

Corporate Governance Report 2008

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 2008 Annual Report on page 70. 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 the key aspects of the systems for internal control and risk management regarding financial reports.

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 the key aspects of the systems for internal control and risk management regarding financial reports for the Financial Year 2008

This report has been prepared following rules 10.5 and 11.2 on internal control reporting in the revised Code and the report is submitted as a separate section of the Corporate Governance Report 2008.

The systems for Internal control and risk management over financial reporting are 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 and risk management activities are included in Nordea's planning and resource allocation processes. Internal control and risk management 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 risk management, control and governance processes of the Nordea Group.

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 the key aspects of the systems for internal control and risk management regarding financial reports, 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 the key aspects of the systems for internal control and risk management regarding financial reports, has not been reviewed by the auditors and it is not part of the formal financial statements.