Baltic countries EUR 6.0bn. Nordea has insignificant direct and indirect exposure to the US sub-prime market.

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, 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 for non-investment grade rated countries. The total transfer risk allowance and provisions at the end of 2007 was EUR 42m, reduced from 2006 (EUR 125m).

Securitisation

Nordea has not securitised assets from its ordinary lending portfolio in the balance sheet. Nordea has, though, set up a trade receivable securitisation via Viking ABCP Conduit, which at the end of December 2007 had a nominal amount of securitised assets of EUR 623m. Nordea has also provided a back-up liquidity facility of EUR 1,100m for Viking ABCP Conduit.

In addition, Nordea Markets arranges structured derivative transactions and CDO transactions as investment vehicles, both for institutional and retail customers.

Impaired loans

Impaired loans, gross, have decreased to EUR 1,321m from EUR 1,616m, during 2007. Allowances for individually assessed loans decreased to EUR 603m from EUR 764m. The ratio of allowances to cover impaired loans, gross, was 46% (47%). In addition, allowances for collectively assessed exposures were EUR 391m (EUR 394m).

The net effect in the profit and loss account from credit risk impairments was in 2007 positive net loan losses of EUR 60m (positive with EUR 257m), of which EUR 88m (EUR 198m) relates to corporate customers and EUR -28m (EUR 59m) to personal cus-

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

31 Dec 2007 EURm	Denmark	Finland	Norway	Sweden	Baltic countries	Poland	Russia	EU countries other	USA	Latin America	Asia	Other OECD	Other non-OECD	Total
Loans and receivables, not impaired	65,241	47,461	42,833	62,420	5,947	2,301	1,611	8,932	1,916	1,418	1,728	925	1,583	244,316
Impaired loans and receivables	328	581	117	204	28	40	1	8	1	3	1	0	0	1,313
Loans and receivables, before allowances	65,569	48,043	42,950	62,624	5,975	2,341	1,612	8,940	1,917	1,421	1,729	925	1,583	245,630
Specific allowances for individually assessed loans	–220	–176	–57	–100	–8	–24	–1	–7	–1	0	–1	0	0	–595
Allowances for collectively assessed significant loans	–55	–62	–29	–18	-81	0	–8	0	0	0	–6	–2	–5	–266
Allowances for collectively assessed not significant loans	–4	–15	–41	–25	0	–2	0	0	0	0	0	0	0	–86
Loans and receivables, total	65,290	47,789	42,824	62,481	5,886	2,315	1,603	8,933	1,916	1,421	1,722	923	1,578	244,682

Restructured loans and receivables current year

EURm	31 Dec 2007	31 Dec 2006
Loans and receivables before restructuring, book value	124	110
Loans and receivables after restructuring, book value	63	99

Assets taken over for protection of claims*

EURm	31 Dec 2007	31 Dec 2006
Current assets, book value:		
Land and buildings	0	0
Shares and other participations	1	0
Other assets	3	3
Total	**4**	**3**

*) In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local Banking Business Acts, whereever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfill its obligations to Nordea. The assets taken over are at the latest, disposed when full recovery is reached.

tomers. Nordea realised net impairment losses of EUR 55m (EUR 55m) and recognised new allowances of EUR 419m (EUR 478m) and reversals of allowances of EUR 449m (EUR 701m). Recoveries on realised losses from previous years were EUR 85m (EUR 89m).

Settlement risk
Settlement risk is a type of credit risk arising during the process of settling a contract or execution of a payment. The risk amount is the principal of the transaction, and a loss could occur if a counterpart were to default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding 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 in recent 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, ie the terms connected to the specific contract are agreed upon on individual terms with the counterpart.

Nordea invariably 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 evaluated at fair value on an ongoing basis and affect the reported result as well as the balance sheet.

Counterparty risk
Counterparty risk 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 contractual claim on the counterpart.

The counterparty risk is treated in the same way as other types of credit risk exposure and is included in the risk that is subject to customer limits.

Nordea uses the transaction-based model to calculate the counterparty risk, ie 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 tenor 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 tenor and the volatility of the underlying asset.

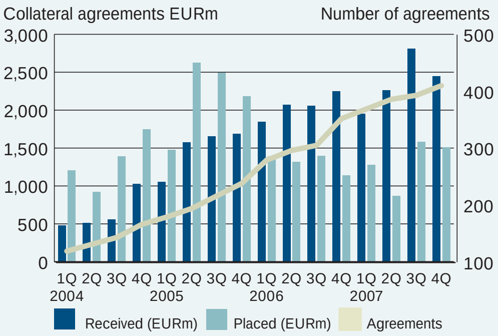
The total counterparty risk exposure end 2007 was EUR 21.2bn, of which the current exposure represents EUR 3.4bn. 70% of the total exposure and 65% of the current exposure was towards Financial Institutions.

To reduce the exposure towards single counterparts, risk mitigation techniques are widely used in Nordea. The most common is the use of closeout 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. 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. The collateral is to a large extent cash (EUR, USD, DKK, SEK, NOK), but also government bonds and to a lesser extent mortgage bonds are accepted. The effects of closeout netting agreements and collateral arrangements are considerable, as 89% of the current exposure (gross) was eliminated by the use of these risk mitigation techniques.

Finally, Nordea also uses a risk mitigation technique based upon agreements that give Nordea the option to terminate contracts at a specific time or upon the occurrence of credit-related events.

Nordea is using credit derivatives to hedge positions in traded corporate bonds and basket credit derivatives. Nordea does not actively use credit derivatives in connection with own credit portfolio.

Collateral arrangements – derivatives



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

Counterparty risk exposure (after closeout netting and collateral agreements)

EURm	31 Dec 2007 Current exposure	31 Dec 2007 Potential future exposure	31 Dec 2007 Total credit risk	31 Dec 2006 Current exposure	31 Dec 2006 Potential future exposure	31 Dec 2006 Total credit risk	31 Dec 2005 Current exposure	31 Dec 2005 Potential future exposure	31 Dec 2005 Total credit risk
Public entities	310	1,136	1,136	195	913	841	443	812	1,092
Financial institutions	2,201	14,734	14,738	1,298	16,648	16,229	1,987	17,508	16,569
Corporates	864	6,119	5,351	581	4,720	4,244	1,394	3,698	4,702
Total	**3,375**	**21,989**	**21,225**	**2,074**	**22,281**	**21,315**	**3,824**	**22,018**	**22,363**

Reduction in counterparty risk exposure due to closeout netting and collateral agreements

EURm	31 Dec 2007 Current exposure (gross)	from closeout netting	Reduction from held collateral	Current exposure (net)	31 Dec 2006 Current exposure (gross)	from closeout netting	Reduction from held collateral	Current exposure (net)	31 Dec 2005 Current exposure (gross)	from closeout netting	Reduction from held collateral	Current exposure (net)
Total	**29,800**	**23,979**	**2,446**	**3,375**	**23,532**	**19,208**	**2,250**	**2,074**	**27,991**	**23,478**	**1,689**	**2,824**

Credit derivatives

EURm	31 Dec 2007 Total gross notional sold	31 Dec 2007 Total gross notional bought	31 Dec 2006 Total gross notional sold	31 Dec 2006 Total gross notional bought
Credit Default Swaps	40,822	41,413	39,125	34,243
Basket Credit Derivatives	4,147	4,768	2,830	4,118
Total	**44,969**	**46,181**	**41,955**	**38,361**

Market risk

EURm	Measure	31 Dec 2007	2007 high	2007 low	2007 average	31 Dec 2006
Total risk	VaR	58.9	58.9	23.1	38.4	34.3
Interest rate risk	VaR	57.2	57.2	16.7	29.7	23.0
Equity risk	VaR	32.9	45.1	14.0	30.7	27.1
Foreign exchange risk	VaR	3.4	9.0	2.2	4.6	4.2
Credit spread risk	VaR	4.8	7.1	1.9	4.4	1.7
Diversification effect	% of total VaR	41%				39%
Commodity risk, linear	Simulation	5.8	11.0	1.7	5.2	4.0
option risk, non-linear risk	Simulation	2.4	5.5	1.8	2.2	2.9

The market price risk exposure in Nordea is primarily towards changes and volatilities in interest rates and equity prices and, to a lesser degree, to foreign exchange rates, commodity prices and and credit spreads. The net exposure derives to a large extent from the investment activities of Group Treasury and from the customer-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. 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 arises primarily 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 made 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 risk, 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 limits are set in relation to the earnings these activities generate.

Reporting and control processes
Transparency in all elements of the risk management process is central to maintaining risk awareness and a sound risk culture throughout the organisation. In Nordea, this transparency is achieved by,

- management taking an active role in the process. The CRO receives reporting on the Group's consolidated market risk every morning; GEM receives reports on a monthly basis, and the Board of Directors on a quarterly basis,
- defining clear risk mandates (at departmental, desk and individual levels), in terms of limits and restrictions on which instruments may be traded. Adherence to limits is crucial, and should a limit decided by the Board of Directors, GEM or the CRO be violated, the decision-making body would be informed immediately,
- having a comprehensive policy framework, by which responsibilities and objectives are explicitly outlined. Policies are decided by the Board of Directors, and are complemented by instructions issued by the CRO,
- having detailed business procedures that clearly state how policies and instructions are to be implemented,
- having risk models that make risk figures easily decomposable,
- having a framework for approval of traded financial instruments, and methods for the valuation of these, that requires an elaborate analysis of, and documentation of the instruments' features and risk factors (with the responsibility for their approval, residing with the CRO)
- having a "business intelligence" type risk IT system that allows all traders and controllers to easily monitor and analyse their risk figures,
- having tools that allow the calculation of Value-at-Risk (VaR) figures on the positions that a trader, desk or department has during the day.

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. 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.

With the chosen characteristics of Nordea's VaR model, the VaR-figures can be interpreted as the loss that will only be exceeded in one of hundred 10-day trading periods. However, it is important to note that, while every effort is made to make the VaR-model as realistic as possible, all VaR-models are based on assumptions and approximations that have significant effect on the risk figures produced. Also, it should be noted that the historical observations of the market variables that are used as input, may not give an adequate description of their behaviour in the future. In particular the historical values may fail to reflect the potential for extreme market moves.

Nordea's VaR model is the basis for calculating risk weighted amounts 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.

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

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 2007.

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 consolidated risk stemming from both investment and trading activities. Overall, fluctuations in the risk levels for the various categories of risks were moderate over the year, though interest rate risk, and hence total risk, increased somewhat.

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 28m at the end of 2007 (EUR 12m at the end of 2006). The market risk from the internal pension plans is also measured separately.

Total risk
The total VaR was EUR 59m (EUR 34m) at the end of 2007 demonstrating a considerable diversification effect between interest rate, equity, 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 2007 at EUR 57m (EUR 23m). 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 move adversely for Nordea, was EUR 261m at the end of 2007 (EUR 183m). The largest part of Nordea's interest rate sensitivity stemmed from interest rate positions in Euro, Danish Kroner, US Dollars, Norwegian Kroner and Swedish Kronor.

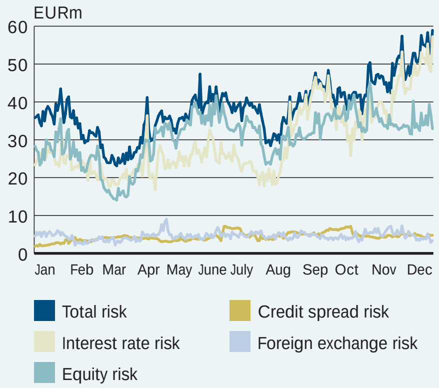
Equity risk
At the end of 2007, Nordea's equity VaR stood at EUR 33m (EUR 27m). Currently Nordea's equity risk is strongly influenced by the Group's position in OMX AB. Apart from this position, the portfolio is well diversified.

Foreign exchange risk
Nordea's foreign exchange VaR of EUR 3m (EUR 4m) at year-end is relatively low compared to the interest rate and equity risk exposure.

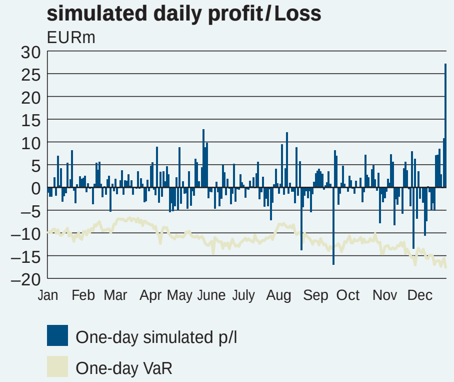
Credit spread risk
Credit spread VaR increased slightly over the year, but at EUR 5m at year-end (EUR 2m), it remains at a relatively modest level.

Commodity risk
Nordea's exposure to commodity risk, primarily pulp and paper, is solely related to customer-driven activities. The linear commodity risk was EUR 6m (EUR 4m) at the end of 2007 while the commodity option risk was EUR 2m (EUR 3m).

Market risk, VaR



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



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. Compliance risk is defined as the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics, thereby jeopardising customers' best interest, other stakeholders trust or resulting in regulatory sanctions, financial loss or damage to the reputation and confidence in the Group. Legal and Compliance risks as well as Crime risk and Process risks, including IT risk and project risk, constitute the main subcategories 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 customer area, product area and Group function 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 and the Group compliance functions are included in Group Credit and Risk Control, and close cooperation is maintained with Group IT and Group Legal.

The main processes for managing operational risks are 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 areas and functions 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 Pensions generally consists of 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 risks are properly taken into account.

The market risk for Nordea's own account of Life insurance operations arises from mismatches 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 figure is presented in the market risk section above.

The market risk on separated equity capital investments for Nordea Life and Pensions is included in the Group's consolidated market risk figure, also presented in the market risk section above.

Life insurance risk and market risks in the Life insurance operations

EURm	31 Dec 2007		31 Dec 2006	
Change in assumptions	Effects on policy-holders	Effect on Equity	Effects on policy-holders	Effect on Equity
Mortality – increased living with 1 year	–65.9	–8.2	–68.3	–9.1
Mortality – decreased living with 1 year	50.1	7.0	81.1	10.2
Disability – 10% increase	–6.6	–1.7	–14.0	–0.4
Disability – 10% decrease	6.1	1.7	13.4	0.4
50 bp increase in interest rates	–127.7	–6.1	52.5	–5.7
50 bp decrease in interest rates	34.1	3.6	–74.7	3.6
12% decrease in all shareprices	–583.0	–22.0	–608.8	–6.0
8% decrease in property value	–258.5	0.0	–183.4	0.0
8% loss on counterparts	–105.6	–7.1	–46.3	–5.0

Liabilities to policyholders categorised by guaranteed return

31 Dec 2007 EURm	non	0 pct.	0 to 3 pct.	3 to 5 pct	Over 5 pct.	Total liabilities
Technical provision	7,875	4,202	7,097	10,354	7	29,535

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

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

Liquidity management

Management principles and control

The Board of Directors of Nordea has the ultimate responsibility for Asset and Liability Management of the Group ie limiting and monitoring the Group's structural risk exposures. Risks in Nordea are measured and reported according to common principles and policies approved by the Board. The Board of Directors also decides on policies for liquidity risk management. These policies are reviewed at least annually.

The CEO in GEM decides on the targets for the Group's risk management regarding Structural Interest Income Risk (SIIR), as well as, within the scope of resolutions adopted by the Board of Directors, the allocation of the liquidity risk limits.

The Asset and Liability Committee (ALCO), chaired by the CFO, prepares issues of major importance concerning the Group's financial operations and financial risks for decision by CEO in GEM.

Group Treasury operationalises the targets and limits and develops the liquidity risk and SIIR management frameworks, which consists of policies, instructions and guidelines for the whole Group.

Liquidity risk management

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.

Nordea's liquidity management is based on policy statements resulting in different liquidity risk measures, limits and organisational procedures.

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors in order to manage the market access.

Broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Funding programs are both short-term (US Commercial Papers, European Commercial Papers, Commercial Papers, Certificates of Deposits) and long-term (Swedish and Danish Covered bonds, European Medium Term Notes, Medium Term Notes) in diverse currencies. However, foreign exchange risk is covered. As of the end of 2007, the total volume of short-term programs was EUR 38bn with the average maturity of 0.3 years and the total volume of the long-term programs is EUR 62bn with the average maturity of 7.1 years. Special focus is given for the composition of the investor base in the terms of geographical range and rating sensitivity.

Nordea additionally publishes adequate information on the liquidity situation of the Group to remain trustworthy at all times.

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management. Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. The stress test should identify events or influences that could affect the funding need or the funding price and seek to quantify the potential effects. The purpose of stress tests is to supplement the normal liquidity risk measurement and confirm that the business continuity plan is adequate in stressful events, and that the business continuity plan properly describes procedures to handle a liquidity crisis with minimal damage to Nordea.

Group Treasury is responsible for managing the liquidity in Nordea and for compliance with the group wide limits from the Boards of Directors, CEO in GEM and ALCO.

Liquidity risk measurement methods

The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed covering all material sources of liquidity risk.

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. Cash flows from both on-balance sheet and off-balance sheet items are included. Funding gap risk is measured and limited 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. Limit is set for the minimum size of the liquidity buffer. The liquidity buffer is set to ensure a total positive cash flow defined by the funding risk measurement and consists of high-grade liquid securities that can be sold or used as collateral in funding operations.

The structural liquidity risk of Nordea is measured and limited 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 remaining term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and committed facilities. 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.

Liquidity risk analysis
The short-term liquidity risk has been held at moderate levels throughout 2007. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 14 days, has been EUR –4.8bn (EUR 2.8bn).

Nordea's liquidity buffer has been in the range EUR 12.5–28.3bn (EUR 13.9–27.0bn) throughout 2007 with an average of EUR 19.4bn (EUR 18.5bn). Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquid ity events in particular.

The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2007. The yearly average for the net balance of stable funding was EUR 9.8bn (EUR 9.7bn).

Funding sources
31 December 2007

EURm Liability type	Interest rate base	Average maturity	Amount
Deposits by credit institutions			
– Shorter than 3 months	Euribor etc	0.1	25,341
– Longer than 3 months	Euribor etc	0.7	4,736
Deposits and borrowings from the public			
– Deposits on demand	Administrative	0.0	107,658
– Other deposits	Euribor etc	1.0	34,671
Debt securities in issue			
– Certificates of deposits	Euribor etc	0.4	31,926
– Commercial papers	Euribor etc	0.2	5,865
– Mortgage covered bond loans	Fixed rate, market based	8.2	51,365
– Other bond loans	Fixed rate, market based	1.9	10,636
Derivatives		n.a.	33,023
Other liabilities		n.a.	26,837
Subordinated debentures			
– Dated subordinated debenture loans	Fixed rate, market based	7.1	5,626
– Undated subordinated debenture loans	Fixed rate, market based	n.a.	1,930
– Other subordinated loans			
Equity			17,160
Total (total liabilities and equity)			**356,774**
Liabilities to policyholders in the Life insurance operations			32,280
Total (total liabilities and equity) including Life insurance operations			**389,054**

Net balance of stable funding (NBSF)
31 December 2007

Stable liabilites and equity

EURbn Liability type	Amount
Equity and Core liabilities	
Deposits and borrowings from the public	123.2
Equity	17.2
Structural funding	
Long-term deposits from credit institutions	0.9
Long CD and CP	8.1
Long-term bonds issued	48.8
Total stable liabilities and equity	**198.2**

Stable long-term assets

Asset type	Amount
Core assets	
Loans and receivables to the public	177.7
Long-term loans to credit institutions	1.1
Illiquid assets	7.7
Total stable long-term assets	**186.5**
Net balance of stable funding (NBSF)	**11.7**

Liquidity risk, contractual maturity analysis for financial assets and liabilities

Contractual cash flows

EURm Remaining contractual maturity	31 Dec 2007 Payable on demand	Other within 1 year	1–5 year	>5 year	Total
Liabilities	117,726	95,754	37,165	41,593	292,238

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

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.

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

Nordea's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures.

Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information.

Group Treasury has the responsibility for the operational management of SIIR and for complying with Group wide targets.

SIIR 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 correspondingly.

SIIR analysis

At the end of the year, the SIIR for decreasing market rates was EUR –267m (EUR –220m) and the SIIR for increasing rates was EUR 235m (EUR 206m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

SIIR, Gap analysis
31 December 2007

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	322,626	215,097	20,957	13,163	5,957	10,743	28,901	27,808	322,626
Non interest bearing assets	66,428	0	0	0	0	0	0	66,428	66,428
Total assets	**389,054**	**215,097**	**20,957**	**13,163**	**5,957**	**10,743**	**28,901**	**94,236**	**389,054**
Liabilities and equity									
Interest bearing liabilities	279,754	184,332	13,507	19,362	15,323	16,695	26,329	4,206	279,754
Non interest bearing	109,300	0	0	0	0	0	0	109,300	109,300
Total liabilities and equity	**389,054**	**184,332**	**13,507**	**19,362**	**15,323**	**16,695**	**26,329**	**113,506**	**389,054**
Off-balance-sheet items, net		**–7,844**	**–4,652**	**–592**	**8,587**	**3,207**	**1,293**		
Exposure		**22,921**	**2,798**	**–6,791**	**–779**	**–2,745**	**3,865**	**–19,271**	
Cumulative exposure			**25,720**	**18,929**	**18,150**	**15,405**	**19,271**	**0**	

Interest-bearing securities and treasury bills, by type of issuer and valuation method
31 December 2007

EURm	Marked-to-market (quoted prices)	Marked-to-model	Held to maturity	Total
Treasury bills and other eligible bills				
OECD:				
Treasury bills	8,587	0	0	8,587
Other eligible bills	86	0	0	86
Non-OECD:				
Treasury bills and other eligible bills	0	0	0	0
Interest-bearing securities				
OECD:				
State and other sovereigns	4,271	3,528	0	7,799
Municipalities and other public bodies	779	105	0	884
Mortgage institutions	0	0	0	0
Other credit institutions	22,401	0	1,632	24,033
Corporates	4,119	168	0	4,287
Corporates, sub-investment grade	1,046	61	0	1,107
Other	1,433	414	0	1,847
Non-OECD:				
Interest-bearing securities	32	0	0	32
Total	**42,754**	**4,276***	**1,632**	**48,662**

*) The majority of interest-bearing securities categorised as marked-to-model are central bank securities in Denmark, held by Group Treasury.

Capital management

Nordea strives to attain efficient use of capital through active management of the balance sheet with respect to different asset-, liability- and risk categories. The goal is to enhance returns to the shareholder while maintaining a prudent risk and return relationship.

Capital governance

The Board of Directors decides ultimately on the targets for capital ratios in Nordea.

Nordea's ability to meet targets and to maintain minimum capital requirements is reviewed regularly within the ALCO and the Capital Planning Forum (CPF).

The CPF, headed by the CFO is the forum responsible for coordinating capital planning activities within the Group, including regulatory, internal and available capital. Additionally, the CPF and its members review future capital requirements in the assessment of annual dividends, share repurchases, external and internal debt and capital injection decisions. The CPF considers information on key regulatory developments, market trends for subordinated debt and hybrid instruments and reviews the capital situation in the Nordea Group and in key legal entities. In the CPF the CFO decides, within the mandate given by the Group Board, on issuance of subordinated debt and hybrid capital instruments. Meetings are held at least quarterly and upon request by the CFO.

Nordea has received approval in June 2007 by the financial supervisory authorities to use Foundation Internal Rating Based approach for credit corporate and institution portfolios in Denmark, Finland, Norway and Sweden (with exceptions for foreign branches and subsidiaries). Nordea aims to gradually implement the internal ratings based (IRB) approach for the retail portfolio and other portfolios before end 2009. However, the standardised approach will continue to be used for smaller portfolios and new portfolios for which approved internal models are not yet in place.

Nordea has also approval to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for the major parts of the market risk in the trading books. For operational risk, the standardised approach is applied.

ICAAP (Strategies and policies for maintaining the capital adequacy)

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 for each bank to review the management, mitigation and measurement of material risks to assess the adequacy of internal capital and to determine an internal capital requirement reflecting the risk appetite of the institution.

The purpose of the SRP is 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.

In 2007, Nordea's tier 1 capital and capital base exceeded the regulatory minimum requirements outlined in the EU Capital Requirements Directive (CRD). Considering results of capital adequacy stress testing, capital forecasting and growth expectations, Nordea assesses that the buffers held for regulatory capital purposes are sufficient and that Nordea's internal capital targets of 6.5% for tier 1 capital and 9% for total capital are adequate given its current risk profile and capital position relative to Nordea's Basel II implementation timetable.

In addition to Nordea's internal capital requirements, ongoing dialogues with third parties affect Nordea's capital requirements, in particular views of the external rating agencies.

Nordea uses its internal capital models, Economic Capital (EC), when considering internal capital requirements with and without market stress. As a number of Pillar II risks exist within Nordea's current EC framework - interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's internal defined benefit plans, real estate risk, concentration risk and business risk – Nordea uses its existing internal capital measurements as the basis for any additional capital buffers, subject to the judgement of the aforementioned third parties.

Nordea's policy is to ensure that the capital base exceeds the internal capital requirement as well as the regulatory capital requirement. Excess capital can be reduced via dividends and/or share buy-backs as the regulatory requirement is reduced with the implementation of IRB models for different segments of the credit portfolio.

Capital structure – policy

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 as well as active management of its risk profile.

Capital structure policy

	2006	2007*	Policy
Dividend pay-out ratio	40%	42%	>40 % of net profit
Tier 1 capital ratio	7.1%	7.0%	> 6.5%

*) Proposal to the Annual General Meeting

Nordea is also defined as a financial conglomerate meaning that eg the requirements from bank (capital adequacy rules) and insurance (solvency rules) are added to ensure that the financial conglomerate has sufficient capital. Nordea has not experienced material limitations concerning the financial conglomerate regulation.

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 2007 is proposed to amount to EUR 0.50 per share corresponding to a payout ratio of 42% of net profit, compared to 0.49 EUR per share or 40% of net profit for 2006.

Capital adequacy ratios, EURbn

	31 Dec 2007	31 Dec 2006
RWA with transition rules	204.6	185.4
RWA Basel II (pillar 1) before transition rules	171.5	-
Regulatory Capital requirement with transition rules	16.4	14.8
Economic Capital (EC including NLP)	10.9	9.6
Capital base	18.7	18.2
Tier 1 capital	14.2	13.1
Tier 1 ratio with transition rules (%)	7.0%	7.1%
Tier 1 ratio before transition rules (%)	8.3%	-
Capital ratio with transition rules (%)	9.1%	9.8%
Capital ratio before transition rules (%)	10.9%	-
Capital base / Regulatory Capital requirement before transition rules (%)	136.0%	-
Capital base + NLP capital / Economic Capital (%)	185.9%	207.0%

The transition phase of Basel II creates a need to manage the bank using a variety of capital measurements and capital ratios. The table "Capital requirements and RWA" shows that the regulatory transition rules comprise a floor on Nordea's capital requirement when compared to Basel II (Pillar 1) minimum requirements. This difference will fluctuate through the transition period as the floor gradually decreases and Nordea receives approval for internal ratings-based models for its retail and other portfolios. At present, this difference is EUR 33.1bn expressed as RWA and EUR 2.6bn expressed as regulatory capital requirement.

