Copenhagen, Helsinki, Oslo, Stockholm, 19 July 2006

Interim Report Second Quarter 2006

Strong results reflecting robust and diversified business mix – RoE up to 21.2%

- **Net profit up 17% to EUR 1,405m (EUR 1,200m in the first six months of 2005)**
- **Operating profit up 14% to EUR 1,790m (EUR 1,572m)**
- **Income up 8% to EUR 3,544m (EUR 3,276m) – Net interest income up 4%**
- **Costs up 3%, excluding Life costs up 2%**
- **Cost/income ratio continued down to 53% from 55%**
- **Positive net loan losses of EUR 120m (EUR 107m) – 9th consecutive quarter with net recoveries**
- **Earnings per share EUR 0.54 (EUR 0.45), up 20%**
- **Return on equity 21.2% (19.4%)**

Profitable growth in all Business Areas – continued strong performance in key growth areas

- **Number of core customers increased by 6%**
- **Consumer lending up 10%; Number of credit cards up 30%**
- **Strong growth in business volumes with small and medium sized enterprises (SMEs)**
- **Assets under Management up 11%; Nordic Private Banking customer base increased by 10%**
- **Net written premiums in Life up 35%**
- **Continued customer driven growth in capital market activities**
- **Execution of growth plans in Sweden, Poland and the Baltics is progressing**

"The strength of the Nordea business model and the execution of our growth strategy is consistently paying off and has, despite the capital market turbulence, resulted in a return on equity of 21.2% for the first half year of 2006 - well above our financial target.

The income growth of 8% has been well diversified by products and markets and reflects an increasing number of core customers and a stronger focus on event-based and advisory related products and services. We have managed to keep the cost increase at a moderate 3% resulting in a gap between the income and cost growth of 5%-points.

I feel confident that we will be able to realise at least the same gap for the full year by continuing to capture profitable growth opportunities while maintaining our strict risk and cost management. Should the capital market turbulence persist and the macroeconomic environment change, Nordea has the flexibility and ability to adjust accordingly," says Lars G Nordström, President and Group CEO of Nordea.

Income statement

EURm	Jan-Jun 2006	Jan-Jun 2005	Change %	Q2 2006	Q2 2005	Change %	Q1 2006	Change %
Net interest income	**1,884**	1,810	4	**957**	913	5	927	3
Net fee and commission income	**1,028**	937	10	**521**	484	8	507	3
Net gains/losses on items at fair value	**421**	329	28	**179**	214	-16	242	-26
Equity method	**55**	35	57	**30**	22	36	25	20
Other income	**156**	165	-5	**98**	61	61	58	69
Total operating income	**3,544**	**3,276**	**8**	**1,785**	**1,694**	**5**	**1,759**	**1**
General administrative expenses:								
Staff costs	**-1,095**	-1,030	6	**-552**	-515	7	-543	2
Other expenses	**-739**	-717	3	**-372**	-364	2	-367	1
Depreciation of tangible and intangible assets	**-44**	-69	-36	**-21**	-35	-40	-23	-9
Total operating expenses	**-1,878**	**-1,816**	**3**	**-945**	**-914**	**3**	**-933**	**1**
Loan losses	**120**	107		**89**	101		31	
Disposals of tangible and intangible assets	**4**	5		**3**	3		1	
Operating profit	**1,790**	**1,572**	**14**	**932**	**884**	**5**	**858**	**9**
Income tax expense	**-385**	-372	3	**-192**	-179	7	-193	-1
Net profit	**1,405**	**1,200**	**17**	**740**	**705**	**5**	**665**	**11**

Balance sheet

EURbn	30 Jun 2006	30 Jun 2005	31 Mar 2006
Treasury bills and other interest-bearing securities	**44.4**	43.6	40.1
Loans and receivables to credit institutions	**27.3**	26.9	31.8
Loans and receivables to the public	**198.8**	175.0	190.7
Derivatives	**24.7**	35.1	22.8
Other assets	**30.3**	30.6	35.9
Total assets	**325.5**	**311.2**	**321.3**
Deposits by credit institutions	**26.2**	35.3	26.6
Deposits and borrowings from the public	**119.1**	105.7	113.3
Liabilities to policyholders	**29.1**	25.3	28.8
Debt securities in issue	**83.6**	69.7	87.7
Derivatives	**24.8**	34.3	22.4
Subordinated liabilities	**8.2**	7.4	8.0
Other liabilities	**21.0**	21.3	20.9
Equity	**13.5**	12.2	13.6
Total liabilities and equity	**325.5**	**311.2**	**321.3**

Ratios and key figures

	Jan-Jun 2006	Jan-Jun 2005	Q2 2006	Q2 2005	Q1 2006
Earnings per share (EPS), EUR	**0.54**	0.45	**0.28**	0.27	0.26
EPS, rolling 12 months up to period end	**0.95**	0.78	**0.95**	0.78	0.94
Share price[1], EUR	**9.34**	7.50	**9.34**	7.50	10.20
Total shareholders' return, %	**7.8**	9.8	**-7.6**	2.9	16.7
Equity per share[2,3], EUR	**5.20**	4.64	**5.20**	4.64	5.24
Shares outstanding[1,3], million	**2,592**	2,637	**2,592**	2,637	2,592
Return on equity, %	**21.2**	19.4	**22.4**	23.0	20.0
Assets under management[1], EURbn	**153**	137	**153**	137	154
Cost/income ratio, %	**53**	55	**53**	54	53
Tier 1 capital ratio[1], %	**6.8**	7.0	**6.8**	7.0	6.8
Total capital ratio[1], %	**9.3**	9.4	**9.3**	9.4	9.4
Risk-weighted assets[1], EURbn	**180.4**	159	**180.4**	159	174
Number of employees (full-time equivalents)[1]	**29,201**	28,824	**29,201**	28,824	29,052

[1] End of period.