At the end of 2007 Nordea's tier 1 capital ratio was 7.0%, compared to 7.1% at the end of 2006. The capital ratio was 9.1% at the end of 2007 and 9.8% 2006.

In addition to regulatory requirements, Nordea has internal capital requirements based on the Economic Capital framework, which includes risks in Nordea's life insurance operations. As such, the EC is compared to the capital base reversing the deduction for the life insurance operations.

Capital requirements in the Basel II Framework

The table "Capital requirements and RWA" shows an overview of the Pillar 1 capital requirements at the end of 2007 divided on the risk types. The credit risk comprises more than 90% of the regulatory capital requirement in Nordea. Out of the total capital requirement for credit risk 53% relate to IRB exposures, 43% to standardised exposures and 4% to Basel I reporting entities. In the IRB approach, 88% relate to the corporate exposure class, which under the foundation approach has an RWA average of 55% compared with 100% under Basel I.

Operational risk, calculated with the standardised approach, makes up 6% of the capital requirements in Nordea. The low capital requirement for market risk, 2% is due to use of internal models to assess risk and the capturing of counterparty credit risk in the credit risk figures under Basel II.

Further information on capital requirements and the calculation of RWA are available in Nordea's Pillar 3 Report 2007, on www.nordea.com.

Capital requirements and RWA

	31 Dec 2007		31 Dec 2006
EURm	Capital requirement	Basel II RWA	Basel I RWA
Credit risk	**12,556**	**156,952**	**176,329**
IRB foundation	6,709	83,865	–
of which corporate	5,899	73,736	–
of which institutions	744	9,302	–
of which other	66	827	–
Standardised	**5,387**	**67,342**	**–**
of which retail	3,953	49,414	–
of which sovereign	19	244	–
of which other	1,415	17,685	–
Basel I reporting entities	460	5,745	–
Market risk	**284**	**3,554**	**9,069**
of which trading book, VaR	42	527	–
of which trading book, non-VaR	242	3,027	–
of which FX, non-VaR	0	0	–
Operational risk	**878**	**10,976**	**–**
Standardised	878	10,976	–
Sub total	**13,718**	**171,482**	**185,398**
Adjustment for transition rules			
Additional capital requirement according to transition rules	2,649	33,103	–
Total	**16,367**	**204,585**	**185,398**

Capital requirements for credit risk

In the standardised and IRB approach, the regulatory capital requirements for credit risk are calculated using the following formulas:

Minimum capital requirements =
Risk weighted amounts * 8%

Risk Weighted Amounts =
Risk weight * Exposure at default

The principles for the calculation of minimum capital requirements for credit risk differ between exposure classes, which serve as the basis for the reporting of capital requirements. The definitions of exposure classes in the standardised approach differ from the classification in accordance with the IRB approach. Some exposure classes are derived from the type of counterparty while others are based on the asset type, product type, collateral type and exposure size.

The table "Capital requirements for credit risk" shows the exposure, exposure at default (EAD), average risk weight percent, RWA and capital requirement calculated using the IRB or Standardised approach.

The exposure value of an on-balance sheet exposure in the IRB approach is measured gross of adjustments, ie provisioning. The EAD for the on-balance sheet items, derivative contracts and securities financing transactions and long settlement transactions is 100% of the original exposure. Off-balance sheet exposures are converted into EAD using credit conversion factors (CCF).

Capital requirements for credit risk
31 December 2007

EURm	Exposure class	Exposure	EAD	Average Risk Weight	RWA	Capital requirement
	Institutions	44,328	41,591	22%	9,302	744
IRB	Corporate	197,800	134,095	55%	73,736	5,899
approach	Other non credit obligation assets	1,186	827	100%	827	66
	Total IRB approach	**243,314**	**176,513**	**48%**	**83,865**	**6,709**

EURm	Exposure class	Exposure	EAD	Average Risk Weight	RWA	Capital requirement
	Central governments or central banks	17,670	16,831	1%	188	15
Standardised	Regional governments or local authorities	9,113	7,684	1%	55	4
approach	Retail	38,432	25,220	75%	18,916	1,513
	Secured by real estate	87,680	86,030	35%	30,498	2,440
	Other[1)]	25,977	19,614	90%	17,685	1,415
	Total Standardised approach	**178,872**	**155,378**	**43%**	**67,342**	**5,387**
	Entities with Basel I	7,101			5,745	460
	Total	**429,287**			**156,952**	**12,556**

1) Administrative bodies and non-commercial undertakings, multilateral developments banks, institutions standardised, corporates standardised, past due items, short term claims, covered bonds, and other items.

Capital requirements for market risk
December 31 2007

	Trading book, VaR		Trading book, non-VaR		Banking book, non-VaR		Total	
EURm	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk	665	53	2,656	213			3,321	266
Equity risk	183	15	305	24			488	39
Foreign exchange risk	103	8			0	0	103	8
Commodity risk			66	5			66	5
Diversification effect	–424	–34				0	–424	–34
Total	**527**	**42**	**3,027**	**242**	**0**	**0**	**3,554**	**284**

Capital requirements for market risks (risks in trading book)

The table "Capital requirements for market risk" shows required capital for market risk in the Nordea Group. Of the EUR 3.6bn in market risk RWA, approx. EUR 3.3bn covers the trading book in Markets while the other EUR 0.3bn represents market risk in Orgresbank. Trading book VaR figures comprise general and specific interest rate risk, equity risk and foreign exchange risk for positions in those portfolios approved by the financial supervisors, for which Nordea is allowed to use its own internal Value-at-Risk (VaR) models.

Portfolios not reported with VaR models are reported according to the standardised approach (non-VaR figures in the table above) instead.

Capital requirements for operational risk

The capital requirement for operational risk is EUR 11.0bn and is calculated using the standardised approach, in which all of the bank's activities are divided into eight business lines: corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management and retail brokerage.

The total capital requirement for operational risk is calculated as the simple sum of the capital requirements for each of the business lines within each group and legal entity. The risk for each business line is the beta coefficient times gross income. The beta coefficients differ between business lines and are in the range from 12% to 18%.

Economic Capital (EC)

EC at 31 December 2007 is calculated to EUR 10.9 bn (EUR 9.6 bn). The pie chart show EC divided by customer area and risk type and demonstrate that a majority of Nordea's risk is held in the form of credit risk capital within Nordic corporate and personal customers in the Nordic Banking.

Nordea has calculated internal capital requirements using the EC framework since 2001. Pillar 1 of the

CRD closes the gap between regulatory capital and EC by improving the risk sensitivity of regulatory capital measurement.

Nordea calculates EC for the following major risk types: credit risk, market risk, operational risk, business risk and life insurance risk. Additionally, the EC models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's internal defined benefit plans, real estate risk and concentration 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. This model is also used to consider Nordea's portfolio concentration and counterparty risk in Nordea's trading book. The parameter estimation framework used for EC is the foundation for the Basel II framework for IRB models for Nordea's credit exposures.

Market risk for the banking business is based on scenario simulation and Value-at-Risk (VaR) models scaled to the time horizon and confidence interval in place for EC. Additionally, Nordea uses VaR and simulation modelling to determine EC for interest rate risk in the banking book, market risk in investment portfolios, risk in Nordea's internal defined benefit plans and real estate risk. For the Life insurance business an asset and liability management (ALM) model is used, which is based on scenarios generated by Monte Carlo simulation to capture embedded options in guarantee products.

Operational risk reflects the risk of direct or indirect loss 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 residual volatility in historical profit and loss time series after adjustments for market, operational and credit 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 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.

The varied operations of Nordea give rise to considerable diversification benefits. However, when Nordea's EC risks are considered on a standalone basis, all unexpected losses are assumed to occur simultaneously. Thus, Nordea uses a conservative correlation matrix approach to estimate the diversification benefits arising from its operations. For instance, credit risk and market risk are both highly correlated with the development of the general economy and thus highly correlated with each other, while life insurance risks and operational risks are not correlated at all. In the end, the diversification effects produce an EC that is lower than the sum of the EC for each risk type.

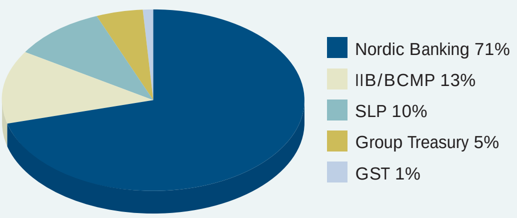
In addition to calculating EC, Nordea conducts a comprehensive capital adequacy stress test process to analyse the effects of a series of global and local shock scenarios. The results of stress testing are considered, along with potential management interventions, in Nordea's internal capital requirement. Nordea requires a minimum percentage of available capital versus the internal capital requirement in order to ensure adequate capital in the event of stresses to Nordea's and international markets.

Economic Profit (EP)

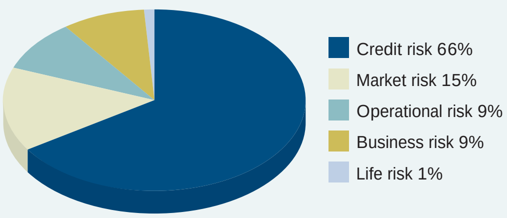
Nordea uses EP as one of its financial performance indicators. EP is calculated as risk-adjusted profit less cost of equity.

Risk-adjusted profit and EP are measures for shareholder value creation. In investment decisions and customer relationships, EP drives and

Economic Capital by area
31 Dec 2007



Economic Capital by risk types
31 Dec 2007



supports the right behaviour with a balanced focus on income, costs and risk. The EP model also captures both growth and return. EC and expected losses are used in the economic profit framework.

Expected losses
Expected losses reflect the normalised loss level of the individual credit exposure over a business cycle as well as various portfolios. The expected loss ratio used in the economic profit framework was 16 basis points calculated on the credit portfolio as of 31 December 2007 (18 bps as of 31 December 2006). It should be noted that the Expected Loss ratio is a more stable measure than actual losses, but it will vary with the business cycle as a consequence of shifts in the repayment capacity (PD dimension) and collateral coverage (LGD dimension) distributions.

Capital base
Capital base (referred to as own funds in the CRD) is the sum of tier 1 capital and tier 2 capital after deductions.

Tier 1 capital is defined as capital of the same or close to the character of paid-up, capital-eligible reserves and a limited portion hybrid capital loan (perpetual loans) instruments (maximum 15% of tier 1). Profit may only be included after deduction of proposed dividend. Goodwill and deferred tax assets are deducted from tier 1.

Tier 2 is divided into perpetual loans and dated loans. The total tier 2 amount may not exceed tier 1. Dated tier 2 loans may not exceed half the amount of tier 1. The limits are set after deductions, i e, investment in insurance and other financial companies.

According to CRD, half of the deduction for the investment in insurance should be deducted from tier 1 capital and the remaining half from the sum of tier 1 and tier 2. However, a transitional rule valid until end of 2012 allows the invested capital in Nordea Life and Pension to be deducted from the sum of tier 1 and tier 2 capital.

The differences between expected loss (EL) and provision made for the related exposures are adjusted for in the capital base. The negative difference (EL is larger than provision) is know as the "shortfall".

According to the CRD, the shortfall is deducted from the capital base. For the purpose of Basel II transitional rules, the shortfall is also deducted from the RWA to be neutral from a Basel I perspective.

Internal processes for capital transfer within Nordea are well-established and include the options of dividend and group contribution, subordinated and perpetual debt instruments and capital injections and issuance of shares.

In situations when the capital base needs to be increased in a subsidiary, the primary options are internal subordinated debt instruments or a capital injection from the parent company to increase the core capital.

Summary of items included in capital base

EURm	31 Dec 2007	31 Dec 2006
Calculation of total capital base		
Equity	17,160	15,322
Proposed/actual dividend	–1,300	–1,271
Hybrid capital loans	1,409	1,458
Deferred tax assets	–185	–369
Goodwill	–2,088	–1,770
IRB provisions excess (+) /shortfall (–)	–30	–
Deduction for investments in credit institutions (50%)	–80	–
Other items, net	–656	–223
Tier 1 capital (net after deduction)	**14,230**	**13,147**
– of which hybrid capital	1,409	1,458
Tier 2 capital	**6,076**	**6,726**
– of which perpetual subordinated loans	664	684
IRB provisions excess (+) /shortfall (–)	–30	–
Deduction for investments in credit institutions (50%)	–80	–
Other deduction	–1,535	–1,714
Total capital base	**18,660**	**18,159**

Pillar 3 disclosure, Capital adequacy and risk management
The disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework is presented on www.nordea.com.

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.

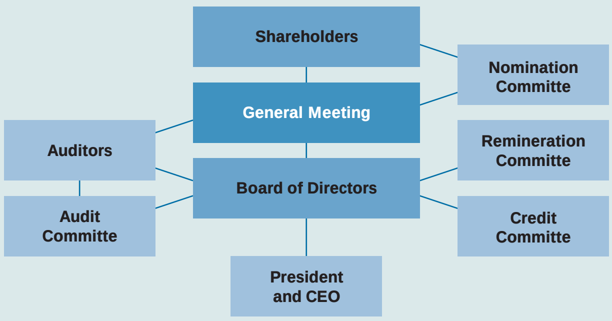
Corporate governance

Strong corporate governance is all about companies having straightforward and systematic decision-making processes, thus giving clarity concerning responsibilities and avoiding conflict of interests. The processes should also be transparent in order for the shareholders to be able to take on responsibility and to influence the companies. Good corporate governance facilitates good business, gives competitive edge and enhances the trust in the capital market.

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 three full years. During this time Nordea has systematically developed corporate governance practices throughout the organisation, with the aim of shifting focus to content rather than form. In other words, more time is spent on 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 take an active part in the debate on how to develop 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 on the Nordic exchanges.

Corporate Governance



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.

General Meetings are held in Stockholm. At the Annual General Meeting (AGM) 2007 the expanded proxy voting procedure set out in the new Swedish Companies Act, meaning that the Board may collect proxies at the Company's expense, was used. The Board has decided to use the expanded proxy voting procedure at the AGM 2008 as well.

Like last year Nordea will in 2008 hold local shareholder information meetings in Copenhagen and Helsinki prior to the AGM. This will give the shareholders in Denmark and Finland 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 13 April 2007, see www.nordea.com.

Voting rights

According to the Articles of Association, shares may be issued in two classes, ordinary shares and C shares. All shares in Nordea carry voting rights, with each ordinary share entitled to one vote and each C share entitled to one tenth of one vote at General Meetings. At General Meetings, each shareholder is entitled to vote for the full number of shares that he or she owns or represents. Nordea is not entitled to vote for own shares at General Meetings. C shares are not entitled to any dividend.

The Artciles of Association can be found on www.nordea.com. Changes in the Articles of Association are made in accordance with Swedish law.

Nomination process

The AGM 2007 decided to set up a Nomination Committee whose task in reference to the AGM 2008 is to propose Board members and Chairman of the Board, as well as remuneration to the Board members and auditors.

The Nomination Committee, established in accordance with the AGM resolution, consists of Hans Dalborg (Chairman of the Board) and of the four largest shareholders in terms of voting rights as of 31 August 2007, who wished to participate in the Committee, Jonas Iversen (the Swedish Government), Kari Stadigh (Sampo Plc), Mogens Hugo (Nordea Danmark-fonden) and Christer Elmehagen (AMF Pension). Jonas Iversen is chairman of the Nomination Committee. The appointment of members of the Nomination Committee was made public on 21 September 2007.

The proposals of the Nomination Committee will be presented to the shareholders in the notice of the AGM 2008. 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

Composition of the Board of Directors

According to the Articles of Association 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.

Further, 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.

The Board currently consists of eleven members elected by the General Meeting. In addition three members and one deputy member are appointed by the employees. The CEO of Nordea is not a member of the Board. The composition of the Board of Directors appears from the table on page 79 and further information about the Board members elected at the AGM 2007 is to be found in the separate section "Board of Directors", page 152.

Independence of the Board of Directors

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 was employed as President and CEO of the Group until 13 April 2007. With him leaving the position as CEO no elected Board member is employed by or 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.

The work of the Board of Directors

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 2007 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 of the Group.

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 2007 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 CEO or any other Company executive being present.

During 2007 the Board met 14 times, 12 times in Stockholm, once in Copenhagen and once in Warsaw. In addition two meetings where held per capsulam. 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. For example, the Board paid special attention to the following:

- revised overall Group organisation,
- Nordea vision statement and new values,
- Internal Capital Adequacy Assessment Process (ICAAP),

- remuneration issues,
- assessment of CEO,
- release of the CAE and election of his successor,
- issues related to the netbank security and suspected insider trading,
- macroeconomics and reports on the financial turmoil, and
- transactions of significance.

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

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 in the self-assessment procedure.

Evaluation of the Board

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 evaluation is based on a methodology which includes questionnaires evaluating the Board as a whole and individual Board members as well as personal discussions between each Board member and the Chairman. The evaluation process is supported by an external advisory service firm.

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, conduct their responsibilities in 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 regularly reports 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, the 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 2007

Harald Arnkværn (Chairman)
Gunnel Duveblad (until AGM 2007)
Birgitta Kantola (from AGM 2007)
Claus Høeg Madsen
Maija Torkko (until AGM 2007)
Ursula Ranin (from AGM 2007)

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.

The CEO and the 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 2007

Hans Dalborg (Chairman)
Harald Arnkværn
Birgitta Kantola (until AGM 2007)
Anne Birgitte Lundholt (until AGM 2007)
Lars G Nordström (until AGM 2007)
Marie Ehrling (from AGM 2007)
Tom Knutzen (from AGM 2007)
Timo Peltola

The CEO and the Head of Group Credit and Risk Control are 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 the 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 2007

Hans Dalborg (Chairman)
Kjell Aamot
Timo Peltola
Björn Savén

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

Christian Clausen succeeded Lars G Nordström as President and CEO in connection with the AGM 2007. He was 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 laws and regulations, the Code, as well as instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board. The CEO works closely with the Chairman of the Board, for instance 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 weekly meetings. These meetings are chaired by the CEO, who reaches decisions after consulting with the other members of GEM.

Remuneration to CEO and Group Executive Management including incentive systems

Approved guidelines for remuneration to the executive officers for 2007

The AGM 2007 approved 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 include 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 can be offered to reward performance meeting agreed, specific targets. The variable salary shall as a general rule not exceed 35% 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 AGM 2007 decided to introduce a share- and performance-based Long Term Incentive Programme, which requires an initial investment of 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 underlying basic principles for compensation under the Long Term Incentive Programme are that the compensation shall be dependent on the creation of long term shareholder value and the fulfilment of Nordea's financial targets, which are based on the principles of risk adjusted profit and total shareholder return. On a yearly basis the Board will evaluate whether a similar incentive programme should be proposed to the AGM. The members of GEM will be invited to join the Long Term Incentive Programme. If the Annual General Meeting does not approve a Long Term Incentive Programme, the variable salary to GEM may be increased and shall as a general rule not exceed 50% of fixed salary.

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 CEO who during the first two years of employment 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.

Further information about remuneration is to be found in Note 8 on page 103.

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	16	7	4	6
(of which per capsulam)	(2)	(–)	(–)	(–)
Meetings attended:				
Elected by AGM				
Hans Dalborg	16		4	6
Timo Peltola	16		4	6
Kjell Aamot	16			6
Harald Arnkværn	16	7	4	
Gunnel Duveblad[1)]	5	2		
Marie Ehrling[2)]	11		3	
Birgitta Kantola	16	5[3)]	1[4)]	
Tom Knutzen[2)]	9		3	
Anne Birgitte Lundholt[1)]	5		1	
Claus Høeg Madsen	15	7		
Lars G Nordström	16	1[5)]	1[4)]	3[5)]
Ursula Ranin[2)]	9	4		
Björn Savén	16			6
Maija Torkko[1)]	4	2		
Appointed by employees				
Kari Ahola (deputy 18 Dec 06-30 Apr 07)	16			
Bertel Finskas (deputy 1 Nov 07-30 Apr 08)	14			
Liv Haug[6)]	5			
Nils Q. Kruse	16			
Steinar Nickelsen[7)] (deputy 1 May 07-31 Oct 07)	10			

1) Board member and Committee member until AGM 2007
2) Board member and Committee member from AGM 2007
3) Committee member from AGM 2007
4) Committee member until AGM 2007
5) Lars G Nordström was, as CEO until AGM 2007, present in Committee meetings without the right to vote and did not participate in deliberations on his own terms of employment.
6) Board member until AGM 2007
7) Board member from AGM 2007

Proposal for guidelines for remuneration to the executive officers for 2008
The Board of Directors will propose that the AGM 2008, in accordance with the Swedish Companies Act, approves the equivalent guidelines for remuneration to the executive officers for 2008 as was approved last year and is described above, with the following exception. To reflect the new Nordea values, two parameters are added in determining the variable salary, namely the level of customer satisfaction and income growth. Henceforward, the variable salary shall as a general rule not exceed 35% of fixed salary and is determined by to what extent predetermined personal objectives are met and the level of customer satisfaction, return on equity, income growth or other financial targets are reached respectively.

Additional information to the Board of Directors' proposal for guidelines
Previous undertakings not yet due:
In accordance with the guidelines approved by AGM 2007 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, with respect to 2007 and will be decided during 2008.

Deviations from approved guidelines 2007:
No deviations have been made during 2007.

Estimated cost for variable remunerations in 2008:
It is estimated that the total cost for variable salaries, excluding Long Term Incentive Programmes, for GEM can reach a maximum of approx. EUR 1.6m.

The maximum cost for the approved Long Term Incentive Programme 2007, which runs for two years 2007–2009, allocated to GEM members, assuming maximum investments by all GEM members and that all criteria are fully met, will for 2008 amount to approx. EUR 1.2m. However, the expected cost based on 50% fulfilment of the performance criteria for this programme amounts to approx. EUR 0.6m. The calculated IFRS value of the whole programme for GEM is approx. EUR 0.9m.

The maximum cost for the proposed Long Term Incentive Programme 2008, which will also run for two years 2008–2010, allocated to GEM members, assuming maximum investments by all GEM members and that all criteria are fully met, will for 2008 amount to approx. EUR 0.8m. However, the expected cost based on 50% fulfilment of the performance criteria for this programme amounts to approx. EUR 0.4m. The calculated IFRS value of the whole programme for GEM is approx. EUR 1.0m.

Incentive systems

Long term incentive programmes
Nordea's Long Term Incentive Programme (LTIP 2007) was introduced in May 2007, targeting up to 400 managers and key employees identified as essential to the future development of the Group. The LTIP 2007 replaced an Executive Incentive Programme which had been in place as from 2003. A requirement for the exercise of the A-D Rights granted in the LTIP 2007 was that the participant, with certain exemptions, remained employed within the Nordea Group during the initial two year vesting period and that all Nordea shares locked into the LTIP 2007 were kept during this period. The exercise of A Rights to acquire Matching Shares was, in addition to the conditions mentioned, not subject to any performance conditions. The exercise of B-D Rights to acquire Performance Shares was, in addition to these conditions, subject to the fulfilment of certain performance conditions. For the B Rights the performance criteria related to growth in risk adjusted profit per share ("RAPPS") for 2007 compared to 2006. The growth can now be calculated to approx. 15% and the participants will consequently, on the conditions stipulated, have a right to exercise approx. 97 per cent of their B Rights. For the C Rights the performance criteria also related to growth in RAPPS but for 2008 compared to 2007 and for the D Rights the performance criteria was related to Nordea's TSR during both 2007 and 2008, in relation to the TSR of a group of Nordic and European financial companies. The LTIP 2007 received a 98 per cent participation ratio among the invited managers and key employees and the participants locked in 99 per cent of the permitted maximum number of shares. The Board has decided to propose a similar long term incentive programme (LTIP 2008) to the AGM 2008. The Board's main objective with the programmes is to strengthen Nordea's capability to retain and recruit the best talent for key leadership positions. The aim is further to stimulate the managers and key employees whose efforts have direct impact on Nordea's result, profitability and value growth, to increased efforts by aligning their interests and perspectives with those of the shareholders. The proposal for LTIP 2008 will be presented to the shareholders in the notice of the AGM 2008. More information on the Long Term Incentive Programme 2007 is presented in Note 8.

Profit-sharing scheme
In 2007, a total of EUR 75m was provided for under Nordea's ordinary profit sharing scheme for all employees. The profit sharing scheme is capped and not based on the value of the Nordea share. 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. For 2007, each employee can receive a maximum of EUR 2,200 based on a predetermined level of return on equity, and an additional EUR 800 based on Nordea's relative performance compared to a Nordic peer group as measured by return on equity. If both per-

formance criteria are met, the cost of the scheme will amount to a maximum of EUR 89m.

The profit-sharing scheme for 2008 has been changed in order to align the scheme to Nordea's long-term financial targets and to support creating great customer experiences. For 2008, each employee can receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by return on equity. If all performance criteria are met, the cost of the scheme will amount to a maximum of approx. EUR 100m.

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 2007 is submitted in a separate section of the Corporate Governance Report 2007, which is attached to this annual report. It 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 it special assignments. The purpose of GIA's 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. Following a tender process KPMG Bohlins AB was re-elected auditor at the AGM 2007 for a period up to the end of the AGM 2011. A new auditor-in-charge, Carl Lindgren, was designated.

The Swedish Financial Supervisory Authority has decided not to appoint any auditor to participate in the audit of Nordea Bank AB (publ) and has therefore discharged Svante Forsberg, Deloitte AB, from his position as external auditor as of 10 May 2007.

Corporate Governance Report

Nordea's Corporate Governance Report 2007 is attached to this annual report. The report, including the Report on Internal Control over Financial Reporting, has not been reviewed by the auditors.

5 year overview

Group

Income statement

EURm	2007	2006	2005	2004	2003 [1]
Net interest income	4,282	3,869	3,663	3,495	3,658
Net fee and commission income	2,140	2,074	1,935	1,794	1,533
Net gains/losses on items at fair value	1,187	1,036	765	679	369
Equity method	41	68	67	55	57
Dividend	22	6	11	6	–
Other income	214	312	132	98	263
Total operating income	**7,886**	**7,365**	**6,573**	**6,127**	**5,880**
General administrative expenses:					
Staff costs	–2,388	–2,251	–2,082	–2,021	–2,151
Other expenses	–1,575	–1,485	–1,455	–1,466	–1,381
Depreciation, amortisation and impairment charges of tangible and intangible assets	–103	–86	–131	–168	–299
Total operating expenses	**–4,066**	**–3,822**	**–3,668**	**–3,655**	**–3,831**
Loan losses	60	257	137	–27	–363
Disposals of tangible and intangible assets	3	8	6	300	–115
Operating profit insurance	–	–	–	–	126
Operating profit	**3,883**	**3,808**	**3,048**	**2,745**	**1,697**
Income tax expense	–753	–655	–779	–667	–205
Net profit for the year	**3,130**	**3,153**	**2,269**	**2,078**	**1,492**

Ratios and key figures

	2007	2006	2005	2004	2003
Earnings per share (EPS), EUR	1.20	1.21	0.86	0.74	0.51
Earnings per share (EPS) after full dilution, EUR	1.20	1.21	0.86	0.74	0.51
Share price, EUR	11.42	11.67	8.79	7.43	5.95
Total shareholders' return, %	6.4	32.3	27.5	29.8	47.9
Proposed / actual dividend per share, EUR	0.50	0.49	0.35	0.28	0.25
Equity per share[2], EUR	6.58	5.89	4.98	4.63	4.28
Shares outstanding, million	2,593	2,591	2,592	2,735	2,846
Shares outstanding after full dilution, million	2,594	2,591	2,592	2,735	2,846
Return on equity, %	19.7	22.9	18.0	16.9	12.3
Assets under management, EURbn	157.1	158.1	147.6	126.1	110.8
Cost/income ratio, %	52	52	56	60	63
Tier 1 capital ratio, %	7.0	7.1	6.8	7.3	7.3
Total capital ratio, %	9.1	9.8	9.2	9.5	9.3
Tier 1 capital, EURm	14,230	13,147	11,438	10,596	9,754
Risk–weighted amounts[3], EURbn	205	185	169	145	134
Number of employees (full–time equivalents)	31,721	29,248	28,925	28,929	30,674
Risk–adjusted profit, EURm	2,417	2,107	1,783		
Economic profit, EURm	1,585	1,412	1,127		
Economic capital, EURbn	10.2	9.3	8.7		
EPS, risk–adjusted, EUR	0.93	0.81	0.67		
RAROCAR, %	23.6	22.7	20.6		
MCEV, EURm	3,189	2,873	2,283		

[1] According to previous GAAP, not restated to IFRS.
[2] Equity excluding minority interests and revaluation reserves.
[3] RWA according to Basel I for the years 2003 – 2006.

Quarterly development

Group EURm	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	2007	2006
Net interest income	1,143	1,092	1,043	1,004	1,006	979	957	927	4,282	3,869
Net fee and commission income (Note 1)	526	531	548	535	549	497	521	507	2,140	2,074
Net gains/losses on items at fair value	314	264	318	291	310	224	223	279	1,187	1,036
Equity method	12	10	9	10	7	16	25	20	41	68
Dividend	2	0	20	0	–	–	6	–	22	6
Other income	145	17	19	33	26	217	48	21	214	312
Total operating income	**2,142**	**1,914**	**1,957**	**1,873**	**1,898**	**1,933**	**1,780**	**1,754**	**7,886**	**7,365**
General administrative expenses (Note 2):										
Staff costs	–615	–596	–592	–585	–606	–550	–552	–543	–2,388	–2,251
Other expenses	–429	–372	–391	–383	–391	–355	–372	–367	–1,575	–1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	–29	–25	–25	–24	–19	–23	–21	–23	–103	–86
Total operating expenses	**–1,073**	**–993**	**–1,008**	**–992**	**–1,016**	**–928**	**–945**	**–933**	**–4,066**	**–3,822**
Profit before loan losses	**1,069**	**921**	**949**	**881**	**882**	**1,005**	**835**	**821**	**3,820**	**3,543**
Loan losses	6	13	28	13	82	55	89	31	60	257
Disposals of tangible and intangible assets	3	–2	1	1	2	2	3	1	3	8
Operating profit	**1,078**	**932**	**978**	**895**	**966**	**1,062**	**927**	**853**	**3,883**	**3,808**
Income tax expense	–226	–171	–162	–194	–90	–190	–187	–188	–753	–655
Net profit	**852**	**761**	**816**	**701**	**876**	**872**	**740**	**665**	**3,130**	**3,153**
Earnings per share (EPS)	0.33	0.29	0.31	0.27	0.34	0.34	0.28	0.26	1.20	1.21
EPS, rolling 12 months up to period end	1.20	1.21	1.26	1.23	1.21	1.07	0.95	0.94	1.20	1.21

Note 1 Net fee and commission income, EURm	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	2007	2006
Asset Management commissions	192	182	196	192	203	176	179	186	762	744
Life insurance	74	63	67	66	75	50	56	52	270	233
Brokerage	59	65	68	68	54	46	61	66	260	227
Custody	19	19	20	21	18	18	20	20	79	76
Deposits	10	9	9	9	9	11	9	11	37	40
Total savings related commissions	354	338	360	356	359	301	325	335	1,408	1,320
Payments	111	108	107	108	117	111	110	104	434	442
Cards	89	92	88	73	80	76	73	67	342	296
Total payment commissions	200	200	195	181	197	187	183	171	776	738
Lending	49	70	71	68	60	56	59	60	258	235
Guarantees and document payments	34	35	35	32	31	31	27	28	136	117
Total lending related commissions	83	105	106	100	91	87	86	88	394	352
Other commission income	40	40	39	37	49	36	46	41	156	172
Fee and commission income	**677**	**683**	**700**	**674**	**696**	**611**	**640**	**635**	**2,734**	**2,582**
Life insurance	–17	–15	–15	–21	–16	–11	–11	–13	–68	–51
Payment expenses	–81	–69	–65	–55	–70	–57	–53	–49	–270	–229
Other commission expenses	–53	–68	–72	–63	–61	–46	–55	–66	–256	–228
Fee and commission expenses	**–151**	**–152**	**–152**	**–139**	**–147**	**–114**	**–119**	**–128**	**–594**	**–508**
Net fee and commission income	**526**	**531**	**548**	**535**	**549**	**497**	**521**	**507**	**2,140**	**2,074**

Note 2 General administrative expenses, EURm	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	2007	2006
Staff	615	596	592	585	606	550	552	543	2,388	2,251
of which variable salaries	63	44	55	57	58	37	44	49	219	188
Information technology[1)]	150	138	126	124	110	106	120	120	538	456
Marketing	35	17	29	23	34	21	27	22	104	104
Postage, telephone and office expenses	52	41	51	53	44	44	47	53	197	188
Rents, premises and real estate expenses	96	86	84	85	87	88	80	83	351	338
Other	96	90	101	98	116	96	98	89	385	399
Total	**1,044**	**968**	**983**	**968**	**997**	**905**	**924**	**910**	**3,963**	**3,736**

1) Refers to IT operations, service expenses and consultant fees. Total IT-related costs in 2007, including staff etc, but excluding IT expenses in insurance operations, were EUR 654m (2006: EUR 628m).

Income statement

EURm	Note	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Operating income					
Interest income		12,909	9,669	2,741	1,955
Interest expense		–8,627	–5,800	–2,381	–1,590
Net interest income	3	**4,282**	**3,869**	**360**	**365**
Fee and commission income		2,734	2,582	618	608
Fee and commission expense		–594	–508	–155	–127
Net fee and commission income	4	**2,140**	**2,074**	**463**	**481**
Net gains/losses on items at fair value	5	1,187	1,036	192	186
Profit from companies accounted for under the equity method	23	41	68	–	–
Dividends	6	22	6	1,325	4,739
Other operating income	7	214	312	127	130
Total operating income		**7,886**	**7,365**	**2,467**	**5,901**
Operating expenses					
General administrative expenses:					
Staff costs	8	–2,388	–2,251	–596	–568
Other expenses	9	–1,575	–1,485	–514	–501
Depreciation, amortisation and impairment charges of tangible and intangible assets	10,25,26	–103	–86	–101	–99
Total operating expenses		**–4,066**	**–3,822**	**–1,211**	**–1,168**
Loan losses	11	60	257	25	18
Disposals of tangible and intangible assets		3	8	0	–
Operating profit		**3,883**	**3,808**	**1,281**	**4,751**
Appropriations	12	–	–	–44	–33
Income tax expense	13	–753	–655	–34	–76
Net profit for the year		**3,130**	**3,153**	**1,203**	**4,642**
Attributable to:					
Shareholders of Nordea Bank AB (publ)		3,121	3,145	1,203	4,642
Minority interests		9	8	–	–
Total		**3,130**	**3,153**	**1,203**	**4,642**
Earnings per share, EUR	14	1.20	1.21		
Earnings per share, after full dilution, EUR	14	1.20	1.21		

Balance sheet

EURm	Note	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Assets					
Cash and balances with central banks		5,020	2,104	296	277
Treasury bills and other eligible bills	15	8,503	6,678	567	1,552
Loans and receivables to credit institutions	16	24,262	26,792	36,824	36,970
Loans and receivables to the public	16	244,682	213,985	26,640	21,501
Interest-bearing securities	17	35,472	29,066	5,216	3,874
Financial instruments pledged as collateral	18	4,790	10,496	2,806	599
Shares	19	17,644	14,585	2,034	691
Derivatives	20	31,498	24,207	1,281	812
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	–105	–37	–4	1
Investments in group undertakings	22	–	–	15,488	16,561
Investments in associated undertakings	23	366	398	30	29
Intangible assets	25	2,725	2,247	819	858
Property and equipment	26, 27	342	307	53	57
Investment property	28	3,492	3,230	–	–
Deferred tax assets	13	191	382	34	39
Current tax assets		142	68	52	10
Retirement benefit assets	38	123	84	–	–
Other assets	29	7,724	10,726	1,940	5,321
Prepaid expenses and accrued income	30	2,183	1,572	402	285
Total assets		**389,054**	**346,890**	**94,478**	**89,437**
Liabilities					
Deposits by credit institutions	31	30,077	32,288	24,275	23,971
Deposits and borrowings from the public	32	142,329	126,452	32,296	30,482
Liabilities to policyholders	33	32,280	31,041	–	–
Debt securities in issue	34	99,792	83,417	13,839	12,638
Derivatives	20	33,023	24,939	1,581	1,153
Fair value changes of the hedged items in portfolio hedge of interest rate risk	21	–323	–401	–69	–96
Current tax liabilities		300	263	0	–
Other liabilities	35	22,860	22,177	4,014	2,418
Accrued expenses and prepaid income	36	2,762	2,008	341	294
Deferred tax liabilities	13	703	608	2	3
Provisions	37	73	104	2	28
Retirement benefit obligations	38	462	495	129	135
Subordinated liabilities	39	7,556	8,177	6,151	6,397
Total liabilities		**371,894**	**331,568**	**82,561**	**77,423**
Untaxed reserves	40	**–**	**–**	**7**	**5**
Equity	41				
Minority interests		78	46	–	–
Share capital		2,597	2,594	2,597	2,594
Other reserves		–160	–111	5	–
Retained earnings		14,645	12,793	9,308	9,415
Total equity		**17,160**	**15,322**	**11,910**	**12,009**
Total liabilities and equity		**389,054**	**346,890**	**94,478**	**89,437**
Assets pledged as security for own liabilities	42	17,841	18,136	3,054	745
Other assets pledged	43	6,304	3,053	7,270	2,312
Contingent liabilities	44	24,254	22,495	14,066	14,014
Commitments excluding derivatives	45	87,006	80,601	29,474	22,153
Derivative commitments	20, 45	3,405,332	2,538,489	299,852	212,245

Other notes

Note 1 Accounting policies
Note 2 Segment reporting
Note 24 Investments in joint venture
Note 46 Insurance activities
Note 47 Capital adequacy
Note 48 Classification of financial instruments
Note 49 Assets and liabilities at fair value
Note 50 Assets and liabilities in foreign currencies
Note 51 Obtained collaterals which are permitted to be sold or repleged
Note 52 Investments, customer bearing the risk
Note 53 Related-party transactions
Note 54 Acquisitions

Statement of recognised income and expense

EURm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Currency translation differences during the year	–26	38	–	–4
Currency hedging	–24	75	–	–
Available–for–sale investments:				
Valuation gains/losses taken to equity	1	3	7	–
Group contributions	–	–	–55	–8
Tax on items taken directly to or transferred from equity	0	1	13	2
Net income recognised directly in equity	**–49**	**117**	**–35**	**–10**
Net profit for the year	3,130	3,153	1,203	4,642
Total recognised income and expense for the year	**3,081**	**3,270**	**1,168**	**4,632**
Attributable to:				
Shareholders of Nordea Bank AB (publ)	3,072	3,262	1,168	4,632
Minority interests	9	8	–	–
Total	**3,081**	**3,270**	**1,168**	**4,632**

Cash flow statement

EURm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Operating activities				
Operating profit	3,883	3,808	1,281	4,751
Adjustment for items not included in cash flow	–292	–954	–1,443	–4,696
Income taxes paid	–591	–632	–76	93
Cash flow from operating activities before changes in operating assets and liabilities	**3,000**	**2,222**	**–238**	**148**
Changes in operating assets				
Change in treasury bills and other eligible bills	–1,601	554	996	–389
Change in loans and receivables to credit institutions	2,091	6,182	–4,372	–3,495
Change in loans and receivables to the public	–30,365	–25,396	–5,140	–2,436
Change in interest-bearing securities	–6,109	–2,548	–1,342	318
Change in financial assets pledged as collateral	5,706	1,178	–2,208	645
Change in shares	–3,141	–1,688	–1,287	–227
Change in derivatives, net	924	878	37	340
Change in investment properties	–262	–283	–	–
Change in other assets	3,085	–946	4,703	607
Changes in operating liabilities				
Change in deposits by credit institutions	–2,438	2,567	304	3,187
Change in deposits and borrowings from the public	15,484	10,904	1,814	3,903
Change in liabilities to policyholders	1,238	2,512	–	–
Change in debt securities in issue	16,349	808	1,200	2,390
Change in other liabilities	458	4,121	1,412	–90
Cash flow from operating activities	**4,419**	**1,065**	**–4,121**	**4,901**
Investing activities				
Acquisition of group undertakings	–28	77	–350	–42
Sale of group undertakings	42	2	1,572	34
Acquisition of investments in associated undertakings	–9	–14	0	–1
Sale of investments in associated undertakings	61	416	11	–
Acquisition of property and equipment	–157	–114	–23	–29
Sale of property and equipment	18	40	1	2
Acquisition of intangible assets	–119	–110	–37	–39
Sale of intangible assets	–	10	–	–
Purchase/sale of other financial fixed assets	–159	–307	0	0
Cash flow from investing activities	**–351**	**0**	**1,174**	**–75**
Financing activities				
Issued subordinated liabilities	–	1,281	–	1,285
Amortised subordinated liabilities	–315	–495	–281	–304
New share issue	3	–	3	–
Repurchase of own shares incl change in trading portfolio	8	3	–3	–
Dividend paid	–1,271	–908	–1,271	–908
Cash flow from financing activities	**–1,575**	**–119**	**–1,552**	**73**
Cash flow for the year	**2,493**	**946**	**–4,499**	**4,899**
Cash and cash equivalents at the beginning of year	4,650	3,676	6,108	1,209
Exchange rate difference	–46	28	0	0
Cash and cash equivalents at the end of year	7,097	4,650	1,609	6,108
Change	**2,493**	**946**	**–4,499**	**4,899**

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	2007	2006	2007	2006
Depreciation	103	87	101	99
Impairment charges	0	–1	0	1
Loan losses	24	–169	1	4
Unrealised gains/losses	–264	–135	–139	192
Capital gains/losses (net)	–43	–248	–11	–2
Change in accruals and provisions	85	27	–99	–26
Anticipated dividends	–	–	–1,072	–4,499
Group contributions	–	–	–248	–233
Translation differences	–307	–230	2	–3
Other	110	–285	22	–229
Total	**–292**	**–954**	–1,443	**–4,696**

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	2007	2006	2007	2006
Interest payments received	12,579	9,351	2,602	1,893
Interest expenses paid	8,131	5,586	2,334	1,560

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	2007	2006
Acquisition of group undertakings		
Cash and cash equivalents	218	78
Loans and receivables to credit institutions	31	–
Loans and receivables to the public	445	–
Interest–bearing securities	148	1,583
Shares	1	8
Property & equipment and intangible assets	330	81
Other assets	1	38
Total assets	**1,174**	**1,788**
Deposits by credit institutions	–286	–
Liabilities and borrowings from the public	–393	–
Liabilities to policyholders	–	–1,700
Debt security in issue	–25	–
Other liabilities and provisions	–224	–45
Total liabilities	**–928**	**–1,745**
Purchase price paid[1)]	–246	43
Reclassified from investments in associated companies	–	–43
Cash and cash equivalents in acquired group undertakings	218	77
Net effect on cash flow	**–28**	**77**

1) Including translation difference, see also Note 54 Acquisitions.

	Group	
EURm	2007	2006
Sale of group undertakings		
Cash and cash equivalents	7	4
Loans and receivables to the public	89	40
Property & equipment and intangible assets	4	36
Other assets	1	1
Total assets	**101**	**81**
Deposits by credit institutions	–59	–72
Other liabilities and provisions	–2	–2
Total liabilities	**–61**	**–74**
Capital gain/loss on sold group undertakings	9	–1
Purchase price received	**49**	**6**
Cash and cash equivalents in sold group undertakings	–7	–4
Net effect on cash flow	**42**	**2**

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	2007	2006	2007	2006
Cash and balances with central banks	5,020	2,104	296	277
Loans and receivables to credit institutions, payable on demand	2,077	2,546	1,313	5,831
	7,097	**4,650**	**1,609**	**6,108**

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

Table of contents

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 RR30:06 "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 2006:16), with amendments (FFFS 2007:28), have also been applied.

IASB has, during 2007, issued amendments to some standards. These amendments will come into force on 1 January 2009. It is, however, voluntarily to adopt all these amendments already in 2007. Nordea has chosen to not adopt before 1 January 2009.

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

On 20 February 2008 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 3 April 2008.

2. Comparative figures

The comparative figures for 2006 include 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 2006 Annual Report, except for the two amendments below.

Consolidation of associated companies

The presentation on the income line "Profit from companies accounted for under the equity method" has been changed from pre- to post taxes.

The effect is a decrease of income by EUR 14m (EUR 12m) on "Profit from companies accounted for under the equity method", and a corresponding decrease on "Income tax expense". "Net profit for the year" is unchanged. The comparative figures have been restated accordingly. For more information see section 5 "Principles of consolidation" and Note 23 "Investments in associated undertakings".

Application of Fair value option on certain assets and liabilities in Nordea Markets (Markets)

Balance sheet items, which are managed and measured on a fair value basis, may be reported at fair value, using the Fair Value Option (FVO) in IAS 39.

Deposits made by Markets as well as the funding of Markets' operations are classified into the category "Fair value through profit or loss". The classification is prospectively made for these financial instruments on initial recognition as from Q3 2007.

The application of FVO is made to align the presentation of Markets' operations and to further increase transparency.

All interest income and interest expense related to Markets are therefore presented on the same income line as revaluation effects from financial instruments at fair value, i.e. "Net gains/losses on items at fair value", instead of being reported within "Net interest income". Comparative figures are changed accordingly.

The effect on the Group's income statement is not material.

The application will not change the presentation in the reported balance sheet. The classification into categories of these balance sheet items are not changed in the note for year-end 2006, due to specific requirements in the applicable accounting standard.

Below follows a table with the 2006 figures accounted for in the same manner as in 2007, to increase transparency and support comparability with 2006. For more information see section 12 "Financial instruments".

EURm, 31 Dec 2006	Loans and receivables	Held to maturity	Held for trading	Assets/Liabilities at fair value through profit or loss	Derivatives used for hedging	Availabe for sale	Other financial liabilities	Total
Group "Reported"								
Assets								
Loans and receivables to the public	176,738	–	8,345	28,902	–	–	–	213,985
Liabilities								
Debt securities in issue	–	–	3,327	23,251	–	–	56,839	83,417
Group "Restated"								
Assets								
Loans and receivables to the public	176,721	–	8,345	28,919	–	–	–	213,985
Liabilities								
Debt securities in issue	–	–	3,327	29,940	–	–	50,150	83,417

In the table below follows the corresponding effect in the income statement.

	2007		2006
EURm	Reported	Pre policy change	Reported
Interest income	12,909	13,101	9,669
Interest expense	–8,627	–8,767	–5,800
Net interest income	**4,282**	**4,334**	**3,869**
Net gains/losses on items at fair value	**1,187**	**1,135**	**1,036**

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 certain financial instruments.
- the impairment testing of:
  – goodwill and
  – loans and receivables.
- the actuarial calculations of pension liabilities.
- claims in civil lawsuits.

Fair value measurement of certain financial instruments

Critical judgements are exercised when determining fair value of OTC Derivatives and other financial instruments that lack quoted prices or recently observed market prices 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".

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".

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 as to 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 38 "Retirement benefit obligations".

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 on the return on the different asset classes. The expected return is also disclosed in Note 38 "Retirement benefit obligations".

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 as from the date on which control is transferred to Nordea and are no longer consolidated as 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 is 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.

Profits from companies accounted for under the equity method are, as from 2007, reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

The 40 per cent holding in Nordic Processor AB is not accounted for using the equity method due to that the terms of the agreement, with the co-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 consolidated line by line with corresponding items in Nordea's financial statements.

Special Purpose Entities (SPE) and securitizations
The number of SPE's that Nordea has created is limited and specified in a separate table in Note 22 "Investments in Group undertakings" and the amount of consolidated assets is disclosed in Note 18 "Financial instruments pledged as collateral".

Nordea sponsors the formation of SPEs primarily to allow clients to hold investments in separate legal entities, to allow clients to jointly invest in alternative assets, for asset securitization transactions, and in some cases for buying or selling credit protection.

In accordance with IFRS Nordea does not consolidate SPEs assets and liabilities beyond its control. In order to determine whether Nordea controls an SPE or not, Nordea has to make judgments about risks and rewards and assesses the ability to make operational decisions for the SPE in question. When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated, including whether:

- the activities of the SPE are being in substance conducted on Nordea's behalf according to Nordea's specific business needs so that Nordea obtains the benefits from the SPE's operations, or
- Nordea has in substance the decision making powers to obtain the majority of the benefits from the activities of the SPE, or Nordea has delegated these decision making powers by setting up an autopilot mechanism, or
- Nordea has in substance the rights to obtain the majority of the benefits of the activities of a SPE and therefore may be exposed to risks arising from the activities of the SPE, or
- Nordea retains in substance the majority of the residual or ownership risks related to the SPE or its assets in order to obtain the benefits from its activities.

Nordea consolidates a SPE if the assessment of the relevant factors indicates that Nordea controls the SPE.

SPEs used to allow clients to hold investments are structures that allow one or more clients to invest in an asset or set of assets, which are generally purchased by the SPE. The risks and rewards of the assets held by the SPE entirely reside with the clients. Typically, Nordea will receive service and commission fees for the creation of the SPE, or because it acts as investment manager, custodian or in some other function. SPEs that are created by Nordea for this purpose are either vehicles for a single investor or allow a broad number of investors to invest in an asset base through a single share or certificate.

SPEs used to allow clients to jointly invest in alternative assets, for which generally no active markets exist, are often in the form of limited partnerships. Investors are the limited partners and contribute all or the majority of the capital, whereas Nordea serves as the general partner. In that capacity, Nordea is the investment manager and has sole discretion about investments and other administrative decisions, but has no or only a insignificant amount of capital invested.

Nordea typically receives service and commission fees for its services as general partner, but does not, or only to a minor extent, participate in the risks and rewards of the vehicle, which reside with the limited partners. In most instances, limited partnerships are not consolidated under IFRS because Nordea's legal and contractual rights and obligations indicate that Nordea does not have the power to govern the financial and operating policies of these entities and consequently does not have the objective of obtaining benefits from its activities through such power.

SPEs for securitization are created when Nordea has assets (for example a portfolio of loans) which it sells to an SPE, and the SPE in turn sells interests in the assets as securities to investors. Consolidation of these SPEs depends mainly on whether Nordea retains the majority of the risks or rewards of the assets in the SPE.

Nordea has established two SPEs with the purpose to buy and sell credit protection. Nordea is the SPEs' counter part in transactions related to credit default swaps. Nordea has only settlement risk on the non-matured derivatives to the SPEs and the SPEs are fully funded by the investors. Nordea is market maker in the SPEs' credit linked notes.

Nordea consolidates all SPEs, where Nordea has retained the majority of the risk and rewards. For the SPEs that are not consolidated the rational is that Nordea does not have any risk or rewards on these assets and liabilities. Furthermore, the cash flow related to the assets and liabilities flows to the investors in full.

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
Descriptions of changes in the Group structure during the year are included in Note 22 "Investments in Group undertakings" and Note 54 "Acquisitions".

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 expense related to all balance sheet items in Markets and Life are recognised in the income statement on the line "Net gains/losses on items at fair value". Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

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 contain credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, Life, 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 income lines in the note.

The note lines Change in technical provisions, Life and Change in collective bonus potential, Life, correspond mainly to the part of the financial result transferred to the policyholders within Life. Nordea has 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 insurance risk result is separated from the financial risk result and is presented separately in the note. As the net income is not material in comparison with the 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 reported in the income statement post-taxes. Consequently, tax expense related to these profits is excluded from the income tax expense for Nordea.

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 from group undertakings are recognised on the separate income line "Dividends"

Other dividends received 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. on 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 51 "Obtained collaterals which are permitted to be sold or repledged".

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 currency other 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 Nordea´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 out 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 attributable to the risks being hedged 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. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying value of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in "Fair value changes of the hedged items in portfolio hedge of interest rate risk" in accordance with IAS 39.

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

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if at inception and throughout its life 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

Financial assets and liabilities classified as financial assets/liabilities at fair value through profit or loss and derivative instruments are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item "Net gains/losses on items at fair value".

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. The portfolio adjustment for model risk comprises two components:

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values.

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 considers 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 is not 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 49 "Assets and liabilities at fair value").

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.

New valuation models are 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

Cash and cash equivalents are financial instruments classified within the category "Loans and receivables", see section 12 "Financial instruments".

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 upon initial recognition designated 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 upon initial recognition designated 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 are recognised. In Note 48 "Classification of financial instruments" 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 upon initial recognition designated at fair value through profit or loss (Fair value option).

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 upon initial recognition designated 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.

Nordea has also prospectively started to apply the Fair value option on certain financial assets and financial liabilities related to Markets during 2007, see section 3 "Changed accounting policies and presentation".

The classification stems from that Markets is managing and measuring all its financial assets and liabilities to fair value. Consequently, all financial assets and financial liabilities in Markets are from the third quarter 2007 classified within this category.

The classification, on Group level, affects mainly the balance sheet line "Debt securities in issue".

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, from a Nordea perspective, is 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 48 "Classification of financial instruments".

Other financial liabilities

Financial liabilities, other than those classified as Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interest from Other financial liabilities is 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 stand-alone derivatives 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 is entitled 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 expense 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 is recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements is recognised on the balance sheet as "Loans and receivables to credit institutions" or as "Loans and receivables to the public".

Additionally, the sale of securities received in reverse repurchase transactions trigger the recognition of a trading liability (short sale).

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 48 ”Classification of financial instruments”).

Nordea monitors loans and receivables as described in the separate section on Risk, Liquidity and Capital 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 performed 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 collectively assessed for impairment. These groups contain loans that are:

- individually significant but not impaired, and
- not significant loans, 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 a group. Common for the customers in a group is that they have similar risk characteristics, i.e. exposed to similar loss events.

A group assessment is performed to estimate an impairment loss, based on the loss events incurred. Only loss events incurred up to the reporting date are included when performing the assessment of the group.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, but not yet affected the cash flow from the group of loans. This period between the date when the loss event occurred and the date when it is identified on an individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been possible to identify on an individual basis. The identification is made through a default of the engagement or by other indicators.

The methods used to perform the impairment tests differ somewhat depending on if the loans are significant or not. For groups of loans where the loans are significant, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. Significant loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

The collective assessment is performed through a netting principle, i.e. when rated engagement are up rated due to estimated increases in cash flows, this improvement will be netted against any loans that are down rated due to estimated decreases in cash flows. However, provisions for impairment losses on groups of loans are only made within rating classes where Nordea assesses that the customers' future cash flows are insufficient to serve the loans in full.

For groups of loans where the loans are not significant the methods used are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management.

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 declared the 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 reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries 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 acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Financial assets that are foreclosed are classified as Available for sale (see section 12 "Financial instruments") and any other asset as Held for sale. Assets Held for sale are measured at the lower of the book value and fair value less costs to sell. Depreciation is not performed on assets classified as Held for sale.

However, all assets measured at fair value according to the Group's accounting policies are, including contractual rights according to IFRS 4, treated accordingly, after the initial recognition of the asset taken over, i.e. reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investments properties.

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group´s presentation policies for the appropriate asset. Consequently, the credit loss line is after the initial recognition of the asset taken over not affected by any subsequent measurement of the asset.

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 in the balance sheet are 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 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, 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 acquisition 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 10 years.

Customer related intangible assets
When acquiring customer related contracts 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 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.

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 life risk. The discounting rate is based on the liabilities' current term. 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 to 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 with or without 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 provisions include premium reserves and claims outstanding. This item is recognised and measured on deferred basis in the same way as general insurance contracts.

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. The policyholder's part of unrealised investment gains is therefore included in the balance sheet representing either Change in Technical provisions, Life and/or Change in collective bonus potentials, Life, depending on whether the investment result is allocated or not. Both the mentioned lines are included in the balance sheet line "Liabilities to policyholders".

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 reserves.

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 exists.

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 (defined benefit obligation). If not, the net amount is recognised as an asset (defined benefit asset).

Non-funded pension plans are recognised as defined 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 38 "Retirement benefit obligations"). 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 or 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.

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

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.

In addition the equity method reserve, i.e. the Nordea share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

Equity participation plans

Based on the approval by the Shareholders Annual Meeting, Nordea issued a share based incentive programme in May 2007. For more information see Note 8 "Staff costs".

23. Earnings per share (EPS)

Earnings per share is calculated as "Net profit for the year" divided by the weighted average outstanding number of ordinary shares.

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 22 "Investments in group undertakings".

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 Note 23 "Investments in associated undertakings" and 24 "Investments in joint venture".

Key management personnel

Key management personnel includes the following positions:

- The Board of Directors
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation and pensions to key management personnel, see Note 8 "Staff costs". Information concerning other transactions between Nordea and key management personnel is found in Note 53 "Related-party transactions".

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 concerning transactions between Nordea and other related parties is found in Note 53 "Related-party transactions".

25. Segment reporting

New Segment reporting structure

As a consequence of the new operating model and Nordea's changed organisation as of 1 July 2007, the financial reporting structure has been adjusted accordingly.

Financial results are presented for the two main Customer areas, Nordic Banking and Institutional and International Banking. The Customer operations which are not included in Nordic Banking or Institutional and International Banking are included in Other Customer operations as well as result that is not fully allocated to any of the customer areas. These include International Private Banking and Funds as well as customer operations within Life and Other.

In the product dimension, Asset Management and Life as well as Markets are reported, following the structure from earlier reporting. The granularity of the segment reporting will be further enhanced from 2008.

Group Corporate Centre, which is reported separately, is responsible for the finance, accounting, planning and control activities. It is furthermore responsible for the capital management and treasury operations. The latter includes funding, asset and liability management as well as the Group's own centralised market risk-taking in financial instruments.

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 (RaRoCar).

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

Costs are allocated based on calculated unit prices and the individual Customer areas' and Product 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 Customer areas. Group Functions and Eliminations consists of income statement and balance sheet items that are related to the unallocated items/units.

Transfer pricing
Funds transfer pricing is based on current market interest rates and applied to all assets and liabilities allocated to or booked in the Customer 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 Customer area based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Nordic 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 Services and Technology, Group Credit and Risk Control, People and Identity and Group Legal and Compliance.

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.

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 RR32:06 "Accounting in legal entities" issued by the Swedish Financial Accounting Standards Council (RR) and the accounting regulations of the Financial Supervisory Authority (FFFS 2006:16), with amendments (FFFS 2007:28).

Differences compared to IFRS
The accounting principles applied differ from IFRS mainly 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 commitments are 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 expense 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 substitutes for dividends are accounted for 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 the untaxed reserves 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 comparison with the 2006 Annual Report, except for the amendment mentioned below.

The application of Fair value option on certain assets and liabilities within Markets, mentioned in section 3 "Changed accounting policies and presentation", has also affected the parent company. If the current policy for classification of Markets´ assets and liabilities was adopted in 2006, the classification of "Deposits by credit institutions" would change with EUR 3,159m from Other financial liabilities to Liabilities at fair value through profit or loss.

In the table below follows the corresponding effects in the income statement.

	2007		2006
EURm	Reported	Pre policy change	Reported
Interest income	2,741	2,933	1,955
Interest expense	–2,381	–2,630	–1,590
Net interest income	**360**	**303**	**365**
Net gains/losses on items at fair value	**192**	**249**	**186**

The net interest income for Markets was not material in 2006.

27. Exchange rates

EUR 1 = SEK	2007	2006
Income statement (average)	9.2498	9.2521
Balance sheet (at end of period)	9.4572	9.0394

EUR 1 = DKK		
Income statement (average)	7.4505	7.4593
Balance sheet (at end of period)	7.4588	7.4556

EUR 1 = NOK		
Income statement (average)	8.0147	8.0438
Balance sheet (at end of period)	7.9738	8.2300

EUR 1 = PLN		
Income statement (average)	3.7790	3.8924
Balance sheet (at end of period)	3.6022	3.8292

Note 2:
Segment reporting

Group

Customer segments **Income statement**, EURm	Nordic Banking		Inst. & International Banking		Other customer operations		Total customer areas		Group Corporate Centre		Group Functions and Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	3,666	3,328	424	304	65	58	4,155	3,690	107	119	20	60	4,282	3,869
Net fee and commission income	1,772	1,731	257	232	170	159	2,199	2,122	–9	–8	–50	–40	2,140	2,074
Net gains/losses on items at fair value	460	393	178	141	410	420	1,048	954	156	100	–17	–18	1,187	1,036
Profit from companies accounted for under the equity method	25	15	1	30	0	0	26	45	5	18	10	5	41	68
Other income	40	79	8	212	12	9	60	300	24	21	152	–3	236	318
Total operating income	**5,963**	**5,546**	**868**	**919**	**657**	**646**	**7,488**	**7,111**	**283**	**250**	**115**	**4**	**7,886**	**7,365**
Staff costs	–1,140	–1,064	–143	–100	–434	–387	–1,717	–1,551	–39	–33	–632	–667	–2,388	–2,251
Other expenses	–1,836	–1,784	–243	–214	–11	–22	–2,090	–2,020	–110	–107	625	642	–1,575	–1,485
Depreciation of tangible and intangible assets	–26	–28	–8	–8	–9	–13	–43	–49	0	0	–60	–37	–103	–86
Total operating expenses	**–3,002**	**–2,876**	**–394**	**–322**	**–454**	**–422**	**–3,850**	**–3,620**	**–149**	**–140**	**–67**	**–62**	**–4,066**	**–3,822**
of which allocations	–1,442	–1,372	–165	–158	82	69	–1,525	–1,461	–97	–81	1,622	1,542	0	0
Loan losses	55	276	5	–19	0	0	60	257	0	0	0	0	60	257
Disposals of tangible and intangible assets	0	0	0	0	1	0	1	0	0	0	2	8	3	8
Operating profit	**3,016**	**2,946**	**479**	**578**	**204**	**224**	**3,699**	**3,748**	**134**	**110**	**50**	**–50**	**3,883**	**3,808**
Balance sheet, EURbn														
Loans and receivables to the public	207	182	25	17	10	11	242	210	0	0	3	4	245	214
Other assets	25	24	9	8	37	36	71	68	15	11	58	54	144	133
Total assets	**232**	**206**	**34**	**25**	**47**	**47**	**313**	**278**	**15**	**11**	**61**	**58**	**389**	**347**
Deposits and borrowings from the public	110	99	31	20	8	6	149	125	0	2	–7	–1	142	126
Other liabilities	115	100	2	4	38	40	155	144	15	9	60	53	230	206
Total liabilities	**225**	**199**	**33**	**24**	**46**	**46**	**304**	**269**	**15**	**11**	**53**	**52**	**372**	**332**
Equity	0	0	0	0	0	0	0	0	0	0	17	15	17	15
Total liabilities and equity	**225**	**199**	**33**	**24**	**46**	**46**	**304**	**269**	**15**	**11**	**70**	**67**	**389**	**347**
Economic capital	7	7	1	1	1	1	9	9	0	0	2	1	11	10
RAROCAR, %	26	25	39	43									24	23
Other segment items, EURm														
Capital expenditure	24	6	9	8	6	19	39	33	0	0	236	191	275	224
Capital expenditure through business combinations	6		324				330	–					330	–

Group **Geographical segments** EURm	Sweden		Finland		Norway		Denmark		Poland		Eliminations and others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	657	659	1,532	1,415	768	621	1,131	1,050	47	35	147	89	4,282	3,869
Net fee and commission income	746	769	412	398	258	246	476	402	31	24	217	235	2,140	2,074
Net gains/losses on items at fair value	193	203	603	461	89	186	269	368	23	16	10	–198	1,187	1,036
Profit from companies accounted for under the equity method	6	0	2	25	2	7	31	35	–	–	–	1	41	68
Other income	160	161	215	293	9	11	64	107	4	4	–216	–258	236	318
Total operating income	**1,762**	**1,792**	**2,764**	**2,592**	**1,126**	**1,071**	**1,971**	**1,962**	**105**	**79**	**158**	**–131**	**7,886**	**7,365**
Total assets, EUR bn	**138**	**129**	**156**	**141**	**61**	**50**	**129**	**124**	**3**	**2**	**–98**	**–99**	**389**	**347**
Investments in tangible and intangible assets, EURm	68	69	102	60	25	12	48	44	9	2	23	37	275	224
Investments in tangible and-intangible assets through business combinations, EURm					6						324		330	–

Nordea's main geographical market comprises the Nordic countries and Poland (including the Baltic countries). The split into geographical segments is based on the location of the legal entities in these countries.

Note 2: *cont.*

Parent company
Customer segments

Income statement, EURm	Nordic Banking		Inst. & International Banking		Other customer operations		Group Corporate Centre		Group Functions and Eliminations		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Customer responsible units												
Net interest income	824	732	23	14	0	2	–342	–283	–145	–100	360	365
Net fee and commission income	590	552	19	20	26	22	–3	–3	–169	–110	463	481
Net gains/losses on items at fair value	113	96	54	42	–47	–77	75	127	–3	–2	192	186
Other income	15	5	0	0	8	18	1,326	4,743	103	103	1,452	4,869
Total operating income	**1,542**	**1,385**	**96**	**76**	**–13**	**–35**	**1,056**	**4,584**	**–214**	**–109**	**2,467**	**5,901**

Parent company
Geographical segments

EURm	Sweden		Finland		Norway		Denmark		Others		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	360	365	–	–	–	–	–	–	–	–	360	365
Net fee and commission income	465	483	–	–	–	–	–2	–2	–	–	463	481
Net gains/losses on items at fair value	192	186	–	–	–	–	–	–	–	–	192	186
Other income	468	411	556	4,046	5	126	301	236	122	50	1,452	4,869
Total operating income	**1,485**	**1,445**	**556**	**4,046**	**5**	**126**	**299**	**234**	**122**	**50**	**2,467**	**5,901**

Note 3:
Net interest income

EURm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Interest income				
Loans and receivables to credit institutions	685	797	1,434	913
Loans and receivables to the public	11,284	8,190	1,144	824
Interest-bearing securities	494	682	153	149
Other interest income	446	0	10	69
Interest income	**12,909**	**9,669**	**2,741**	**1,955**
Interest expense				
Deposits by credit institutions	–349	–1,138	–748	–621
Deposits and borrowings from the public	–3,946	–2,105	–631	–341
Debt securities in issue	–3,822	–2,220	–604	–378
Subordinated liabilities	–399	–310	–296	–235
Other interest expense	–111	–27	–102	–15
Interest expense	**–8,627**	**–5,800**	**–2,381**	**–1,590**
Net interest income	**4,282**	**3,869**	**360**	**365**

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 9,791m (EUR 7,152m) for the Group and EUR 2,507 (EUR 1,754m) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR 4,575m (EUR 5,123m) for the Group and EUR 2,287m (EUR 1,672m) 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 2007	Group 2006	Parent company 2007	Parent company 2006
Interest income	12,607	9,437	2,741	1,955
Leasing income, net	302	232	–	–
Interest expenses	–8,627	–5,800	–2,381	–1,590
Total	**4,282**	**3,869**	**360**	**365**

Note 4:
Net fee and commission income

EURm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Asset Management commissions	762	744	90	102
Life insurance	270	233	6	6
Brokerage	260	227	63	46
Custody	79	76	11	9
Deposits	37	40	21	25
Total savings related commissions	1,408	1,320	191	188
Payments	434	442	156	170
Cards	342	296	170	158
Total payment commissions	776	738	326	328
Lending	258	235	58	52
Guarantees and document payments	136	117	11	11
Total lending related commissions	394	352	69	63
Other commission income	156	172	32	29
Fee and commission income	**2,734**	**2,582**	**618**	**608**
Life insurance	–68	–51	0	0
Payment expenses	–270	–229	–124	–111
Other commission expenses	–256	–228	–31	–16
Fee and commission expense	**–594**	**–508**	**–155**	**–127**
Net fee and commission income	**2,140**	**2,074**	**463**	**481**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amount to EUR 277m (EUR 256m) for the Group and EUR 79m (EUR 78m) 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 amount to EUR 1,292m (EUR 1,204m) for the Group and EUR 158m (EUR 154m) for the parent company. The corresponding amount for fee expenses is EUR 68m (EUR 51m) for the Group.

Note 5:
Net gains/losses on items at fair value

	Group		Parent company	
EURm	2007	2006	2007	2006
Shares/participations and other share-related instruments	805	1,210	222	39
Interest-bearing securities and other interest-related instruments	63	580	–23	138
Other financial instruments	103	–21	1	0
Foreign exchange gains/losses	568	274	–8	9
Investment properties, Life	432	457	–	–
Change in technical provisions, Life[2]	–866	–883	–	–
Change in collective bonus potential, Life	41	–605	–	–
Insurance risk income, Life	256	236	–	–
Insurance risk expense, Life	–215	–212	–	–
Total	**1,187**	**1,036**	**192**	**186**

Net gains/losses for categories of financial instruments[1]

	Group		Parent company	
EURm	2007	2006	2007	2006
Available for sale assets, realised	2	5	–	–
Financial instruments designated at fair value through profit or loss	6	20	–	0
Financial instruments held for trading	903	657	204	180
Financial instruments under hedge accounting	–11	68	–12	6
of which net losses on hedging instruments	185	–388	51	–323
of which net gains on hedged items	–196	456	–63	329
Other, not under IAS 39 or IFRS 4	1	0	–	–
Financial risk income, net Life[2]	245	262	–	–
Insurance risk income, net Life	41	24	–	–
Total	**1,187**	**1,036**	**192**	**186**

1) The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before elimination of intra-group transactions.
2) Premium income amounts to EUR 2,274m for 2007 (EUR 2,491m for 2006).

Note 6:
Dividends

	Group		Parent company	
EURm	2007	2006	2007	2006
Shares	22	6	2	1
Investments in group undertakings	–	–	1,323	4,736
Investments in associated undertakings	–	–	0	2
Total	**22**	**6**	**1,325**	**4,739**

Note 7:
Other operating income

	Group		Parent company	
EURm	2007	2006	2007	2006
Divestment of shares	34	253	11	4
Income from real estate	11	19	2	–
Refund from the Finnish deposit guarantee system	120	–	–	–
Other	49	40	114	126
Total	**214**	**312**	**127**	**130**

Note 8:
Staff costs

	Group		Parent company	
EURm	2007	2006	2007	2006
Salaries and remuneration (specification below)	–1,762	–1,634	–363	–352
Pension costs (specification below)	–221	–227	–61	–49
Social insurance contributions	–275	–259	–129	–122
Allocation to profit–sharing foundation	–73	–80	–17	–20
Other staff costs	–57	–51	–26	–25
Total	**–2,388**	**–2,251**	**–596**	**–568**

Salaries and remuneration:				
To executives[1]				
– Fixed compensation and benefits	–22	–17	–7	–6
– Performance-related compensation	–8	–8	–2	–5
Total	**–30**	**–25**	**–9**	**–11**
To other employees	–1,732	–1,609	–354	–341
Total	**–1,762**	**–1,634**	**–363**	**–352**

1) Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included. Executives amount to 299 (287) individuals in the Group and to 29 (28) individuals in the parent company.

	Group		Parent company	
EURm	2007	2006	2007	2006
Pension costs:				
Defined benefits plans (Note 38)	–83	–97	–	–
Actuarial pension costs (parent company only)	–	–	–26	–30
Defined contribution plans	–138	–130	–35	–19
Total	**–221**	**–227**	**–61**	**–49**

Note 8: *cont.*

Salaries and other remuneration to the Board of Directors, CEO and Group Executive Management

	Fixed salary/ Board fee[1]		Variable salary[2]		Long-Term Incentive Programme[3]	Benefits		Total	
EUR	2007	2006	2007	2006	2007	2007	2006	2007	2006
Chairman of the Board:									
Hans Dalborg	268,157	255,054	–	–	–	–	–	268,157	255,054
Vice Chairman of the Board:									
Timo Peltola	113,715	109,415	–	–	–	–	–	113,715	109,415
Other Board members[4]:									
Kjell Aamot	85,360	79,876	–	–	–	–	–	85,360	79,876
Harald Arnkværn	95,927	91,853	–	–	–	–	–	95,927	91,853
Marie Ehrling[7]	60,068	–	–	–	–	–	–	60,068	–
Claus Høeg Madsen	85,299	84,352	–	–	–	–	–	85,299	84,352
Birgitta Kantola	81,747	79,931	–	–	–	–	–	81,747	79,931
Tom Knutzen[7]	60,068	–	–	–	–	–	–	60,068	–
Lars G Nordström[5]	352,019	849,980	352,256	336,385	–	11,163	33,356	715,438	1,219,721
Ursula Ranin[7]	60,026	–	–	–	–	–	–	60,026	–
Björn Savén	85,360	60,259	–	–	–	–	–	85,360	60,259
Gunnel Duveblad[8]	23,484	81,639	–	–	–	–	–	23,484	81,639
Anne Birgitte Lundholt[8]	19,932	79,931	–	–	–	–	–	19,932	79,931
Jørgen Høeg Pedersen[8]	–	19,616	–	–	–	–	–	–	19,616
Maija Torkko[8]	23,484	80,937	–	–	–	–	–	23,484	80,937
CEO:									
Christian Clausen[9]	956,646	665,652	273,926	265,826	65,136	19,463	402	1,315,171	931,880
Group Executive Management: 8 individuals excluding CEO	3,994,632	3,527,953	1,466,924	3,829,939[6]	315,809	132,521	132,188	5,909,886	7,490,080
Total	**6,365,924**	**6,066,448**	**2,093,106**	**4,432,150**	**380,945**	**163,147**	**165,946**	**9,003,122**	**10,664,544**

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.
3) Key management personnel, as defined in Note 1, hold 41,015 A Rights (Matching shares) and 113,897 B-D Rights (Performance shares). For more information on the valuation of the Long-Term Incentive Programme, please see below.
4) Employee representatives excluded.
5) Compensation as CEO received up until his resignation and board fee received as from his resignation. Compensation 2006 in the capacity of CEO.
6) Including one-time payment of EUR 2,478,342.
7) New member as from the Annual General Meeting 2007.
8) Resigned as board member during 2007 or 2006.
9) Compensation in the capacity of CEO received as from 13 April 2007, when he succeeded Lars G Nordström.

Note 8: *cont.*

The remuneration for the Board resolved by the AGM 2007 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. 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 an external insurance institute and paid in full by Nordea.

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. The variable salary for 2006, totalling EUR 273,926 including payout from executive incentive programme, was determined by the Board in March 2007. In 2007, the executive incentive programme has been replaced by the Long Term Incentive Programme (LTIP 2007), which is further described in the Corporate Governance section and below. Variable salaries for 2007 will be determined and paid during 2008. Benefits received by the CEO include primarily car and housing benefits.

The retirement age for the present CEO is 60 and his pension amounts to 50% of the pensionable income for life amounting to a maximum 190 Swedish "price base amounts". For the CEO, fixed salary and partly variable salary are included in pensionable income. The pension scheme of the present CEO has been changed during the year, in connection with his appointment. This has had an effect on the obligation recognised in the balance sheet.

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, there is, as mentioned above, a Long Term Incentive Programme, which is further described in the Corporate Governance section and below. Variable salaries for 2007 will, as for the CEO, be determined and paid during 2008. Benefits received by some of the GEM-members include primarily car and/or housing benefits.

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. The Danish GEM member (apart from the CEO, who is described separately) receives 50% of the salary for life, 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 TyEL-index. One Norwegian member of GEM receives 70% and the other 50% of the pensionable income at retirement, for life, both annually adjusted. For the Swedish members of GEM, the pension amounts to 70% of the pensionable income and is paid up until 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 GEM members. Variable salary is included for Finnish GEM members and partly included for Swedish GEM members.

In accordance with their employment contracts, Finnish, Norwegian and Swedish GEM members 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 GEM members the notice period is 12 months and the severance pay is 12 months if a competing firm does not employ them. The CEO has during the first two years an additional 6 months severance pay.

Pension costs and obligations to the Board, CEO and Group Executive Management [1]

	2007		2006	
EUR	Pension cost	Pension obligation	Pension cost	Pension obligation
Chairman of the Board:				
Hans Dalborg	–	–	141,870	–
Other Board members[2]				
Lars G Nordström	261,085	387,517	472,989	2,190,000
CEO:				
Christian Clausen	960,970	4,586,607	649,260	n/a
Group Executive Management:				
8 individuals excluding CEO	3,715,035	19,927,951	207,599	19,210,000
Former Chairman of the board and CEOs:				
2 individuals[3]	–833,956	17,928,135	950,696	18,809,000
Total	**4,103,134**	**42,830,210**	**2,422,414**	**40,209,000**

1) Pension for executives in Denmark and Sweden are partly based on defined contribution plans. Pensions based on defined benefit plans are irrevocable.
2) Employee representatives excluded.
3) The group of individuals consists of Vesa Vainio and Thorleif Krarup.

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.

The majority of the management pension plans are funded, meaning that these obligations are backed with plan assets with fair value on the same level as the obligations.

Pension cost for all executives, amounted to EUR 9m (EUR 7m) and pension commitments to EUR 65m (EUR 62m). Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included.

Loans to the Board and Group Executive Management

Terms and conditions regarding loans to Group Executive Management and other senior management are decided in accordance with instructions issued by the different bank boards. For more information we refer to Note 53 Related party transactions.

Note 8: *cont.*

Share-based payment

Conditional rights in LTIP 2007	2007
Outstanding at the beginning of year	–
Granted	1,909,712
Forfeited	–11,484
Exercised	–
Outstanding at end of year	**1,898,228**
Of which exercisable	–

Long Term Incentive Programme

Conditional rights	Ordinary share per right	Exercise price	Vesting period	Con-tractual life	First day of exercise
2007: A Rights (Matching shares) / B-D Rights (Performance shares)	1	4.0/2.0	24 months	48 months	30 April 2009

Participation in the Long Term Incentive Programme (LTIP) 2007 requires that the participants take direct ownership by investing in Nordea shares. For each ordinary share the participants acquired and locked into the LTIP 2007, the participants were granted a conditional A Right to acquire one ordinary share ("Matching Share") based on continued employment and the conditional B-D Rights to acquire three additional ordinary shares based on fulfillment of certain performance criteria ("Performance Shares"). The performance criteria comprise a target growth in risk adjusted profit per share (RAPPS) in 2007 and 2008 and a target of growth in total shareholder return (TSR) in comparison with peer group TSR during 2007–2008. Full right to exercise will be obtained if the RAPPS increase by 15% or more during 2007, 12% or more during 2008, and that the TSR 2007–2008 exceeds peer group index by 10 percentage units.

The estimated fair value of each right granted in the LTIP 2007 is EUR 8.76 for A rights and EUR 10.49 for B-D rights. Weighted average fair value of granted rights at measurement date amounted to EUR 10.06. The fair value was measured through the use of the Black & Scholes option pricing model with the following input factors: weighted avarage share price EUR 12.33, exercise price EUR 4 and EUR 2 respectively, expected dividends are deducted, right life estimated to 3 years, risk free rate 4.2% and expected employee turnover in the programme was set to 3%. Expected volatility was set to 20% based on historical data. As the rights have an exercise price of EUR 4 and 2 respectively and the share price was EUR 12.33, the value has a limited sensitivity to expected volatility and risk-free interest. The value of the D rights is calculated based on market related conditions.

The expected expense for LTIP 2007, EUR 18m, is expensed over a period of 24 months. The maximum expense equals approximately EUR 39m. The total expense for 2007 arising from LTIP 2007 amounts to EUR 5m.

For the parent company, the total expected expense for LTIP 2007 amounts to EUR 6m, which is also expensed over a period of 24 months. The maximum cost equals approximately EUR 13m. The total expense for 2007 from LTIP 2007 amounts to EUR 2m.

Average number of employees

Group	Total		Men		Women	
	2007	2006	2007	2006	2007	2006
Full-time equivalents						
Finland	8,162	8,214	1,618	1,577	6,544	6,637
Denmark	8,152	8,084	3,784	3,767	4,368	4,317
Sweden	8,072	8,038	3,467	3,391	4,605	4,647
Norway	3,416	3,335	1,777	1,748	1,639	1,587
Poland	1,247	1,090	388	375	859	715
Russia	1,177	–	454	–	723	–
Latvia	427	314	112	101	315	213
Luxembourg	393	397	244	250	149	147
Estonia	356	298	55	77	301	221
Lithuania	259	190	49	63	210	127
United States	67	64	36	34	31	30
United Kingdom	57	56	32	29	25	27
Singapore	49	46	14	14	35	32
Germany	33	33	16	16	17	17
Total average	**31,867**	**30,159**	**12,046**	**11,442**	**19,821**	**18,717**
Total number of employees (FTEs), end of period	**31,721**	**29,248**				

Parent company	Total		Men		Women	
	2007	2006	2007	2006	2007	2006
Full-time equivalents						
Sweden	7,534	7,476	3,195	3,095	4,339	4,381
Other countries	57	54	39	39	18	15
Total average	**7,591**	**7,530**	**3,234**	**3,134**	**4,357**	**4,396**

Note 8: *cont.*

Salaries and remuneration per country

Group	2007		2006	
EURm	Executives	Other employees	Executives	Other employees
Finland	–2	–369	–2	–352
Denmark	–6	–593	–7	–561
Sweden	–7	–378	–9	–363
Norway	–5	–262	–4	–233
Poland	–2	–25	–1	–20
Russia	–4	–18	–	–
Latvia	–	–7	–	–5
Luxembourg	–3	–48	–2	–45
Estonia	–	–6	–	–5
Lithuania	0	–4	–	–3
United States	–1	–11	–	–12
United Kingdom	–	–5	–	–5
Singapore	–	–3	–	–2
Germany	–	–3	0	–3
Total	**–30**	**–1 732**	**–25**	**–1,609**

Parent company	2007		2006	
EURm	Executives	Other employees	Executives	Other employees
Sweden	–6	–348	–8	–335
Other countries	–3	–6	–3	–6
Total	**–9**	**–354**	**–11**	**–341**

Gender distribution

Per cent	31 Dec 2007	31 Dec 2006
Nordea Bank AB (publ)		
Board of Directors		
– Men	79	64
– Women	21	36
Other executives		
– Men	82	90
–Women	18	10

In the Board of Directors of the Nordea Group companies, 90% (89%) were men and 10% (11%) were women. The corresponding numbers for Other executives were 85% (89%) men and 15% (11%) 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 percent	
	2007	2006	2007	2006
Total	**4.4**	**4.7**	**57**	**60**
Men	2.2	2.3	43	47
Women	5.9	6.2	61	64
18–29	2.4	2.4	13	19
30–49	3.9	4.2	57	60
50–65	5.7	5.9	63	65

1) Ordinary working hours refer 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	2007	2006	2007	2006
Information technology[1)]	–538	–456	–185	–157
Marketing	–104	–104	–30	–31
Postage, telephone and office expenses	–197	–188	–69	–67
Rents, premises and real estate	–351	–338	–103	–103
Compensation to Svensk Kassaservice	–19	–27	–19	–27
Divestment of shares	–3	–	0	–
Other[2)]	–363	–372	–108	–116
Total	**–1,575**	**–1,485**	**–514**	**–501**

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 654m (EUR 628m).
2) Including fees and remuneration to auditors distributed in accordance with below.

Auditors' fees	Group		Parent company	
EURm	2007	2006	2007	2006
KPMG Bohlins				
Auditing assignments	–4	–4	–1	–1
Other assignments incl audit–related services	–2	–2	–1	–1
Ernst & Young				
Auditing assignments	–	0	–	0
Other assignments incl audit–related services	–1	–1	–1	–1
Deloitte				
Auditing assignments	0	0	0	0
Other assignments incl audit–related services	0	0	0	–
PriceWaterhouseCoopers				
Auditing assignments	0	0	0	0
Other assignments incl audit–related services	–1	0	–1	0
Other	–1	0	0	0
Total	**–9**	**–7**	**–4**	**–3**

Note 10:
Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation	Group		Parent company	
EURm	2007	2006	2007	2006
Property and equipment (Note 26)				
Equipment	–72	–87	–17	–23
Buildings	–2	–2	0	0
Intangible assets (Note 25)				
Goodwill	–	–	–72	–72
Internally developed software	–17	–	–6	–
Other intangible assets	–12	–10	–6	–4
Total	**–103**	**–99**	**–101**	**–99**
Impairment charges / Reversed impairment charges				
Property and equipment (Note 26)				
Equipment	–	4	–	–
Buildings	–	10	–	–
Intangible assets (Note 25)				
Other intangible assets	–	–1	–	–
Total	**–**	**13**	**–**	**–**
Total	**–103**	**–86**	**–101**	**–99**

Note 11:
Loan losses

	Group		Parent company	
EURm	2007	2006	2007	2006
Loan losses divided by class, net				
Loans and receivables to credit institutions	9	–4	8	–
– of which write-offs and provisions	–1	–4	0	–
– of which reversals and recoveries	10	0	8	–
Loans and receivables to the public	–2	266	–3	23
– of which write-offs and provisions	–451	–516	–86	–58
– of which reversals and recoveries	449	782	83	81
Off–balance sheet items[1]	53	–5	20	–5
– of which write-offs and provisions	–22	–13	–	–5
– of which reversals and recoveries	75	8	20	–
Total	**60**	**257**	**25**	**18**
Specification of Loan losses				
Changes of allowance accounts in the balance sheet	30	223	31	12
– of which Loans and receivables[2]	–23	228	11	17
– of which Off–balance sheet items[1]	53	–5	20	–5
Changes directly recognised in the income statement	30	34	–6	6
– of which realised loan losses	–55	–55	–32	–19
– of which realised recoveries	85	89	26	25
Total	**60**	**257**	**25**	**18**

[1] Included in Note 37 Provisions.
[2] Included in Note 16 Loans and receivables and their impairment.

Note 12:
Appropriations

	Parent company	
EURm	2007	2006
Pension adjustments		
Reversed actuarial pension costs	25	29
Pension benefits paid	–55	–51
Allocations/compensation	0	3
Special wage tax/return tax	–12	–12
Total	**–42**	**–31**
Change in depreciation in excess of plan, equipment	–2	–2
Total	**–2**	**–2**
Total	**–44**	**–33**

Note 13:
Income tax expense

	Group		Parent company	
EURm	2007	2006	2007	2006
Current tax[1]	–473	–566	–33	–65
Deferred tax	–280	–89	–1	–11
Total	**–753**	**–655**	**–34**	**–76**
[1] Of which relating to prior years (see below)	–8	–5	12	7

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	2007	2006	2007	2006
Profit before tax	3,883	3,808	1,237	4,718
Tax calculated at a tax rate of 28%	–1,087	–1,066	–346	–1,321
Effect of different tax rates in other countries	64	16	–	–
Tax charges not related to profit	–52	–64	1	11
Other direct taxes	1	0	–	–
Tax–exempt income	94	130	328	1,249
Non–deductible expenses	–17	–12	–29	–22
Adjustments relating to prior years	–8	–5	12	7
Income tax due to tax assets previously not recognised	236	347	–	–
Change of tax rate	17	–	–	–
Not creditable foreign taxes	–1	–1	–	–
Tax charge	**–753**	**–655**	**–34**	**–76**
Average effective tax rate	19%	17%[1]	3%	2%

[1] Tax rate not adjusted for tax free gain from sale of International Moscow Bank.

Note 13: *cont.*

Deferred tax	Group		Parent company	
EURm	2007	2006	2007	2006
Deferred tax expense (–)/ income (+)				
Deferred tax due to temporary differences, including tax losses	–469	–436	–1	–11
Deferred tax due to change of tax rate	17	–	–	–
Deferred tax due to tax assets previously not recognised	172	347	–	–
Income tax expense, net	**–280**	**–89**	**–1**	**–11**
Deferred tax assets				
Deferred tax assets due to tax losses	10	223	–	–
Deferred tax assets due to temporary differences	181	159	34	39
Total	**191**	**382**	**34**	**39**
Deferred tax liabilities				
Deferred tax liabilities due to untaxed reserves	72	14	–	–
Deferred tax liabilities due to temporary differences	631	594	2	3
Total	**703**	**608**	**2**	**3**
Deferred tax assets (+)/ liabilities (–), net				
Deferred tax assets due to tax losses	10	223	–	–
Deferred tax liabilities due to untaxed reserves	–72	–14	–	–
Deferred tax assets/liabilities in loans and advances to the public	–320	–322	–	1
Deferred tax assets/liabilities in financial instruments	69	–11	–4	–2
Deferred tax assets/liabilities in intangible assets	–18	–13	–	–
Deferred tax assets/liabilities in property and equipment	6	–6	–	–
Deferred tax assets/liabilities in investment property	–58	–73	–	–
Deferred tax assets/liabilities in retirement benefit obligations	54	73	–	–
Deferred tax assets/liabilities in liabilities/provisions	–183	–83	36	37
Deferred tax assets/ liabilities, net	**–512**	**–226**	**32**	**36**
Movements in deferred tax assets/ liabilities, net are as follows:				
Deferred tax relating to items recognised directly in equity	0	1	– 2	–
Reclassification	–	–34	–1	–
Translation differences	8	–24	–	0
Acquisitions and others	–14	–9	–	–
Deferred tax in the income statement	–280	–89	–1	–11
At end of year	**–286**	**–155**	**–4**	**–11**

	Group		Parent company	
EURm	2007	2006	2007	2006
Current and deferred tax recognised directly in equity				
Deferred tax relating to available-for-sale investments	0	1	–2	–
Total	**0**	**1**	**–2**	**–**
Unrecognised deferred tax assets				
Unused tax losses	9	235	–	–
Unused tax credits	167	137	–	–
Other deductible temporary differences	21	32	–	–
Total	**197**	**404**	**–**	**–**
Expire date 2008	0	–	–	–
Expire date 2009	3	–	–	–
Expire date 2010	10	–	–	–
Expire date 2011	28	27	–	–
Expire date 2012	4	3	–	–
Expire date 2013	40	275	–	–
Expire date 2014	88	63	–	–
Expire date later than 2014	24	36	–	–
Total	**197**	**404**	**–**	**–**

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 2007 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 ability to utilise tax losses and tax credits in relation to the SE-merger plan (see further page 42). Nordea's tax assets, and recognition of deferred taxes going forward, are subjected to continuous 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	31 Dec 2007	31 Dec 2006
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	3,121	3,145
Weighted average number of shares outstanding (in millions)	2,591	2,592
Weighted average number of shares outstanding after full dilution (in millions)	2,592	2,592
Earnings per share, EUR	1.20	1.21
Earnings per share, after full dilution, EUR	1.20	1.21
Weighted average number of shares outstanding (in millions):		
Number of shares outstanding at beginning of year	2,594	2,594
Adjustment for average own shares referring to Nordea Bank AB (publ)'s repurchase of own shares	2	–
Adjustment for average own shares in trading portfolio	–5	–2
Weighted average number of shares outstanding at end of year	**2,591**	**2,592**
Adjustment for weighted average number of additional ordinary shares outstanding after full dilution	1	–
Weighted average number of shares outstanding after full dilution, at end of year	**2,592**	**2,592**

Note 15:

Treasury bills and other eligible bills

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Treasury bills	5,100	847	1,435	1,966
Other eligible bills	3,573	5,831	–	–
Total	**8,673**	**6,678**	**1,435**	**1,966**
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	3,778	4,836	401	1,385
More than 1 year	4,895	1,842	1,034	581
Total	**8,673**	**6,678**	**1,435**	**1,966**
Of which Financial instruments pledged as collateral (Note 18)	170	0	868	414
Total	**8,503**	**6,678**	**567**	**1,552**

All bills are subject to variable interest rate risk.

Note 16:
Loans and receivables and their impairment

Group	Credit institutions		The public[1)]		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2007	2006	2007	2006	2007	2006
Loans and receivables, not impaired	24,264	26,804	244,316	213,475	268,580	240,279
Impaired loans and receivables:	8	8	1,313	1,608	1,321	1,616
– Performing	7	6	806	935	813	941
– Non–performing	1	2	507	673	508	675
Loans and receivables before allowances	**24,272**	**26,812**	**245,629**	**215,083**	**269,901**	**241,895**
Allowances for individually assessed impaired loans	–8	–7	–595	–757	–603	–764
– Performing	–7	–6	–300	–398	–307	–404
– Non–performing	–1	–1	–295	–359	–296	–360
Allowances for collectively assessed impaired loans	–2	–13	–352	–341	–354	–354
Allowances	**–10**	**–20**	**–947**	**–1,098**	**–957**	**–1,118**
Loans and receivables, book value	**24,262**	**26,792**	**244,682**	**213,985**	**268,944**	**240,777**
Maturity information						
Remaining maturity (book value)						
Payable on demand	2,077	2,546	31,223	20,657	33,300	23,203
Maximum 3 months	21,115	22,598	56,953	51,660	78,068	74,258
3–12 months	670	936	18,867	16,962	19,537	17,898
1–5 years	284	544	49,391	48,006	49,675	48,550
More than 5 years	116	168	88,248	76,700	88,364	76,868
Total	**24,262**	**26,792**	**244,682**	**213,985**	**268,944**	**240,777**

Parent company	Credit institutions		The public[1)]		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2007	2006	2007	2006	2007	2006
Loans and receivables, not impaired	36,824	36,981	26,577	21,433	63,401	58,414
Impaired loans and receivables:	8	8	175	198	183	206
– Performing	6	6	106	109	112	115
– Non–performing	2	2	69	89	71	91
Loans and receivables before allowances	**36,832**	**36,989**	**26,752**	**21,631**	**63,584**	**58,620**
Allowances for individually assessed impaired loans	–8	–7	–89	–91	–97	–98
– Performing	–6	–6	–34	–54	–40	–60
– Non–performing	–2	–1	–55	–37	–57	–38
Allowances for collectively assessed impaired loans	0	–12	–23	–39	–23	–51
Allowances	**–8**	**–19**	**–112**	**–130**	**–120**	**–149**
Loans and receivables, book value	**36,824**	**36,970**	**26,640**	**21,501**	**63,464**	**58,471**
Maturity information						
Remaining maturity (book value)						
Payable on demand	1,313	5,831	4,351	3,265	5,664	9,096
Maximum 3 months	26,845	23,037	10,872	7,550	37,717	30,587
3–12 months	8,135	7,635	1,759	1,518	9,894	9,153
1–5 years	507	369	8,907	8,562	9,414	8,931
More than 5 years	24	98	751	606	775	704
Total	**36,824**	**36,970**	**26,640**	**21,501**	**63,464**	**58,471**

1) Finance leases, where Nordea Group is a lessor, are included in Loans and receivables to the public, see Note 27 Leasing.

Note 16: *cont.*

Reconciliation of allowance accounts for impaired loans[1)]

Group	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2007	**–7**	**–13**	**–20**	**–757**	**–341**	**–1,098**	**–764**	**–354**	**–1,118**
Provisions	0	–1	–1	–230	–166	–396	–230	–167	–397
Reversals	0	10	10	238	126	364	238	136	374
Changes through the income statement	**0**	**9**	**9**	**8**	**–40**	**–32**	**8**	**–31**	**–23**
Allowances used to cover write–offs	0	0	0	150	0	150	150	0	150
Reclassification	–	-1	–1	–	33	33	–	32	32
Currency translation differences	–1	3	2	4	-4	0	3	–1	2
Closing balance at 31 Dec 2007	**–8**	**–2**	**–10**	**–595**	**–352**	**–947**	**–603**	**–354**	**–957**
Opening balance at 1 Jan 2006	**–7**	**–11**	**–18**	**–1,057**	**–406**	**–1,463**	**–1,064**	**–417**	**–1,481**
Provisions	–	–4	–4	–276	–187	–463	–276	–191	–467
Reversals	–	1	1	463	231	694	463	232	695
Changes through the income statement	**–**	**–3**	**–3**	**187**	**44**	**231**	**187**	**41**	**228**
Allowances used to cover write–offs	0	0	0	134	–	134	134	0	134
Currency translation differences	0	1	1	–21	21	0	–21	22	1
Closing balance at 31 Dec 2006	**–7**	**–13**	**–20**	**–757**	**–341**	**–1,098**	**–764**	**–354**	**–1,118**

Parent company	Credit institutions			The public			Total		
EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2007	**–7**	**–12**	**–19**	**–91**	**–39**	**–130**	**–98**	**–51**	**–149**
Provisions	0	–	0	–43	–10	–53	–43	–10	–53
Reversals	–	8	8	26	30	56	26	38	64
Changes through the income statement	**0**	**8**	**8**	**–17**	**20**	**3**	**–17**	**28**	**11**
Allowances used to cover write–offs	–	–	0	15	0	15	15	0	15
Currency translation differences	0	3	3	4	–4	0	4	–1	3
Closing balance at 31 Dec 2007	**–7**	**–1**	**–8**	**–89**	**–23**	**–112**	**–96**	**–24**	**–120**
Opening balance at 1 Jan 2006	**–7**	**–11**	**–18**	**–101**	**–56**	**–157**	**–108**	**–67**	**–175**
Provisions	0	–1	–1	–27	–10	–37	–27	–11	–38
Reversals	–	–	0	30	25	55	30	25	55
Changes through the income statement	**0**	**–1**	**–1**	**3**	**15**	**18**	**3**	**14**	**17**
Allowances used to cover write–offs	–	–	–	10	–	10	10	0	10
Currency translation differences	0	0	0	–3	2	–1	–3	2	–1
Closing balance at 31 Dec 2006	**–7**	**–12**	**–19**	**–91**	**–39**	**–130**	**–98**	**–51**	**–149**

[1)] See Note 11 Loan losses.

Allowances and provisions

Group	Credit institutions		The public		Total	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Allowances for items in the balance sheet	–10	–20	–947	–1,098	–957	–1,118
Provisions for off balance sheet items	–36	–13	–19	–46	–55	–59
Total allowances and provisions	**–46**	**–33**	**–966**	**–1,144**	**–1,012**	**–1,177**
Parent company						
Allowances for items in the balance sheet	–8	–19	–112	–130	–120	–149
Provisions for off balance sheet items	–2	–	0	–27	–2	–27
Total allowances and provisions	**–10**	**–19**	**–112**	**–157**	**–122**	**–176**

Note 16: *cont.*

Key ratios

	Group		Parent company	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Impairment rate, gross[1], %	0.5	0.7	0.3	0.4
Impairment rate, net[2], %	0.3	0.4	0.1	0.2
Total allowance rate[3], %	0.4	0.5	0.2	0.3
Allowance rate, impaired loans[4], %	45.6	47.3	53.2	47.6
Non-performing loans and receivables, not impaired[5], EURm	98	95	–	–

1) Individually assessed impaired loans and receivables before allowances divided by total loans and receivables before allowances, %.
2) Individually assessed impaired loans and receivables after allowances divided by total loans and receivables before allowances, %.
3) Total allowances divided by total loans and receivables before allowances, %.
4) Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %.
5) Past due loans and receivables, not impaired due to future cash flows (included in Loans and receivables, not impaired).

Note 17:
Interest-bearing securities

	Group		Parent company	
EURm	2007	2006	2007	2006
Issued by public bodies	1,926	5,863	–	2,634
Issued by other borrowers	38,063	33,699	7,154	1,425
Total	**39,989**	**39,562**	**7,154**	**4,059**
Listed securities	34,347	35,031	5,239	2,472
Unlisted securities	5,642	4,531	1,915	1,587
Total	**39,989**	**39,562**	**7,154**	**4,059**

Maturity information

Remaining maturity (book value)				
Maximum 1 year	10,532	6,098	2,173	1,448
More than 1 year	29,457	33,464	4,981	2,611
Total including portfolio schemes	**39,989**	**39,562**	**7,154**	**4,059**
Of which Financial instruments pledged as collateral (Note 18)	4,517	10,496	1,938	185
Total	**35,472**	**29,066**	**5,216**	**3,874**

Note 18:
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.

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Repurchase agreements	4,688	10,496	2,806	599
Securities lending agreement	102	–	–	–
Total	**4,790**	**10,496**	**2,806**	**599**

Note 18: *cont.*

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. Therefore, these assets and its associated liabilities are included in the tables below.

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Repurchase agreements				
Treasury bills and other eligible bills	170	0	868	414
Interest–bearing securities	4,517	10,496	1,938	185
Shares	1	–	–	–
Securities lending agreement				
Shares	102	–	–	–
Total	**4,790**	**10,496**	**2,806**	**599**

Liabilities associated with the assets

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Repurchase agreements				
Deposits by credit institutions	3,776	8,033	2,826	413
Deposits and borrowings from the public	862	2,515	–	185
Other	139	–	–	–
Total	**4,777**	**10,548**	**2,826**	**598**

Note 19:
Shares

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Shares held for trading	5,655	3,701	1,828	582
Shares designated at fair value through profit or loss	12,076	10,873	199	109
Shares available for sale	16	11	7	–
of which shares taken over for protection of claims	0	0	–	–
Total	**17,747**	**14,585**	**2,034**	**691**
Listed shares	15,766	11,715	2,003	665
Unlisted shares	1,981	2,870	31	26
Total	**17,747**	**14,585**	**2,034**	**691**
Of which Financial instruments pledged as collateral (Note 18)	103	–	–	–
Total	**17,644**	**14,585**	**2,034**	**691**
Of which expected to be settled after 12 months	262	140	34	–

Note 20:
Derivatives

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2007, EURm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	16,391	16,889	1,387,471	720	771	100,317
FRAs	196	190	642,258	14	12	122,946
Interest rate futures	337	405	167,641	2	0	222
Options	2,913	2,963	370,078	7	7	48,240
Other	23	15	3,908	27	28	4,533
Total	**19,860**	**20,462**	**2,571,356**	**770**	**818**	**276,258**
Equity derivatives						
Futures and forwards	75	137	9 427	45	82	151
Options	1,178	1,584	16,528	36	49	1,481
Other	57	119	1,379	–	–	–
Total	**1,310**	**1,840**	**27,334**	**81**	**131**	**1,632**
Foreign exchange derivatives						
Currency and interest rate swaps	2,257	2,305	170,131	211	307	12,039
Currency forwards	4,826	5,012	465,014	5	54	4,624
Options	282	282	32,834	–	–	–
Total	**7,365**	**7,599**	**667,979**	**216**	**361**	**16,663**
Credit derivatives						
Credit default swaps	1,163	1,115	90,476	1	–	250
Total	**1,163**	**1,115**	**90,476**	**1**	–	**250**
Other derivatives						
Futures and forwards	103	48	769	–	–	–
Options	99	118	697	–	–	–
Other	1,183	1,142	9,169	–	–	–
Total	**1,385**	**1,308**	**10,635**	–	–	–
Total derivatives held for trading	**31,083**	**32,324**	**3,367,780**	**1,068**	**1,310**	**294,803**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	252	124	32,918	48	29	3,256
Total	**252**	**124**	**32,918**	**48**	**29**	**3,256**
Equity derivatives						
Options	55	73	253	73	73	342
Total	**55**	**73**	**253**	**73**	**73**	**342**
Foreign exchange derivatives						
Currency and interest rate swaps	97	502	4,381	92	168	1,433
Currency forwards	11	–	–	–	1	18
Total	**108**	**502**	**4,381**	**92**	**169**	**1,451**
Total derivatives used for hedge accounting	**415**	**699**	**37,552**	**213**	**271**	**5,049**
Total derivatives	31,498	33,023	3,405,332	1,281	1,581	299,852

31 Dec 2006, 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	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	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 20 *cont.*

31 Dec 2007, EURm	Group Positive	Group Negative	Parent company Positive	Parent company Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	4,587	5,185	165	183
3–12 months	2,978	3,426	105	137
1–5 years	9,770	9,907	590	658
More than 5 years	14,163	14,505	421	603
Total	**31,498**	**33,023**	**1,281**	**1,581**

31 Dec 2006, EURm	Group Positive	Group Negative	Parent company Positive	Parent company 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**

Note 21:
Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Book value at beginning of year	–37	282	1	28
Changes during the year				
Revaluation of hedged items[1)]	–68	–319	–5	–27
Book value at end of year	**–105**	**–37**	**–4**	**1**

Liabilities				
EURm				
Book value at beginning of year	–401	58	–96	3
Changes during the year				
Revaluation of hedged items[1)]	78	–459	27	–99
Book value at end of year	**–323**	**–401**	**–69**	**–96**

1) A part of the portfolio hedge designation has been revoked during 2007. The amortisation of the booked value related to the disolved hedges is included in this line. The amortisation is based on the relevant repricing time period.

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 respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented within liabilities.

Note 22:
Investments in group undertakings

Parent company EURm	31 Dec 2007	31 Dec 2006
Acquisition value at beginning of year	17,615	17,615
Acquisition during the year	560	42
Sales during the year	–2,084	–44
Reclassifications	–141	2
IFRS 2 expenses[1)]	3	–
Acquisition value at end of year	**15,953**	**17,615**
Accumulated impairment charges at beginning of year	–1,054	–1,064
Reversed impairment charges during the year	448	–
Accumulated impairment charges on sales/disposals during the year	–	10
Reclassifications	141	–
Accumulated impairment charges at end of year	**–465**	**–1,054**
Total	**15,488**	**16,561**

1) Allocation of IFRS 2 expenses for LTIP 2007 related to the subsidiaries. For more information, see Note 8.

Of which, listed shares	–	–

The total amount is expected to be settled after more than twelve months.

Note 22 *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 2007	Number of shares	Book value EURm	Voting power of holding %	Domicile	Registration number
Nordea Bank Finland Plc	1,030,800,000	5,947	100.0	Helsinki	1680235-8
Nordea Finance Finland Ltd			100.0	Espoo	0112305-3
Nordea Bank Danmark A/S	50,000,000	3,501	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	2,401	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
PRIVATmegleren AS			67,0	Oslo	986386661
Nordea Bank Polska S.A.	45,038,791	262	99.2	Gdynia	KRS0000021828
OOO Promyshlennaya Companiya Vestkon	437,175,472[1)]	451	85,7	Moscow	1027700034185
JSB Orgresbank			75,0	Moscow	1027739436955
Nordea Life Holding AB	1,000	0	100.0	Stockholm	556742-3305
Nordea Life Holding A/S			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			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 AS	1,000	29	100.0	Oslo	930954616
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 Ejendomsinvestering A/S	1,000	1	100.0	Copenhagen	26640172
Nordea Investment Funds I Company SA	38,996	0	100.0	Luxembourg	B30550
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
Nordic Baltic Holding (NBH) AB [2)]	1,000	34	100.0	Stockholm	556592-7950
Nordea Fastigheter AB [2)]	3,380,000	1	100.0	Stockholm	556021-4917
Total		**15,488**			

[1)] Nominal value expressed in RUB, representing Nordea´s participation in Vestkon.
[2)] Dormant

Note 22 *cont.*

Specification of Securitisations established by Nordea – On balance

EURm	Purpose	Duration	Nordea share of the investment	Total issue	Accounting treatment
CMO Denmark A/S	Collateralised Mortgage Obligation	>5 years	15	35	Consolidated
Kalmar Structured Finance A/S	Credit Linked Note	>5 years	10	149	Consolidated
Nordea Bank Finland[1)]	Credit Linked Note	1–3 years	–	421	On balance
Viking ABCP	Factoring	<1 years	623	672	Consolidated
Total recognised on balance			**648**	**1,277**	

Specification of Securitisations established by Nordea – Off balance

EURm	Purpose	Duration	Nordea share of the investment	Total issue	Accounting treatment
Mermaid Repackaging Plc	Collateralised Debt Obligation	2–5 years	35	94	Not consolidated
Totally securities by Nordea				**1,371**	

1) Nordea Bank Finland has issued Credit Linked Notes (CLN), which are related to Credit Default Swaps. Nordea is market-maker in these CLN.

Note 23:
Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Acquisition value at beginning of year	411	577	29	28
Acquisitions during the year	9	14	1	1
Sales during the year	–33	–176	–	0
Share in earnings[1)]	58	99	–	–
Dividend received	–48	–56	–	–
Reclassifications	–23	–51	–	–
Translation differences	2	4	–	–
Acquisition value at end of year	**376**	**411**	**30**	**29**
Accumulated impairment charges at beginning of year	–13	–11	–	–
Accumulated impairment charges on sales during the year	3	–	–	–
Reversed impairment charges during the year	–	1	–	–
Impairment charges during the year	0	–3	–	–
Translation differences	0	0	–	–
Accumulated impairment charges at end of year	**–10**	**–13**	**–**	**–**
Total	**366**	**398**	**30**	**29**
Of which, listed shares	–	–	–	–

1) Share in earnings

EURm	2007	2006
Profit from companies accounted for under the equity method	41	68
Associated undertakings in Life, reported as net/gains losses on items at fair value	17	31
Share in earnings	58	99

The total amount is expected to be settled after more than twelve months.

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2007	31 Dec 2006
Total assets	7,603	5,730
Total liabilities	7,182	5,226
Operating income	211	160
Operating profit	43	40

Nordeas' share of contingent liabilities in favour in associated undertakings amounts to EUR 368m (EUR 0m), and on behalf of associated undertaking EUR 0m (EUR 0m).

Note 23 *cont.*

Group

31 Dec 2007	Registration number	Domicile	Book value EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	77	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	152	49
Luottokunta	0201646-0	Helsinki	37	24
LR realkredit	26045304	Copenhagen	9	39
Oy Realinvest Ab	0680035-9	Helsinki	25	49
NCSD Holding AB	556709-1763	Stockholm	27	25
E-nettet Holding A/S	21270776	Copenhagen	2	20
Profita Fund II Ky[1)]	1596354-7	Helsinki	5	0
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	33
Axel IKU Invest A/S	24981800	Billund	2	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	7	33
KIFU-AX II A/S	25893662	Copenhagen	2	26
KFU-AX II A/S	25894286	Copenhagen	2	34
Multidata Holding A/S	27226027	Ballerup	4	28
Profita Fund III Ky[1)]	2114721-2	Helsinki	2	0
Bankpension Sverige AB	556695-8194	Stockholm	1	40
Other			3	
Total			**366**	

[1)] Nordea's shareholding of Profita Fund II Ky is 45% and Profita Fund III Ky is 28%.

The statutory information is available on request from Nordea Investor Relations.

Parent company

31 Dec 2007	Registration number	Domicile	Book value EURm	Voting power of holding %
NCSD Holding AB	556709-1763	Stockholm	27	25
Bankpension Sverige AB	556695-8194	Stockholm	1	40
Other			2	
Total			**30**	

Note 24

Investments in joint venture

Group

The Group has a 50% interest in two companies, DNP Ejendomme P/S and Ejendomselskabet af 1. marts 2006 P/S, which are real estate companies.

These companies are, as from 2007, consolidated into the Nordea Group, as the current assessment is that Nordea has significant influence over these companies.

The following amounts represent the Group's share of the assets, liabilities, income, expenses and result of the joint ventures:

EURm	2007	2006
Total assets	–	93
Total liabilities	–	2
Operating income	–	9
Operating expenses	–	2
Operating profit	–	7
Net profit	–	7
Proportionate interest in joint ventures' commitments	–	–
Proportionate interest in joint ventures' contingent liabilities	–	–

Note 25:

Intangible assets

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Goodwill[1)]				
Nordea Bank Danmark A/S	439	439	–	–
Nordea Bank Norge ASA	1,034	1,003	–	–
Nordea Bank Sverige AB (publ)	173	182	736	808
Nordea Bank Polska S.A.	74	70	–	–
JSB Orgresbank	290	–	–	–
Life insurance companies	321	318	–	–
Other goodwill	77	71	–	–
Goodwill, total	**2,408**	**2,083**	**736**	**808**
Internally developed software	236	129	63	35
Other intangible assets	81	35	20	15
Total	**2,725**	**2,247**	**819**	**858**

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Goodwill[1)]				
Acquisition value at beginning of year	2,083	2,100	1,058	1,058
Acquisitions during the year	303	5	–	–
Translation differences	22	–22	–	–
Acquisition value at end of year	**2,408**	**2,083**	**1,058**	**1,058**
Accumulated amortisation at beginning of year	–	–	–250	–178
Amortisation according to plan for the year	–	–	–72	–72
Accumulated amortisation at end of year	**–**	**–**	**–322**	**–250**
Total	**2,408**	**2,083**	**736**	**808**

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Internally developed software				
Acquisition value at beginning of year	146	74	35	13
Acquisitions during the year	88	100	25	29
Sales/disposals during the year	–10	–	–	–
Reclassifications	71	–28	16	–7
Translation differences	1	0	–	–
Acquisition value at end of year	**296**	**146**	**76**	**35**
Accumulated amortisation at beginning of year	–16	–3	–	–
Amortisation according to plan for the year	–17	0	–6	–
Accumulated amortisation on sales/disposals during the year	10	–	–	–
Reclassifications	–34	–13	–7	–
Translation differences	–2	0	–	–
Accumulated amortisation at end of year	**–59**	**–16**	**–13**	**–**
Accumulated impairment charges at beginning of year	–1	–	–	–
Impairment charges during the year	–	–1	–	–
Accumulated impairment charges at end of year	**–1**	**–1**	**–**	**–**
Total	**236**	**129**	**63**	**35**

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Other intangible assets				
Acquisition value at beginning of year	88	138	37	30
Acquisitions during the year[2)]	56	10	11	10
Sales/disposals during the year	0	–34	–	–
Reclassifications	2	–26	–	–3
Translation differences	1	0	–	–
Acquisition value at end of year	**147**	**88**	**48**	**37**
Accumulated amortisation at beginning of year	–53	–88	–22	–21
Amortisation according to plan for the year	–12	–10	–6	–4
Accumulated amortisation on sales/disposals during the year	0	24	–	–
Reclassifications	0	21	–	3
Translation differences	–1	0	–	–
Accumulated amortisation at end of year	**–66**	**–53**	**–28**	**–22**
Total	**81**	**35**	**20**	**15**

1) Excluding goodwill in associated undertakings.
2) Whereof acquisitions through business combinations EUR 21m.

The total amount is expected to be settled after more than twelve months.

Note 25 *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 an average growth rate of 4% has been used, while a growth rate of 5% for Poland & Baltic countries and 6% for Orgresbank has been used.

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 8% (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 2007 did not indicate any need for goodwill impairment.

Note 26:
Property and equipment

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Property and equipment	342	307	53	57
Of which buildings for own use	36	34	0	0
Total	**342**	**307**	**53**	**57**
Taken over for protection of claims				
Land and buildings	0	0	–	–
Total	**0**	**0**	–	–
Equipment				
Acquisition value at beginning of year	1,031	922	167	129
Acquisitions during the year[1]	149	112	22	29
Sales/disposals during the year	–312	–109	–9	–6
Reclassifications	–95	119	–16	15
Translation differences	–3	–13	–	–
Acquisition value at end of year	**770**	**1,031**	**164**	**167**
Accumulated depreciation at beginning of year	–746	–652	–110	–86
Accumulated depreciation on sales/disposals during the year	303	69	9	4
Reclassifications	63	–82	7	–5
Depreciations according to plan for the year	–72	–87	–17	–23
Translation differences	–1	6	–	–
Accumulated depreciation at end of year	**–453**	**–746**	**–111**	**–110**
Accumulated impairment charges at beginning of year	–12	–21	–	–
Accumulated impairment charges on sales/disposals during the year	0	9	–	–
Reversed impairment charges during the year	0	4	–	–
Reclassifications	–	–6	–	–
Translation differences	1	2	–	–
Accumulated impairment charges at end of year	**–11**	**–12**	**–**	**–**
Total	**306**	**273**	**53**	**57**

1) Whereof acquisitions through business combinations EUR 3m.

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Land and buildings				
Acquisition value at beginning of year	47	90	0	0
Acquisitions during the year	10	2	–	–
Sales/disposals during the year	–8	–9	–	–
Reclassifications	–5	–36	0	–
Translation differences	1	0	–	0
Acquisition value at end of year	**45**	**47**	**0**	**0**
Accumulated depreciation at beginning of year	–13	–18	0	0
Accumulated depreciation on sales/disposals during the year	2	1	–	–
Reclassifications	4	6	–	–
Depreciation according to plan for the year	–2	–2	0	0
Translation differences	0	0	–	–
Accumulated depreciation at end of year	**–9**	**–13**	**0**	**0**
Accumulated impairment charges at beginning of year	0	–18	–	–
Accumulated impairment charges on sales/disposals during the year	–	6	–	–
Reversed impairment charges during the year	–	10	–	–
Reclassifications	–	2	–	–
Translation differences	0	0	–	–
Accumulated impairment charges at end of year	**0**	**0**	**–**	**–**
Total	**36**	**34**	**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 0.5m (EUR 0.4m). Tax value amounts to EUR 0.4m (EUR 0.5m) with an estimated market value of EUR 0.6m (EUR 0.6m).

Note 27:
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 16) 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 2007	31 Dec 2006
Gross investments	5,974	5,372
Less unearned finance income	–454	–409
Net investments in finance leases	**5,520**	**4,963**
Less unguaranteed residual values accruing to the benefit of the lessor	–49	–123
Present value of future minimum lease payments receivable	**5,471**	**4,840**
Accumulated allowance for uncollectible minimum lease payments receivable	6	29

As of 31 December 2007 the gross investment at remaining maturity was distributed as follows:

	Group
EURm	31 Dec 2007
2008	1,328
2009	1,197
2010	1,023
2011	674
2012	571
Later years	1,181
Total gross investment	**5,974**
Less unearned future finance income on finance leases	–454
Net investment in finance leases	**5,520**

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 2007	31 Dec 2006
Acquisition value	155	128
Accumulated depreciations	–43	–40
Accumulated impairment charges	–10	–13
Book value at end of year	**102**	**75**
– Of which repossessed leased property, book value	1	–

	Group	
Book value distributed on groups of assets, EURm	31 Dec 2007	31 Dec 2006
Equipment	102	75
Book value at end of year	**102**	**75**

Depreciation for 2007 amounted to EUR 13m (EUR 9m).

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

	Group
EURm	31 Dec 2007
2008	17
2009	13
2010	8
2011	4
2012	2
Later years	0
Total	**44**

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 1m).

Operating leases

Nordea has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
Leasing expenses during the year, EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Leasing expenses during the year	243	240	84	84
Of which				
– minimum lease payments	241	238	84	84
– contingent rents	2	2	–	–
Leasing income during the year regarding sublease payments	6	7	18	17

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

	Group	Parent company
EURm	31 Dec 2007	31 Dec 2007
2008	275	185
2009	235	173
2010	212	161
2011	236	214
2012	72	18
Later years	420	200
Total	**1,450**	**951**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 20m for the group and EUR 347m for the parent company. For the parent company EUR 327m of the subleases are towards group undertakings.

Note 28:

Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2007	31 Dec 2006
Book value at beginning of year	3,230	2,750
Acquisitions during the year	253	222
Acquisitions through business combinations	–	70
Capitalised subsequent expenditure	1	–
Sales/disposals during the year	–114	–137
Net gains or losses from fair value adjustments	209	325
Transfers/reclassifications during the year	–96	0
Translation differences	9	0
Book value at end of year	**3,492**	**3,230**

Amounts recognised in the income statement[1)]

EURm	2007	2006
Rental income	234	213
Direct operating expenses generating rental income	–62	–63
Direct operating expenses not generating rental income	–9	–4

1) Included in Net gains/losses on items at fair value.

Note 29:

Other assets

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Claims on securities settlement proceeds	5,293	8,159	181	130
Reinsurance recoverables	4	4	–	–
Other	2,427	2,563	1,759	5,191
Total	**7,724**	**10,726**	**1,940**	**5,321**

Note 30:

Prepaid expenses and accrued income

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Accrued interest income	1,563	1,199	350	214
Other accrued income	360	207	9	11
Prepaid expenses	260	166	43	60
Total	**2,183**	**1,572**	**402**	**285**

Note 31:

Deposits by credit institutions

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Central banks	5,882	7,463	2,746	3,864
Other banks	21,789	22,590	21,250	19,698
Other credit institutions	2,406	2,235	279	409
Total	**30,077**	**32,288**	**24,275**	**23,971**

Maturity information

Remaining maturity (book value)

Payable on demand	6,315	7,124	7,103	9,478
Maximum 3 months	19,026	22,341	12,227	5,820
3–12 months	3,751	2,519	3,059	7,775
1–5 years	639	103	1,810	868
More than 5 years	346	201	76	30
Total	**30,077**	**32,288**	**24,275**	**23,971**

Note 32:

Deposits and borrowings from the public

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Deposits from the public	138,273	122,935	32,047	30,475
Borrowings from the public	4,056	3,517	249	7
Total	**142,329**	**126,452**	**32,296**	**30,482**

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 3,981 m (EUR 4,207m) are also included in Deposits.

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Maturity information, Deposits				
Remaining maturity (book value)				
Payable on demand	107,415	95,868	28,325	26,832
Maximum 3 months	20,438	16,620	3,722	3,643
3–12 months	3,706	2,604	–	–
1–5 years	599	1,858	–	–
More than 5 years	6,115	5,985	–	–
Total	**138,273**	**122,935**	**32,047**	**30,475**

Maturity information, Borrowings

Remaining maturity (book value)

Payable on demand	243	6	249	7
Maximum 3 months	3,700	3,342	0	–
3–12 months	34	46	–	–
1–5 years	64	93	–	–
More than 5 years	15	30	–	–
Total	**4,056**	**3,517**	**249**	**7**

Note 33:
Liabilities to policyholders

Group

Liabilities to policyholders are obligations related to insurance contracts. These contracts are divided into contracts containing insurance risk and contracts without insurance risk. The latter are pure investments contracts.

Insurance contracts consists of Life insurance provisions and other insurance related items.

EURm	31 Dec 2007	31 Dec 2006
Traditional life insurance provisions	20,515	21,517
Unit-linked insurance provisions	4,796	4,571
Insurance claims provision	353	303
Provisions, Health & personal accident	161	153
Total insurance contracts	**25,825**	**26,544**
Investment contracts	4,224	2,220
Collective bonus potential	2,231	2,277
Total	**32,280**	**31,041**

Life insurance contracts are measured and recognised in accordance with IFRS 4, i.e. the measurement and recognition principle under previous GAAP has been maintained consequently resulting in non-uniform accounting policies method on consolidation. Each market represented by Nordic and European entities measure and recognises insurance contracts using local accounting policies.

31 Dec 2007, EURm	Traditional life insurance provisions	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**21,517**	**4,571**	**303**	**153**	**2,220**	**2,277**	**31,041**
Gross premiums written	1,866	763	–	–	874	–	3,503
Transfers	–1,733	–60	–	–	1,793	–	0
Addition of interest/ Investment return	947	82	–	–	75	–	1,104
Claims and benefits	–1,734	–524	–	–	–585	–	–2,843
Expense loading inclusive addition of expense bonus	–137	–44	–	–	–37	–	–218
Change in provisions/ bonus potential	–	–	49	8	–93	–44	–80
Other	117	8	1	0	–23	–2	101
Provisions/ bonus potentials, end of year	**20,843**	**4,796**	**353**	**161**	**4,224**	**2,231**	**32,608**
Accumulated value adjustments, end of year	–328	–	–	–	–	–	–328
Total	**20,515**	**4,796**	**353**	**161**	**4,224**	**2,231**	**32,280**
Provision relating to bonus schemes/ discretionary participation feature:	95%				40%		

Note 33: *cont.*

31 Dec 2006, EURm	Traditional life insurance provisions	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**19,509**	**3,730**	**252**	**124**	**1,584**	**1,631**	**26,830**
Acquisition through a business combination	1,681	–	–	–	–	24	1,705
Accumulated value adjustments, beginning of year	–970	–1	–	–	–	–	–971
Retrospective provisions/ bonus potentials, beginning of year	**20,220**	**3,729**	**252**	**124**	**1,584**	**1,655**	**27,564**
Gross premiums written	2,043	773	–	–	699	–	3,515
Transfers	–277	140	–	–	137	–	0
Addition of interest/ Investment return	647	359	–	–	162	–	1,168
Claims and benefits	–1,519	–396	–	–	–346	–	–2,261
Expense loading inclusive addition of expense bonus	–144	–39	–	–	–14	–	–197
Change in provisions/ bonus potential	–	–	51	29	–	622	702
Other	–16	5	–	–	–2	–	–13
Provisions/ bonus potentials, end of year	**20,954**	**4,571**	**303**	**153**	**2,220**	**2,277**	**30,478**
Accumulated value adjustments, end of year	563	–	–	–	–	–	563
Total	**21,517**	**4,571**	**303**	**153**	**2,220**	**2,277**	**31,041**
Provision relating to bonus schemes/ discretionary participation feature:	99%				5%		

Note 34:
Debt securities in issue

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Certificates of deposit	31,926	23,841	7,162	4,683
Commercial papers	5,865	3,411	–	–
Bond loans	61,780	55,854	6,474	7,644
Other	221	311	203	311
Total	**99,792**	**83,417**	**13,839**	**12,638**

Maturity information, Debt securities in issue
Remaining maturity (book value)

Maximum 1 year	48,875	39,746	11,206	7,508
More than 1 year	50,696	43,360	2,430	4,819
Total	**99,571**	**83,106**	**13,636**	**12,327**

Maturity information, Other
Remaining maturity (book value)

Payable on demand	221	311	203	311
Total	**221**	**311**	**203**	**311**

Note 35:
Other liabilities

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Liabilities on securities settlement proceeds	4,970	6,100	601	114
Sold, not held, securities	9,650	3,935	1,572	1,038
Accounts payable	217	356	37	37
Other	8,023	11,786	1,804	1,229
Total	**22,860**	**22,177**	**4,014**	**2,418**

Note 36:
Accrued expenses and prepaid income

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Accrued interest	1,941	1,440	185	138
Other accrued expenses	787	549	81	129
Prepaid income	34	19	75	27
Total	**2,762**	**2,008**	**341**	**294**

Note 37:
Provisions

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Reserve for restructuring costs	0	1	0	1
Transfer risk, off–balance	37	39	2	27
Individually assessed, off–balance sheet	18	20	–	–
Other	18	44	–	–
Total	**73**	**104**	**2**	**28**

Movement in the balance sheet:

Group	Restruc-turing	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	1	39	20	44	104
New provisions made	0	19	7	2	28
Provisions utilised	–1	–	0	–5	–6
Reversals	0	–57	–21	-9	–87
Reclassifications	–	36	12	–14	34
At end of year	**0**	**37**	**18**	**18**	**73**
Of which expected to be settled within 12 months	–	8	3	7	18

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk reserve relating to loans and receivables is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to EUR 18m.

Other provision refers to the following provisions: redundancy packages EUR 1m (of which EUR 1m expected to be settled during 2008), provision for disputes and pending law suites EUR 6m (of which EUR 3m expected to be settled during 2008), rent provision EUR 1m (not expected to be settled during 2008), provision for environmental and property-related obligations of EUR 6m (of which EUR 1m expected to be settled during 2008) and other provisions amounting to EUR 3m (of which EUR 2m expected to be settled during 2008).

Parent company	Restruc-turing	Transfer risk	Total
At beginning of year	1	27	28
Provisions utilised	–1	–	–1
Reversals	0	–20	–20
Reclassification	–	–5	–5
At end of year	**0**	**2**	**2**
Of which expected to be settled within 12 months	0	1	1

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk reserve relating to loans and receivables is included in the item Allowances for collectively assessed impaired loans in Note 16. Provision for transfer risk is depending on the volume of business with different countries.

Note 38:
Retirement benefit obligations

Group EURm	31 Dec 2007	31 Dec 2006
Defined benefit plans, net	339	411
Total	**339**	**411**

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.

IAS 19 secures that the market based value of pension obligations net of plan 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
2007				
Members	20,980	5,857	20,124	62
Average member age	54	55	58	71
2006				
Members	20,288	5,763	20,268	64
Average member age	54	55	58	70

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
2007				
Discount rate	5.0%	5.0%	5.0%	5.0%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	6.0%	6.0%	6.0%	6.0%
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%

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 2007 was 3.1% (5.0%) mainly reflecting rising interest rates.

At the end of the year, the equity exposure in pension funds/foundations represented 21% (22%) of total assets.

Note 38: *cont.*

Asset composition in funded schemes	Sweden 2007	Norway 2007	Finland 2007	Denmark 2007	Total 2007	Total 2006
Equity	25%	12%	23%	13%	21%	22%
Bonds	75%	65%	69%	68%	70%	70%
Real estate	–	23%	5%	–	6%	6%
Other plan assets	1%	0%	3%	19%	2%	3%
Of which:						
– Nordea shares	–	–	–	–	–	–
– Nordea real estate	–	–	3%	–	1%	1%

Amounts recognised in the balance sheet

EURm	Sweden 2007	Norway 2007	Finland 2007	Denmark 2007	Total 2007	Total 2006
PBO	1,152	759	762	102	2,775	3,004
Plan assets	968	473	856	110	2,407	2,367
Total surplus/deficit(–)	**–184**	**–286**	**94**	**8**	**–368**	**–637**
of which unrecognised actuarial gains/losses(–)	–102	–6	80	–1	–29	–226
Of which recognised in the balance sheet	**–82**	**–280**	**14**	**9**	**–339**	**–411**
Of which:						
– retirement benefit assets	45	–	60	18	123	84
– retirement benefit obligations	127	280	46	9	462	495
– related to unfunded plans (PBO)	112	160	20	10	302	315

Overview of surplus or deficit in the plans

EURm	Total 2007	Total 2006	Total 2005	Total 2004	Total 2003
PBO	2,775	3,004	2,910	2,675	2,454
Plan assets	2,407	2,367	2,256	2,065	1,900
Funded status – surplus/deficit(–)	**–368**	**–637**	**–654**	**–610**	**–554**

Changes in the PBO

EURm	Sweden 2007	Norway 2007	Finland 2007	Denmark 2007	Total 2007	Total 2006
PBO at 1 Jan	1,239	780	877	108	3,004	2,916
Service cost	21	32	3	2	58	72
Interest cost	47	30	35	3	115	110
Pensions paid	–56	–35	–38	–8	–137	–130
Curtailments and settlements	–	2	–	–	2	4
Past service cost	–1	–	–	–	–1	–
Actuarial gains(–)/losses	–48	–63	–109	–3	–223	14
Effect of exchange rate changes	–53	23	–6	0	–36	23
Change in provision for SWT/SSC[1]	3	–10	–	–	–7	–5
PBO at 31 Dec	**1,152**	**759**	**762**	**102**	**2,775**	**3,004**

[1] 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 plan assets

EURm	Sweden 2007	Norway 2007	Finland 2007	Denmark 2007	Total 2007	Total 2006
Assets at 1 Jan	990	413	851	113	2,367	2,259
Expected return on assets	42	21	41	4	108	105
Pensions paid	–	–21	–37	–5	–63	–63
Contributions	2	39	18	1	60	32
Actuarial gains/losses(–)	–26	7	–12	–3	–34	9
Effect of exchange rate changes	–40	14	–5	0	–31	25
Plan assets at 31 Dec	**968**	**473**	**856**	**110**	**2,407**	**2,367**
Actual return on plan assets	**16**	**28**	**29**	**1**	**74**	**114**

Note 38: *cont.*

Overview of actuarial gains/losses[1]

EURm	Total 2007	Total 2006
Effects of changes in actuarial assumptions	230	–15
Experience adjustments	–41	10
Of which:		
– on plan assets	–34	9
– on plan liabilities	–7	1
Actuarial gains/losses	**189**	**–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 83m (EUR 97m). 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	Sweden 2007	Norway 2007	Finland 2007	Denmark 2007	Total 2007	Total 2006
Service cost	21	32	3	2	58	72
Interest cost	47	30	35	3	115	110
Expected return on assets	–42	–21	–41	–4	–108	–105
Recognised past service cost	–1	–	–	–	–1	–
Recognised actuarial gains(–)/losses	2	1	0	0	3	2
Curtailments and settlements	–	2	–	–	2	4
SWT/SSC[1]	18	–4	–	0	14	14
Pension cost on defined benefit plans	**45**	**40**	**–3**	**1**	**83**	**97**

[1] Cost related to the Swedish special wage tax (SWT) and the social security contribution (SSC).

The pension cost is lower than expected in the beginning of the year, mainly due to transfers from defined benefit plans to defined contribution plans. The net pension cost on defined benefit plans is expected to be on the same level in 2008.

The Group expects to contribute EUR 49m to its defined benefit plans in 2008.

Key management personnel

The Group's total pension obligations regarding key management personnel amounted to EUR 43m (EUR 40m) at the end of the year. These obligations are partly covered with plan assets of EUR 27m (EUR 21m). Defined benefit pension costs related to key management personnel in 2007 were EUR 3m (EUR 1m). 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 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Nordea Bank AB (publ) Pension Foundation	962	995	892	908
Of which related to the parent company	916	951	848	864

Pension provisions

EURm	2007	2006
Balance at beginning of year	135	133
New provisions made	2	5
Provisions utilised	–2	–3
Other changes	–6	–
Balance at end of year	**129**	**135**

Note 38: *cont.*

Capital value of pension commitments under own management

EURm	2007	2006
Opening balance	999	921
Currency difference	–43	30
Costs excl. interest charged to the result	2	5
Interest expense	25	25
Pension benefits paid	–57	–51
Acquisition/disposal of operations	0	1
Other increase in capital value	51	68
Balance at end of year	**977**	**999**
Actual value relating to specifically separated assets		
Opening balance	951	873
Currency difference	–42	34
Yield	7	42
Payments to and from pension foundation	–	2
Acquisition/disposal of operations	0	1
Balance at end of year	**916**	**951**
Net reported in respect of pension commitments	**61**	**48**
Costs in respect of pensions		
Pension system under own management		
Expenses excl. interest expenses	26	30
Return on specifically separated assets	–7	–42
Result effect of redemption of commitments	0	0
Costs in respect of pensions under own management	**19**	**–12**
Pensioning through insurance:		
Insurance premiums	35	19
Subtotal	**54**	**7**
Tax on returns from pension funds	5	5
Special payroll tax on pension expenses	7	4
The year's pension expenses	**66**	**16**
–/+Expenses covered by surplus in separated assets/ increase in surplus in separated assets	2	37
Reported net cost attributable to pensions	**68**	**53**

Actual value of holdings in pension foundations

EURm	2007	2006
Shares	272	208
Interest–bearing securities	601	576
Other assets	43	168
Total	**916**	**951**
Percentage return on specifically separated assets	**0.8%**	**4.6%**
Assumptions for benefit-determined obligations:		
Discount rate	3%	3%
The calculation is based on pay and pension levels 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 39:
Subordinated liabilities

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Dated subordinated debenture loans	5,626	5,989	4,825	4,984
Undated subordinated debenture loans	604	775	–	–
Hybrid capital loans	1,326	1,413	1,326	1,413
Total	**7,556**	**8,177**	**6,151**	**6,397**

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 one loan - 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)[1]	MSEK 6,904	750	FRN

[1] Call date 20 May 2010.

Note 40:
Untaxed reserves

	Parent company	
EURm	31 Dec 2007	31 Dec 2006
Accumulated excess depreciation		
Equipment	7	5
Total	**7**	**5**

Note 41:
Equity

Group	Attributable to the share holders of Nordea Bank AB (publ)[4]						
EURm	Share capital[1]	Share premium account	Other reserves	Retained earnings	Total	Minority interests	Total equity
Balance at 1 Jan 2007	**2,594**	**–**	**–111**	**12,793**	**15,276**	**46**	**15,322**
Available-for-sale investments:							
– Fair value gains			1		1		1
– Tax on fair value gains			0		0		0
Currency translation differences			–50		–50		–50
Net income recognised directly in equity			*–49*		*–49*		*–49*
Net profit for the year				3,121	3,121	9	3,130
Total recognised income and expense in equity			*–49*	*3,121*	*3,072*	*9*	*3,081*
Issued C shares[5]	3				3		3
Repurchase of C shares[5]				–3	–3		–3
Share–based payments[5]				4	4		4
Dividend for 2006				–1,271	–1,271		–1,271
Purchases of own shares[2),3)]				11	11		11
Other changes				–10	–10	23	13
Balance at 31 Dec 2007	**2,597**	**–**	**–160**	**14,645**	**17,082**	**78**	**17,160**
Balance at 1 Jan 2006	**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	–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**

1) Total shares registered were 2,597 million (31 Dec 2006: 2,594 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 2007 was 1.6 million (31 Dec 2006: 2.7 million).

3) No holding of own shares related to the repurchase authorisation by the Annual General Meeting (AGM) at 31 Dec 2007 (31 Dec 2006: - million). No repurchase of own shares during Jan–Dec 2007 (Jan-Dec 2006: - million). The average number of repurchased own shares Jan-Dec 2007 was - million (Jan-Dec 2006: 84.2 million).

4) Restricted capital was at 31 Dec 2007 EUR 2,603m (31 Dec 2006: EUR 2,599m). Unrestricted capital was 31 Dec 2007 EUR 14,479m (31 Dec 2006: EUR 12,677m).

5) Refers to the Long Term Incentive Programme (LTIP 2007), see also Note 1 and Note 8. The programme was hedged by issuing 3,120,000 C shares, the shares have been bought back and converted to ordinary shares.

Note 41: *cont.*

Parent company

EURm	Restricted equity: Share capital[1]	Restricted equity: Statutory reserve	Unrestricted equity[3]: Other reserves	Unrestricted equity[3]: Retained earnings	Total equity
Balance at 1 Jan 2007	**2,594**	**–**	**–**	**9,415**	**12,009**
Available-for-sale investments:					
– Fair value gains			7		7
– Tax on fair value gains			–2		–2
Group contribution, net[2]				–40	–40
Net income recognised directly in equity			*5*	*–40*	*–35*
Net profit for the year				1,203	1,203
Total recognised income and expense in equity			*5*	*1,163*	*1,168*
Issued C shares[4]	3				3
Repurchase of C shares[4]				–3	–3
Share-based payments[4]				4	4
Dividend for 2006				–1,271	–1,271
Balance at 31 Dec 2007	**2,597**	**–**	**5**	**9,308**	**11,910**

EURm	Share capital	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance at 1 Jan 2006	**1,072**	**4,284**	**–**	**2,928**	**8,284**
Currency translation differences				–4	–4
Group contribution, net[2]				–6	–6
Net income recognised directly in equity		*4,284*		*–10*	*4 274*
Net profit for the year				4,642	4,642
Total recognised income and expense in equity		*4,284*		*4,632*	*8,916*
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	–44			44	0
Own shares				1	1
Balance at 31 Dec 2006	**2,594**	**0**	**–**	**9,415**	**12,009**

1) The Company's share capital at 31 Dec 2007 was EUR 2,597,228,227 (31 Dec 2006: EUR 2,594,108,227). The number of shares was 2,597,228,227 (31 Dec 2006: 2,594,108,227 shares) with a quota value of EUR 1 (31 Dec 2006: EUR 1).

2) After adjustment for tax.

3) Apart from retained earnings, unrestricted equity consists of a free fund to the amount of EUR 2,762m.

4) Refers to the Long Term Incentive Programme (LTIP 2007), see also Note 1 and Note 8. The programme was hedged by issuing 3,120,000 C shares, the shares have been bought back and converted to ordinary shares.

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 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**
New issue[2]			3,120,000	3,120,000.00
Balance at 31 Dec 2007		**1.00000**	**2,597,228,227**	**2,597,228,227.00**

1) Retirement of shares repurchased and held by Nordea Bank AB (publ).

2) Refers to the Long Term Incentive Programme (LTIP 2007), see also Note 1 and Note 8.

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting (AGM). At the AGM on 3 April 2008, a dividend in respect of 2007 of EUR 0.50 per share (2006 actual dividend EUR 0.49 per share) amounting to a total of EUR 1,297,054,114 (2006 actual EUR 1,271,113,031) is to be proposed. The financial statements for the year ended 31 December 2007 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2008.

Note 42:

Assets pledged as security for own liabilities

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Assets pledged for own liabilities				
Lease agreements[1)]	158	188	–	–
Securities etc	12,284	15,792	3,054	745
Other pledged assets	5,399	2,156	–	–
Total	**17,841**	**18,136**	**3,054**	**745**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	8,042	10,261	3,148	465
Deposits and borrowings from the public	4,141	3,223	122	298
Other liabilities and commitments	4,830	3,575	–	–
Total	**17,013**	**17,059**	**3,270**	**763**

1) The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans and receivables to the public.

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 43:

Other assets pledged

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Other assets pledged[1)]				
Lease agreements	0	0	–	–
Securities etc	6,293	2,093	7,270	2,312
Other assets pledged	11	960	–	–
Total	**6,304**	**3,053**	**7,270**	**2,312**
The above pledges[2)] pertain to the following liability and commitment items				
Deposits by credit institutions	6,147	424	6,147	310
Other liabilities and commitments	146	2,333	1,123	2,002
Total	**6,293**	**2,757**	**7,270**	**2,312**

1) Other assets pledged as collaterals for other items than the company's own liabilities, eg, on behalf of a third party or for 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 44:

Contingent liabilities

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Guarantees				
Loan guarantees	4,965	4,221	3,639	2,877
Other guarantees	16,021	15,923	10,385	11,072
Documentary credits	3,052	2,245	7	12
Other contingent liabilities	216	106	35	53
Total	**24,254**	**22,495**	**14,066**	**14,014**

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.

Nordea Bank AB (publ) has undertaken in relation to certain individuals and on certain conditions to be responsible for the potential payment liability against them in their capacity as managing director or board director in subsidiaries of Nordea Bank AB (publ).

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 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 is strongly contesting both the ordinary tax claim and the tax surcharge and has taken the decisions to the Swedish courts.

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 plus interest by SAirGroup in Nachlassliquidation filed with the Commercial Court of Zürich. Nordea believes that the claim lacks merit and is contesting the claim.

Note 45:
Commitments

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Future payment obligations	2,867	1,689	–	–
Credit commitments[1)]	81,607	76,776	27,696	20,986
Other commitments	2,532	2,136	1,778	1,167
Commitments excluding derivatives	**87,006**	**80,601**	**29,474**	**22,153**
Derivatives	**3,405,332**	**2,538,489**	**299,852**	**212,245**
Total	**3,492,338**	**2,619,090**	**329,326**	**234,398**

1) Including unutilised portion of approved overdraft facilities.

Note 46:
Insurance activities[1)]

Group

Operating profit, insurance

EURm	2007	2006
Interest expense	–8	–
Fee and commission income	291	257
Fee and commission expense	–130	–122
Premium income, life insurance	2,530	2,727
Investments, life insurance	1,067	1,755
Change in technical provisions, life insurance	–1,002	–1,548
Claims paid, life insurance	–2,354	–2,038
Change in collective bonus potential, life insurance	42	–606
Operating income	**436**	**425**
Operating expenses		
Staff costs	–98	–92
Other expenses	–71	–80
Depreciation, amortisation and impairment charges of tangible and intangible assets	–5	–9
Total operating expenses	**–174**	**–181**
Operating profit, insurance	**262**	**244**

1) Before allocations and elimination of intra-group transactions.

Balance sheet

EURm	31 Dec 2007	31 Dec 2006
Assets		
Cash and balances with central banks	0	–
Treasury bills and other eligible bills	2,143	–
Loans and advances to the public	857	767
Reinsurance recoverables	4	4
Interest bearing securities	16,842	19,304
Shares and participations	11,794	10,737
Derivatives	36	69
Participating interests	153	151
Intangible assets	351	78
Tangible assets	16	16
Investment property	3,478	3,216
Deferred tax assets	6	13
Current tax assets	3	2
Other assets	450	275
Prepaid expenses and accrued income	357	348
Total assets	**36,490**	**34,980**
Of which intra-group transactions	–1,814	–1,726
Liabilities		
Deposits and borrowings from the public	2,645	1,768
Liabilities to Life insurance policyholders	32,280	31,041
Derivatives	10	4
Current tax liabilities	20	17
Other liabilities	781	553
Accrued expenses and deferred income	224	39
Deferred tax liabilities	110	157
Retirement benefit obligation	6	7
Total liabilities	**36,076**	**33,586**
Equity	**414**	**1,394**
Total liabilities and equity	**36,490**	**34,980**
Of which intra-group transactions	–2,757	–685

Note 47:
Capital adequacy

The Capital Adequacy information for the Group can be found in the Risk, Liquidity and Capital management section page 52.

The Capital Adequacy information for Nordea Bank AB (publ) can be found in the Risk and capital adequacy reports for the Parent company page 145.

Note 48:

Classification of financial instruments

Group EURm, 31 Dec 2007	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	5,020							5,020
Treasury bills and other eligible bills	10		8,493					8,503
Loans and receivables to credit institutions	14,841		9,421					24,262
Loans and receivables to the public	205,054		7,424	32,204				244,682
Interest-bearing securities		1,632	17,364	16,426		50		35,472
Financial instruments pledged as collateral			4,790					4,790
Shares			5,552	12,076		16		17,644
Derivatives			31,083		415			31,498
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–105							–105
Investments in associated undertakings							366	366
Intangible assets							2,725	2,725
Property and equipment							342	342
Investment property							3,492	3,492
Deferred tax assets							191	191
Current tax assets							142	142
Retirement benefit assets							123	123
Other assets	5,345			2,342			37	7,724
Prepaid expenses and accrued income	1,443		375	5			360	2,183
Total	**231,608**	**1,632**	**84,502**	**63,053**	**415**	**66**	**7,778**	**389,054**

EURm, 31 Dec 2007	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	4,029			26,048		30,077
Deposits and borrowings from the public	2,272	130		139,927		142,329
Liabilities to policyholders	4,224				28,056	32,280
Debt securities in issue	5,072	33,648		61,072		99,792
Derivatives	32,324		699			33,023
Fair value changes of the hedged items in portfolio hedge of interest rate risk				–323		–323
Current tax liabilities					300	300
Other liabilities	9,650	3,330		9,563	317	22,860
Accrued expenses and prepaid income	53	5		1,917	787	2,762
Deferred tax liabilities					703	703
Provisions					73	73
Retirement benefit obligations					462	462
Subordinated liabilities				7,556		7,556
Total	**57,624**	**37,113**	**699**	**245,760**	**30,698**	**371,894**

Note 48: *cont.*

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**

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**

Note 48: *cont.*

Parent company EURm, 31 Dec 2007	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	296							296
Treasury bills and other eligible bills			567					567
Loans and receivables to credit institutions	29,812		6,743	269				36,824
Loans and receivables to the public	26,640							26,640
Interest-bearing securities			4,378	838				5,216
Financial instruments pledged as collateral			2,806					2,806
Shares			1,828	199		7		2,034
Derivatives			1,069		212			1,281
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–4							–4
Investments in group undertakings							15,488	15,488
Investments in associated undertakings							30	30
Intangible assets							819	819
Property and equipment							53	53
Deferred tax assets							34	34
Current tax assets							52	52
Other assets	1,600			340			0	1,940
Prepaid expenses and accrued income	375		13	5			9	402
Total	**58,719**	**–**	**17,404**	**1,651**	**212**	**7**	**16,485**	**94,478**

EURm, 31 Dec 2007	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	2,826	3,386		18,063		24,275
Deposits and borrowings from the public				32,296		32,296
Debt securities in issue				13,839		13,839
Derivatives	1,310		271			1,581
Fair value changes of the hedged items in portfolio hedge of interest rate risk				–69		–69
Current tax liabilities				0		0
Other liabilities	1,572	320		2,044	78	4,014
Accrued expenses and prepaid income		4		256	81	341
Deferred tax liabilities					2	2
Provisions					2	2
Retirement benefit obligations					129	129
Subordinated liabilities				6,151		6,151
Total	**5,708**	**3,710**	**271**	**72,580**	**292**	**82,561**

Note 48: *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 group undertakings							16,561	16,561
Investments in associated undertakings							29	29
Intangible assets							858	858
Property and equipment							57	57
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**

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						–
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 48: *cont.*

Loans and receivables designated at fair value through profit or loss

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Book value	32,204	28,902	269	–
Maximum exposure to credit risk	32,204	28,902	269	–
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. Deposits made by Markets as well as funding of Markets opertaions are measured at fair value and classified into the category "Fair value through profit and loss".
The change in fair value attributable to credit risk of the liabilities are for 2007 EUR 0.0m (EUR 0.0m). The cumulative change since designation is EUR 0.0m (EUR 0.0m). The calculation method of the fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates.

The change in the fair value of loans attributable to changes in credit risk is for 2007 EUR –0.1m (EUR 0.7m). The cumulative change since designation is EUR 0.9m (EUR 1.0m).

Comparison of carrying amount and contractual amount to be paid at maturity

	Group		Parent company	
2007, EURm	Book value	Amount to be paid at maturity	Book value	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	37,113	39,587	3,711	3,711

	Group		Parent company	
2006, EURm	Book value	Amount to be paid at maturity	Book value	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	23,251	24,044	–	–

Note 49:

Assets and liabilities at fair value

Group	31 Dec 2007		31 Dec 2006	
EURm	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	5,020	5,020	2,104	2,104
Treasury bills and other eligible bills	8,503	8,499	6,678	6,678
Loans and receivables to credit institutions	24,262	24,263	26,792	26,787
Loans and receivables to the public	244,682	244,503	213,985	213,866
Interest-bearing securities	35,472	35,439	29,066	29,138
Financial instruments pledged as collateral	4,790	4,790	10,496	10,496
Shares	17,644	17,644	14,585	14,585
Derivatives	31,498	31,498	24,207	24,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–105	–105	–37	–37
Investments in associated undertakings	366	366	398	398
Intangible assets	2,725	2,725	2,247	2,247
Property and equipment	342	342	307	307
Investment property	3,492	3,492	3,230	3,230
Deferred tax assets	191	191	382	382
Current tax assets	142	142	68	68
Retirement benefit assets	123	123	84	84
Other assets	7,724	7,724	10,726	10,726
Prepaid expenses and accrued income	2,183	2,183	1,572	1,572
Total assets	**389,054**	**388,839**	**346,890**	**346,838**
Liabilities				
Deposits by credit institutions	30,077	30,083	32,288	32,285
Deposits and borrowings from the public	142,329	142,215	126,452	126,287
Liabilities to policyholders	32,280	32,280	31,041	31,041
Debt securities in issue	99,792	99,625	83,417	83,472
Derivatives	33,023	33,023	24,939	24,939
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–323	–323	–401	–401
Current tax liabilities	300	300	263	263
Other liabilities	22,860	22,860	22,177	22,177
Accrued expenses and prepaid income	2,762	2,762	2,008	2,008
Deferred tax liabilities	703	703	608	608
Provisions	73	73	104	104
Retirement benefit obligations	462	462	495	495
Subordinated liabilities	7,556	7,556	8,177	8,165
Total liabilities	**371,894**	**371,619**	**331,568**	**331,443**

Note 49: *cont.*

Parent company	31 Dec 2007		31 Dec 2006	
EURm	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	296	296	277	277
Treasury bills and other eligible bills	567	567	1,552	1,552
Loans and receivables to credit institutions	36,824	36,823	36,970	36,964
Loans and receivables to the public	26,640	26,643	21,501	21,500
Interest-bearing securities	5,216	5,217	3,874	3,874
Financial instruments pledged as collateral	2,806	2,806	599	599
Shares	2,034	2,034	691	691
Derivatives	1,281	1,281	812	812
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–4	–4	1	1
Investments in group undertakings	15,488	15,488	16,561	16,561
Investments in associated undertakings	30	30	29	29
Intangible assets	819	819	858	858
Property and equipment	53	53	57	57
Deferred tax assets	34	34	39	39
Current tax assets	52	52	10	10
Other assets	1,940	1,940	5,321	5,321
Prepaid expenses and accrued income	402	402	285	285
Total assets	**94,478**	**94,481**	**89,437**	**89,430**
Liabilities				
Deposits by credit institutions	24,275	24,283	23,971	23,975
Deposits and borrowings from the public	32,296	32,299	30,482	30,481
Debt securities in issue	13,839	13,839	12,638	12,642
Derivatives	1,581	1,581	1,153	1,153
Fair value changes of the hedged items in portfolio hedge of interest rate risk	–69	–69	–96	–96
Current tax liabilities	0	0	–	–
Other liabilities	4,014	4,014	2,418	2,418
Accrued expenses and prepaid income	341	341	294	294
Deferred tax liabilities	2	2	3	3
Provisions	2	2	28	28
Retirement benefit obligations	129	129	135	135
Subordinated liabilities	6,151	6,152	6,397	6,397
Total liabilities	**82,561**	**82,573**	**77,423**	**77,430**

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.

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 35m (EUR 27m) in Nordea. The effect in the parent company was EUR 1m (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 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Amount at beginning of year	58	28	0	–
Transactions during the year	82	44	18	0
Recognised in the income statement during the year	–35	–14	–1	–
Amount at end of year	**105**	**58**	**17**	**0**

Note 50:

Assets and liabilities in foreign currencies

Group EURbn, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	6.6	0.5	0.2	1.1	0.1	0.0	8.5
Loans and receivables to credit institutions	6.1	6.4	7.8	1.5	1.2	1.3	24.3
Loans and receivables to the public	65.8	61.1	56.6	37.1	14.8	9.3	244.7
Interest-bearing securities	6.5	5.7	16.3	4.6	1.9	0.5	35.5
Other assets	35.3	12.3	10.5	9.8	5.5	2.7	76.1
Total assets	**120.3**	**86.0**	**91.4**	**54.1**	**23.5**	**13.8**	**389.1**
Liabilities and equity							
Deposits by credit institutions	7.4	3.7	2.2	2.6	9.5	4.7	30.1
Deposits and borrowings from the public	40.5	32.6	30.6	23.2	9.9	5.5	142.3
Debt securities in issue	20.9	22.6	25.1	1.8	22.2	7.2	99.8
Provisions	0.1	0.0	0.0	0.0	–	0.0	0.1
Subordinated liabilities	3.3	0.8	0.0	0.0	2.1	1.4	7.6
Other liabilities and equity	50.3	15.9	24.4	10.3	5.4	2.9	109.2
Total liabilities and equity	**122.5**	**75.6**	**82.3**	**37.9**	**49.1**	**21.7**	**389.1**
Position not reported in the balance sheet	**–2.4**	**–9.3**	**–5.4**	**–15.2**	**24.5**	**8.3**	**0.5**
Net position, currencies	**–4.6**	**1.1**	**3.7**	**1.0**	**–1.1**	**0.4**	**0.5**

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**

Note 50: *cont.*

Parent company

EURbn, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	0.3	0.2	0.0	–	0.1	–	0.6
Loans and receivables to credit institutions	8.0	20.4	0.3	0.2	6.5	1.4	36.8
Loans and receivables to the public	3.4	18.4	1.9	0.4	1.9	0.6	26.6
Interest-bearing securities	2.5	2.3	0.1	–	0.3	–	5.2
Other assets	16.0	6.0	0.7	2.5	0.1	0.0	25.3
Total assets	**30.2**	**47.3**	**3.0**	**3.1**	**8.9**	**2.0**	**94.5**
Liabilities and equity							
Deposits by credit institutions	7.9	9.0	1.9	0.6	3.8	1.1	24.3
Deposits and borrowings from the public	1.2	30.1	0.1	0.1	0.6	0.2	32.3
Debt securities in issue	6.5	2.1	0.0	0.0	4.7	0.5	13.8
Provisions	0.0	0.0	–	–	–	–	0.0
Subordinated liabilities	2.7	0.8	0.0	–	1.8	0.9	6.2
Other liabilities and equity	13.2	3.8	0.2	0.1	0.4	0.2	17.9
Total liabilities and equity	**31.5**	**45.8**	**2.2**	**0.8**	**11.3**	**2.9**	**94.5**
Position not reported in the balance sheet	**–3.8**	**0.0**	**2.6**	**–1.4**	**1.4**	**2.2**	**1.0**
Net position, currencies	**–5.1**	**1.5**	**3.4**	**0.9**	**–1.0**	**1.3**	**1.0**

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**	**5.5**
Net position, currencies	**–0.7**	**1.2**	**3.8**	**1.2**	**0.0**	**0.0**	**5.5**

Note 51:
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. The transactions are conducted under standard agreements employed by financial markets participants.

	Group		Parent company	
EURm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	23,485	17,053	6,593	2,236
– of which repledged or sold	9,191	7,278	1,412	1,419
Securities borrowing agreements				
Received collaterals which can be repledged or sold	1,539	575	1,778	909
– of which repledged or sold	1,539	–	1,778	–
Total	**25,024**	**17,628**	**8,371**	**3,145**

Note 52:
Investments, customer bearing the risk

Life Group and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customers 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 2007	31 Dec 2006
Assets		
Loans and receivables to credit institutions	0	267
Interest-bearing securities	2,157	2,662
Shares	8,975	7,310
Other assets	212	807
Total assets	**11,344**	**11,046**
Liabilities		
Deposits and borrowings from the public	3,981	4,207
Insurance contracts	4,796	4,571
Investment contracts	2,503	2,096
Other liabilities	64	172
Total liabilities	**11,344**	**11,046**

Note 53:
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 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Assets						
Loans and receivables	2	1	159	201	406	297
Interest-bearing securities	–	–	–	0	–	–
Derivatives	–	–	107	121	2	1
Investments in associated undertakings	–	–	366	398	–	–
Total assets	**2**	**1**	**632**	**720**	**408**	**298**
Liabilities						
Deposits	4	3	106	16	19	195
Debt securities in issue	2	2	2	12	0	0
Derivatives	–	–	99	106	8	0
Total liabilities	**6**	**5**	**207**	**134**	**27**	**195**
Off balance	**–**	**–**	6,042	6,649	–	–

Group	Key management personnel		Associated undertakings		Other related parties	
EURm	2007	2006	2007	2006	2007	2006
Interest income and interest expense						
Interest income	0	0	6	5	11	5
Interest expense	0	0	–1	–2	0	–5
Net interest income and expense	**0**	**0**	**5**	**3**	**11**	**0**

Note 53: *cont.*

Parent company EURm	Key management personnel 31 Dec 2007	31 Dec 2006	Group undertakings 31 Dec 2007	31 Dec 2006	Associated undertakings 31 Dec 2007	31 Dec 2006	Other related parties 31 Dec 2007	31 Dec 2006
Assets								
Loans and receivables	0	0	35,006	31,205	19	0	0	0
Interest-bearing securities	–	–	1,960	1,343	–	–	–	–
Financial instruments pledged as collateral	–	–	2,637	–	–	–	–	–
Derivatives	–	–	378	287	–	–	–	–
Investments in associated undertakings	–	–	–	–	30	29	–	–
Investments in group undertakings	–	–	15,488	16,561	–	–	–	–
Other assets	–	–	386	–	–	–	–	–
Prepaid expenses and accrued income	–	–	136	–	–	–	–	
Total assets	**0**	**0**	**55,991**	**49,396**	**49**	**29**	**0**	**0**
Liabilities								
Deposits	1	1	17,655	17,623	1	1	37	174
Debt securities in issue	–	0	83	56	–	–	–	–
Derivatives	–	–	465	244	–	–	–	–
Other liabilities	–	–	44	–	–	–	–	–
Accrued expenses and deferred income	–	–	42	–	–	–	–	–
Total liabilities	**1**	**1**	**18,289**	**17,923**	**1**	**1**	**37**	**174**
Off balance	**–**	**–**	**66,345**	**54,071**	**–**	**–**	**–**	**–**

Parent company EURm	Key management personnel 2007	2006	Group undertakings 2007	2006	Associated undertakings 2007	2006	Other related parties 2007	2006
Interest income and interest expense								
Interest income	0	0	1,346	851	1	0	0	0
Interest expense	0	0	-668	–478	–	0	–1	–2
Net interest income and expense	**0**	**0**	**678**	**373**	**1**	**0**	**–1**	**–2**

Compensations to Key management personnel

Compensations to Key management personnel are specified in Note 8.

Other related-party transactions

Parent company

Nordea Bank AB (publ) has established a new Swedish subsidiary for the Group's Life business, Nordea Life Holding AB. The shareholdings in the already existing subsidiaries Nordea Life Holding A/S (Denmark) and Nordea Life Holding Finland Abp were sold to Nordea Life Holding AB during the year.

The parent company has furthermore sold dormant subsidiaries to the wholly owned subsidiary Nordic Baltic Holding AB. The subsidiaries sold has been or will be merged into Nordic Baltic Holding AB.

Note 54:
Acquisitions

Nordea has made two acquisitions during the year; OOO Promyshlennaya Companiya Vestkon (Vestkon) and PRIVAT-megleren AS (Privatmegleren). The following purchase price allocations (PPAs) have been established as of 31 March 2007 and 31 December 2007 respectively. The PPAs are still preliminary, and can be updated during 2008. The PPAs are furthermore prepared using the exchange rates on the dates when the transactions are performed.

EURm	Vestkon 31 Mar 2007	Privat-megleren 31 Dec 2007
Assets	846	1
Liabilities	–714	–1
Minority's share of net assets	–	0
Acquired net assets in accordance with IFRS	**132**	**0**
Purchase price, settled in cash	235	6
Purchase price, to be settled in cash	211	–
Transaction cost	5	–
Cost of combination	**451**	**6**
Surplus value	**319**	**6**
Allocation of surplus value:		
Customer related intangible asset, post tax	21	–
Goodwill	298	6

Vestkon

In the fourth quarter 2006 Nordea Bank AB (publ) signed an agreement to acquire an 85.72% holding in Vestkon. Vestkon's main operation is to act as a holding company in the Joint Stock Bank Orgresbank (Orgresbank). Vestkon's holding in Orgresbank is 87.50%. This leads to an indirect holding in Orgresbank of 75.01%.

The minority shareholders in Vestkon are three persons in the management of Orgresbank. The direct minority shareholder in Orgresbank is the European Bank for Reconstruction and Development (EBRD).

In addition to the 85.72% holding in Vestkon, Nordea and the minority shareholders have a binding shareholders' agreement, stating that Nordea shall purchase, and the minority shareholders shall sell, the minority shareholders' holdings in Vestkon and Orgresbank at a pre-agreed point in time. The purchase price will be based on Orgresbank's financial performance in the Annual report 2009. This will lead to a 100% holding in Vestkon and Orgresbank. The binding shareholders' agreement leads to that 100% of Vestkon and Orgresbank is consolidated into the Nordea Group already in 2007. The future purchase price was initially estimated using the relevant information available at the date of acquisition, and accounted for as an investment in shares and as a liability to the minority shareholders. The estimated future purchase price varies with the financial performance in Orgresbank and has been updated during the year.

The agreement in the fourth quarter 2006 was subject to necessary approvals. The transaction was therefore not closed until 27 March 2007, which is the date of acquisition. Vestkon is consolidated in the Nordea Group as from 31 March 2007.

Goodwill arises mainly due to the fact that Nordea acquires a functional organisation with all necessary resources, processes and licenses to conduct banking business in Russia. At the date of acquisition, Orgresbank had more than 35 branches and outlets. There is a significant value in the local business knowledge and network held by the key management personnel and other employees centrally and within these outlets. The number of employees amounted to around thousand on the date of acquisition. There are also significant values in the established processes used to run the day-to-day operations as well as in the current product portfolio. This is a platform, which will be of substantial value in the expected development in Russia. The value for Nordea lies in the possibility to generate future earnings. Orgresbank is operating within an emerging market and is furthermore a fairly young organisation (established 1994), why the expectations on the future development are high. The value of the platform is not possible to separate from goodwill.

A customer related intangible asset has been separated from goodwill. The part separated is related to future earnings from acquired customers. This relates, however, only to the part over which Nordea has been assessed to have sufficient control. Amortisation is made over 10 years.

The Vestkon Group's impact on Nordea´s net profit for the year amounts to EUR 15m. The impact on total operating income and net profit for the year would have been EUR 79m and EUR 18m respectively, if the Vestkon Group had been consolidated as from the beginning of 2007.

Privatmegleren

On 21 December 2007 Nordea Bank Norge ASA acquired 67% of the share capital of Privatmegleren. The company is a Norwegian real estate agency with a franchise concept. Privatmegleren is consolidated as from 31 December 2007 and has therefore had no impact on Nordea´s income statement in 2007. Privatmegleren would not have had a material impact had the company been consolidated as from the beginning of 2007. The acquisition has no

Risk and capital adequacy reports for the Parent company

Credit risk exposure

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

Parent company

EURm	31 Dec 2007	31 Dec 2006
Loans and receivables to credit institutions	36,824	36,970
Loans and receivables to the public	26,640	21,501
Unutilised credit commitments etc	27,696	20,986
Guarantees and documentary credits	14,066	14,014
Counterparty risk exposure [1]	488	315
Treasury bills/other eligible bills and interest-bearing securities	5,783	5,426
Treasury bills/other eligible bills and interest-bearing securities pledged as collaterals in repurchase agreements	2,806	599
Total credit risk exposure	**114,263**	**99,811**

[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 category

Parent company

EURm	31 Dec 2007	%	31 Dec 2006	%
Corporate customers	21,255	79.8	17,088	79.5
Personal customers	4,791	18.0	3,932	18.3
Public sector	593	2.2	481	2.2
Total	**26,639**	**100.0**	**21,501**	**100.0**

Loans and receivables to corporate customers, by industry

Parent company

EURm	31 Dec 2007	%	31 Dec 2006	%
Real estate management	5,911	27.8	5,170	30.2
Construction	566	2.7	440	2.6
Agriculture and fishing	489	2.3	584	3.4
Transport	749	3.5	857	5.0
Shipping	526	2.5	437	2.6
Trade and services	2,022	9.5	2,036	11.9
Manufacturing	3,770	17.7	3,281	19.2
Financial operations	1,218	5.7	987	5.8
Renting, consulting and other company services	2,220	10.4	1,531	9.0
Other	3,784	17.8	1,765	10.3
Total	**21,255**	**100.0**	**17,088**	**100.0**

Loans and receivables to corporate customers, by size of loan

Parent company

EURm	31 Dec 2007	%	31 Dec 2006	%
0–10	5,670	26.7	5,247	30.7
10–50	5,254	24.7	4,150	24.3
50–100	2,891	13.6	2,468	14.4
100–250	3,200	15.1	2,506	14.7
250–500	2,001	9.4	1,549	9.1
500–	2,238	10.5	1,168	6.8
Total	**21,255**	**100.0**	**17,088**	**100.0**

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

EURm 31 Dec 2007	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	171	4	182
Allowances for individually assessed loans	8	89	1	97
Impaired loans, net, individually assessed	0	82	3	85
Allowances/impaired loans, gross, individually assessed (%)	100%	52%	20%	53%
Impaired loans, gross/lending, individually assessed loans (%)	0.0%	0.6%	0.0%	0.7%
Allowances for collectively assessed loans	0	9	13	23
Total allowances (individually and collectively) /lending[2)]	0.0%	0.4%	0.1%	0.4%

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/lending, individually assessed loans (%)	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%

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 2m (EUR 27m).

Parent company EURm	31 Dec 2007	% of lending to the industry	31 Dec 2006	% of lending to the industry
Real estate management	25	0.4	34	0.2
Construction	3	0.5	1	0.1
Agriculture and fishing	1	0.1	2	0.4
Transport	6	0.8	7	0.3
Shipping	0	0.0	5	1.2
Trade and services	16	0.8	13	0.5
Manufacturing	101	2.7	62	1.7
Financial operations	0	0.0	0	0.0
Renting, consulting and other company services	17	0.8	32	1.7
Other	1	0.0	2	0.1
Total	**171**	**0.8**	**158**	**0.6**

Restructured loans and receivables current year
Parent company

EURm	31 Dec 2007	31 Dec 2006
Loans and receivables before restructuring, book value	45	0
Loans and receivables after restructuring, book value	30	0

Assets taken over for protection of claims
Parent company

EURm	31 Dec 2007	31 Dec 2006
Current assets, book value:		
Land and buildings	0	0
Shares and other participations	0	0
Other assets	0	0
Total	**0**	**0**

Market risk

Parent company

EURm	Measure	31 Dec 2007	2007 high	2007 low	2007 average	31 Dec 2006
Total risk	VaR	43.6	46.5	18.6	29.3	22.5
Interest rate risk	VaR	38.2	41.8	6.0	18.8	16.1
Equity risk	VaR	30.1	33.7	14.6	24.1	14.1
Foreign exchange risk	VaR	1.3	1.9	0.2	0.8	0.9
Diversification effect	% of total VaR	38%				28%

Contractual maturity analysis for financial liabilities

Liquidity risk – contractual cash flows

Parent company

EURm Remaining contractual maturity	31 Dec 2007 Payable on demand	Other within 1 year	1–5 years	>5 years	Total
Liabilities	35,884	34,950	7,300	876	79,011

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

Capital requirements and RWA, 31 December 2007

Parent company

EURm	2007 Capital requirement	2007 Basel II RWA
Credit risk	**3,599**	**44,983**
IRB foundation	1,564	19,551
of which corporate	1,387	17,338
of which institutions	164	2,044
of which other	13	169
Standardised	**2,035**	**25,432**
of which retail	212	2,649
of which sovereign	1	12
of which other	1,822	22,770
Basel I reporting entities	0	0
Market risk	**52**	**646**
of which trading book, VaR	9	118
of which trading book, non-VaR	42	528
of which FX, non-VaR	0	0
of which commodity risk	0	0
Operational risk	**475**	**5,942**
Standardised	475	5,942
Sub total	4,126	51,571
Adjustment for transition rules		
Additional capital requirement according to transition rules	0	0
Total	**4,126**	**51,571**

Capital ratios	2007 Basel II
Tier 1 ratio, %	21.6
Capital ratio, %	30.8

Summary of items included in capital base

Parent company

EURm	31 Dec 2007	31 Dec 2006
Calculation of total capital base		
Equity	11,905	12,009
Proposed/actual dividend	–1,300	–1,271
Hybrid capital loans	1,409	1,458
Deferred tax assets	–34	–39
Goodwill	–819	–808
IRB provisions excess (+)/shortfall (–)	–15	0
Deduction for investments in credit institutions (50%)	0	0
Other items, net	0	-58
Tier 1 capital (net after deduction)	**11,146**	**11,291**
– of which hybrid capital	1,409	1,458
Tier 2 capital	**4,758**	**5,133**
– of which perpetual subordinated loans	0	0
IRB provisions excess (+)/shortfall (–)	–15	0
Deduction for investments in credit institutions (50%)	0	0
Other deduction	0	–1,535
Total capital base	**15,889**	**14,889**

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 earnings	5,343,257,998
Other free funds	2,762,284,828
Net profit for the year	1,202,580,324
Total	**9,308,123,150**

The Board of Directors proposes that these earnings are distributed as follows:

	EUR
Dividends paid to shareholders, EUR 0.50 per share	1,297,054,114
To be carried forward	8,011,069,036
Total	**9,308,123,150**

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

The Board of Directors and the President and CEO certify that the consolidated financial statements and the annual report have been prepared in accordance with the International Reporting Standards (IFRS/IAS) referred to in the European parliament and councils' regulation (EC) 1606/2002, from 19 July 2002, on application of International Accounting Standards and in accordance with generally accepted accounting principles. They give a true and fair view of the Group's and the Company's financial position and result. The Board of Directors' Report for the Group and the Company gives a true and fair overview of the development of the operations, financial position and result of the Group and the Company and describes the material risks and uncertainties that the Company and the Group companies are facing.

20 February 2008

Hans Dalborg
Chairman

Kjell Aamot | Kari Ahola | Harald Arnkværn

Marie Ehrling | Birgitta Kantola | Tom Knutzen

Nils Q Kruse | Claus Høeg Madsen | Steinar Nickelsen

Lars G Nordström | Timo Peltola

Ursula Ranin | Björn Savén

Christian Clausen
President and CEO

Our audit report was submitted on 20 February 2008

KPMG Bohlins AB
Carl Lindgren
Authorised Public Accountant

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 2007. The annual accounts and the consolidated accounts are included in the printed version of this document on pages 42-148. 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, 20 February 2008
KPMG Bohlins AB

Carl Lindgren
Authorised Public Accountant

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 and the deduction for expected shortfall, the difference between expected losses and provisions. 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 , goodwill in the banking operations and half of the expected shortfall deduction. 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 amounts
Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Groups's undertakings, 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 (27 % 2007). 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 reflect 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.

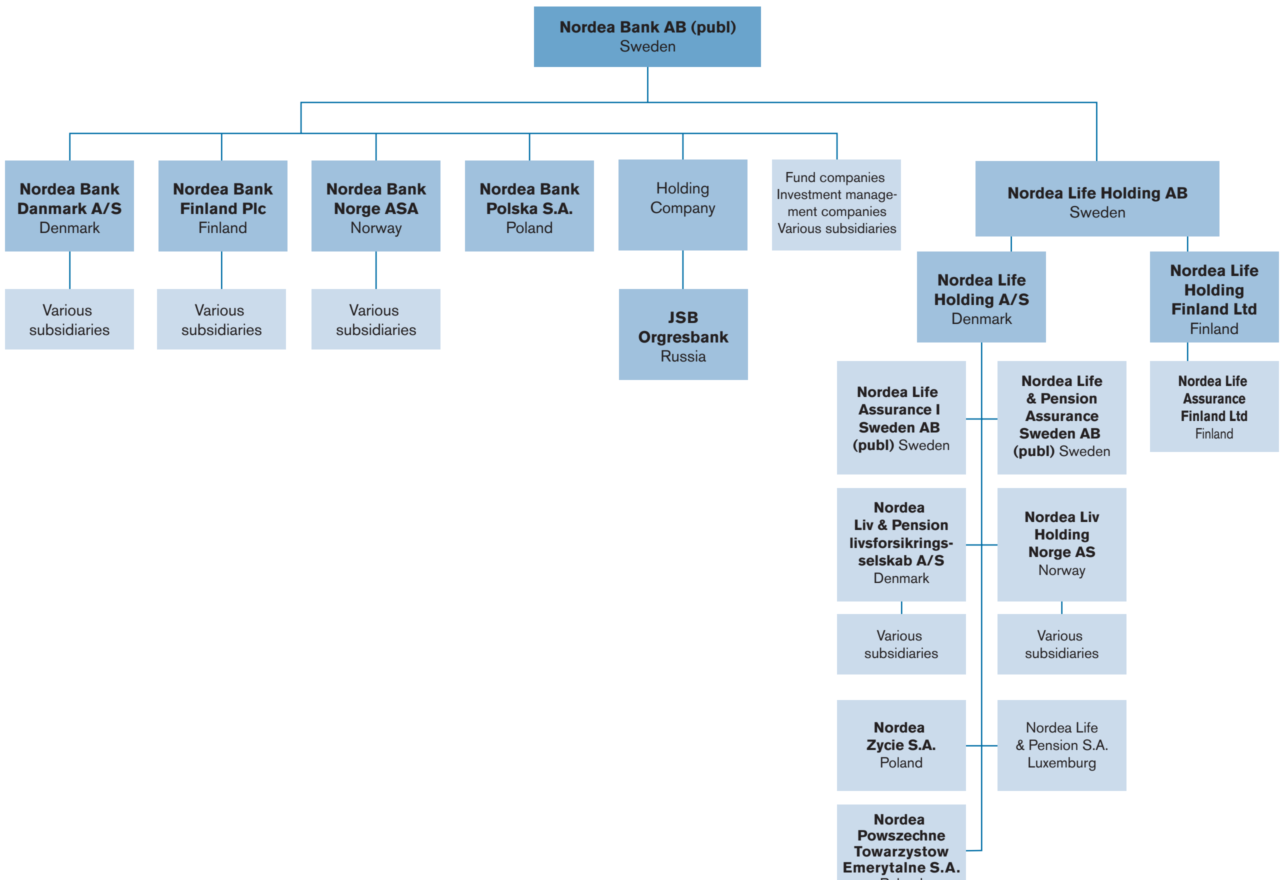
RAROCAR
RAROCAR, % (Risk-adjusted return on capital at risk) is defined as Risk-adjusted profit relative to Economic capital.

MCEV
MCEV is an estimate of the value a shareholder would put on a portfolio of in-force life and pension business based on objective market return. No franchise value or other additional value is included in MCEV.

Legal structure

Main legal structure*

31 December 2007



* Further information is presented in Note 22.

Ratings

	Moody's Investors Service		Standard & Poor's		Fitch		DBRS	
	Short	Long	Short	Long	Short	Long	Short	Long
Nordea Bank AB (publ)	P–1	Aa1	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Danmark A/S	P–1	Aa1	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Finland Plc	P–1	Aa1	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Bank Norge ASA	P–1	Aa1	A–1+	AA–	F1+	AA–	R–1 (high)	AA
Nordea Hypotek AB (publ)		Aaa*	A–1+	AAA*				
Nordea Kredit Realkreditaktieselskab		Aaa*		AAA*				
Norgeskreditt AS	P–1	A1						

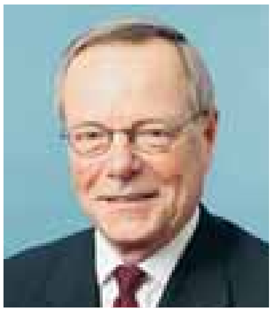
* Covered bond rating

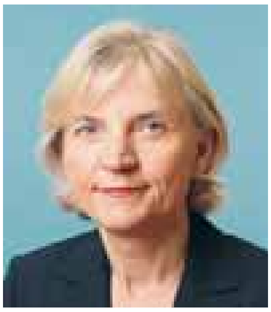
Board of Directors


Hans Dalborg


Timo Peltola


Kjell Aamot


Harald Arnkværn


Marie Ehrling


Birgitta Kantola


Tom Knutzen


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 and AW-Energy Oy.
Board member of TeliaSonera AB (publ) and SAS AB.
Member of the Advisory Board of CVC Capital Partners and Sveafastigheter AB.
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 of 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*

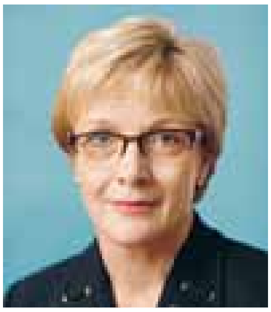
* Shareholdings also include shares held by family members.

Harald Arnkværn
Cand.jur (Law degree). Board member since 2001. Born 1939.
Partner Advokatfirmaet Haavind Vislie AS.
Vice chairman of Energiselskapet Buskerud AS.
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*

Marie Ehrling
BSc (Economics). Board member since 2007. Born 1955.
Board member of Securitas AB, Oriflame Cosmetics SA, Safe Gate AB, Home Maid AB, Centre for Advanced Studies of Leadership at Handelshögskolan in Stockholm and World Childhood Foundation.
Previous positions
2003–2006 CEO TeliaSonera Sverige AB
1982–2002 Deputy CEO SAS Group, Head of SAS Airline and other executive positions within the SAS group
1980–1982 Information officer at the Ministry of Finance
1979–1980 Information officer at the Ministry of Education
1977–1979 Financial analyst at Fourth Swedish National Pension Fund
Shareholding in Nordea: 1,500*

Birgitta Kantola
Master of Law. Board member since 2003. Born 1948.
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*


Lars G Nordström


Ursula Ranin


Björn Savén


Kari Ahola


Bertel Finskas


Nils Q Kruse


Steinar Nickelsen

Tom Knutzen
MSc (Economics). Board member since 2007. Born 1962.
CEO Danisco A/S
Board member of the Confederation of Danish Industries (DI) in Copenhagen and the Danish Academy of Technical Sciences (ATV).
Previous positions
2006– CEO Danisco A/S
2000–2006 CEO NKT Holding A/S
1996–2000 CFO NKT Holding A/S
1988–1996 Various positions within Niro A/S
1985–1988 Various positions within Fællesbanken
Shareholding in Nordea: 5,000*

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
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
2002–2007 President and CEO of Nordea Bank AB
1993– Various executive management positions within Nordea Group
1970–1993 Various positions within Skandinaviska Enskilda Banken (EVP 1989)
Shareholding in Nordea: 15,000*

Ursula Ranin
LLM and BSc (Economics). Board member since 2007. Born 1953.
Board member of Finnair Plc and UPM-Kymmene Corporation.
Previous positions
1984–2005 Various positions within Nokia Corporation including Vice President, General Counsel from 1994 and secretary to the Board of Directors from 1996.
1981–1984 Served as a circuit court judge
Shareholding in Nordea: 5,000*

Björn Savén
Ekon. dr. h.c., MBA and MSc (Econ.& Bus.). Born 1950. Board member since 2006.
Chairman and Chief Executive of Industri Kapital since 1993.
Deputy chairman of Attendo Care AB, Dynea Oy and Konecranes Oyj.
Board member of Minimax GmbH.
Chairman of the British-Swedish Chamber of Commerce.
Member of the Board of the Finnish-Swedish Chamber of Commerce and member of the Royal Swedish Academy of Engineering Sciences (IVA).
Previous positions
1988–1993 Chief Executive Enskilda Ventures (SEB), London.
1976–1988 General and financial management positions within the Esselte Group in Stockholm, London and New York.
1974–1976 Harvard Business School, Boston.
1972–1974 Analyst Gulf Oil, Stockholm.
Shareholding in Nordea: 300,000*

Kari Ahola
Board member from 2006. Born 1960. Employee representative.
Shareholding in Nordea: 0*

Bertel Finskas
Board member since 2000. Born 1948. Employee representative.
Shareholding in Nordea: 1,400*

Nils Q Kruse
Board member since 2004. Born 1950. Employee representative.
Shareholding in Nordea: 1,566*

Steinar Nickelsen
Board member since 2007. Born 1962. Employee representative.
Shareholding in Nordea: 0*

* Shareholdings also include shares held by family members.

Group Executive Management

Group Executive Management:
Upper row from left to right, Frans Lindelöw, Tom Ruud, Peter Schütze, Gunn Wærsted, Arne Liljedahl.
Lower row from left to right, Lena Eriksson, Christian Clausen, Markku Pohjola, Carl-Johan Granvik.

Christian Clausen
President and Group CEO.
Born 1955.
Appointed member 2001.
Shareholding: 28,480 Nordea*

Lena Eriksson
Head of Group Legal.
Born 1962.
Appointed member 2004.
Shareholding: 2,000 Nordea*

Carl-Johan Granvik
Head of Group Credit and Risk Control, CRO.
Born 1949.
Appointed member 2000.
Shareholding: 9,000 Nordea*

Arne Liljedahl[1)]
Head of Group Corporate Centre, CFO.
Born 1950.
Appointed member 2000.
Shareholding: 11,100 Nordea*

Frans Lindelöw
Head of Corporate Merchant Banking Sweden and Stockholm Area.
Born 1962.
Appointed member 2004.
Shareholding: 18,080 Nordea*

Markku Pohjola[1)]
Head of Group Services and Technology, Deputy Group CEO.
Born 1948.
Appointed member 2000.
Shareholding: 13,100 Nordea*

Tom Ruud
Head of Banking and Capital Market Products and Head of Institutional and International Banking.
Born 1950.
Appointed member 2001.
Shareholding: 5,044 Nordea*

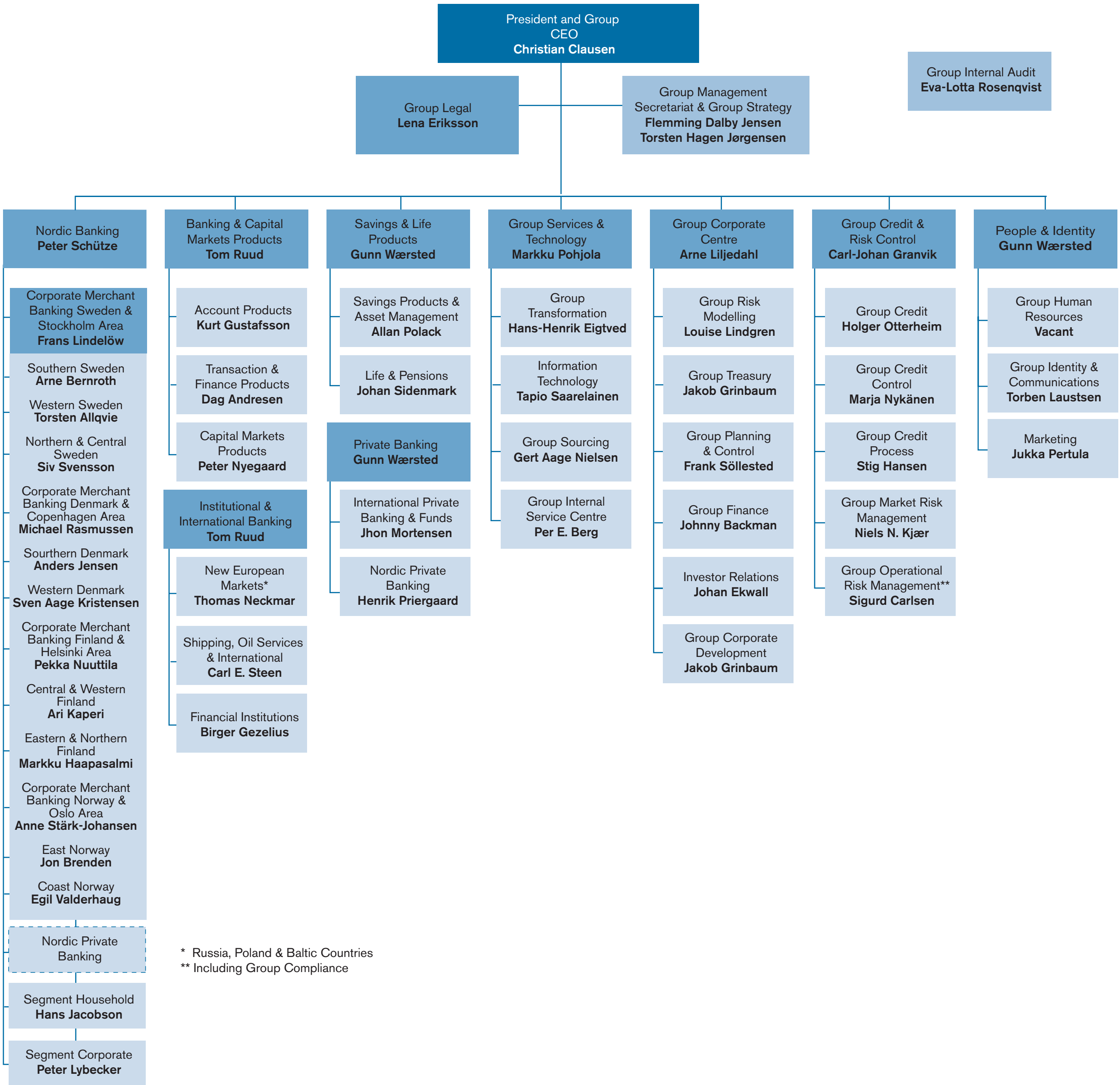
Peter Schütze[1)]
Head of Nordic Banking.
Born 1948.
Appointed member 2002.
Shareholding: 13,646 Nordea*

Gunn Wærsted[1)]
Head of Savings and Life Products, Private Banking and People and Identity.
Born 1955.
Appointed member 2007.
Shareholding: 9,085 Nordea*

* Shareholdings also include shares held by family members.

1) Country Senior Executive

Group Organisation



* Russia, Poland & Baltic Countries
** Including Group Compliance

Annual General Meeting 3 April 2008

Nordea's Annual General Meeting (AGM) 2008 will be held on Thursday 3 April at 13.00 CET at the Aula Magna, at 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 28 March 2008 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 28 March 2008. 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 be made to Nordea Bank AB (publ) at the latest on 28 March 2008 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 27 March 2008 at 12.00 noon Finnish time to Nordea Bank Finland Plc, 2698 Corporate Actions, 00020 Nordea, or by telephone +358 200 35352 or +358 200 15151 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 27 March 2008 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 2008

Annual General Meeting	3 April
Ex-dividend date	4 April
Record date	8 April
Dividend payments	15 April
1st quarter	29 April
2nd quarter	22 July
3rd quarter	23 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

Nordea's Pillar 3 disclosure, Capital adequacy and risk management, in accordance with the Pillar 3 requirements according to the EU Capital Requirements Directive in the Basel II framework, is presented on www.nordea.com

The Annual Report 2007

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 151. The original annual report is 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 2007
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 2007 Annual Report on page 76. 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 Annual General Meeting (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 containing personal information equivalent to information in the register of voters from the meeting. Nordea has found that the integrity of the individual shareholders is best protected by not posting the appendices of this kind, given that it is not necessary to report the register of voters from the meeting according to the Code. The decisions are found in the minutes.

Report on Internal Control over Financial Reporting for the Financial Year 2007

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 2007.

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, 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 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 2007