[2] Equity excluding minority interests and revaluation reserves.

[3] See footnotes to Note 8 Equity.

The Group

Result summary first half year 2006

Nordea's operating profit for the first six months increased by 14% to EUR 1,790m and net profit increased by 17% to EUR 1,405m. Total income increased by 8% and total expenses increased by 3%, resulting in a return on equity of 21.2% and a cost/income ratio of 53%. Loan losses were positive for the ninth consecutive quarter.

Income

The first six months of 2006 were characterised by continued strong volume growth but also by increased turbulence in financial markets. All central banks in the major markets in which Nordea operates increased interest rates during the period. Equity markets were strong in the first part of the period, and volatile in the latter part. The MSCI Nordic index has decreased by approx. 10% since mid-May when the market turbulence started.

Total income increased by 8% to EUR 3,544m. Net interest income grew by 4% to EUR 1,884m. Total lending to the public increased by 14% to EUR 199bn and volume growth more than compensated for the margin pressure still present in certain areas. Lending growth was strong in all areas. Deposits increased by 13% to EUR 119bn and deposit margins improved following increased market interest rates.

Net interest income in Retail Banking increased by 5% mainly supported by growth in lending to small and medium-sized enterprises (SMEs), consumer lending and improved margins on corporate and household deposits.

In Corporate and Institutional Banking, net interest income increased by 11% following growth in lending in the Shipping, Offshore and Oil Services Division, as well as in Poland and the Baltic countries where lending increased by 48%. Corporate deposits increased by 7% and contributed positively to net interest income.

Net interest income in Group Treasury was somewhat reduced compared to the same period last year.

Assets under management (AuM) increased by 11% to EUR 153bn compared to last year, despite the fall in equity markets in the latter part of the period. Net inflow accounted for EUR 8.3bn of the increase. Total income in Asset Management increased by 23% reflecting higher AuM, high transaction fees and stable income margins.

Net commission income increased by 10% to EUR 1,028m. Savings commissions in general developed strongly and increased by 12% of which asset management commissions increased by 13% following growth in assets under management and several successful product launches. Commissions from brokerage rose 15% to EUR 127m, and lending commissions increased by 1% to EUR 174m reflecting the lending growth particularly within Retail Banking and several transactions within acquisition finance. Commissions from payments increased by 2% to EUR 214m while card commissions increased by 10% to EUR 140m reflecting the increase in card issuing as well as growth in the number of transactions.

Net gains/losses on items at fair value increased by 28% to EUR 421m with strong results in Markets. Net gains/losses in Business Areas increased by 41% to EUR 374m driven by strong customer demand for structured products, particularly in the first quarter. Nordea is increasingly successful in selling these products also to the SME segment. In addition, Markets' core business, client driven FX and fixed-income trading, developed strongly. In Group Treasury, net gains/losses were EUR 47m in the first six months compared to EUR 53m last year.

The income from Equity method was EUR 55m reflecting the increased contribution from International Moscow Bank which contributed approx. EUR 25m (see also page 5).

Other income decreased by 5% to EUR 156m. The sale of Suomen Asiakastieto, a credit information company in Finland in which Nordea was a minority owner, resulted in a one-off gain of approx. EUR 25m which is included this year whereas in 2005 the additional gain related to the sale of the general insurance business in 2002 was included. In total, one-off gains are at approximately the same level in the first half years of 2006 as in 2005.

Expenses

Total expenses increased by 3% to EUR 1,878m. Of the EUR 62m increase in expenses year-on-year, approx. EUR 30m is related to investments within growth areas such as long-term savings including Life, Growth Plan Sweden - the process of capturing untapped potential in Sweden - and expansion in Poland and the Baltics. Excluding Life, total expenses increased by 2%. Life insurance is a growth area for Nordea. However, in the investment phase, the nature of the Life business is such that it has a negative impact on the P&L while at the same time creating value.

Staff costs increased by 6% to EUR 1,095m and the number of FTEs increased by approx. 380, or 1% compared to last year. A general wage inflation of more than 3% and higher variable salaries explain the remaining 5% of the increase. Within the Group, there is a shift in the personnel-structure, with increasing number of advisory and sales related employees in Business Areas and a falling number of FTEs in processing and staff units.

Other expenses were EUR 739m, up by 3% compared to last year. Higher business volumes have resulted in an increase in transaction and sales-related expenses.

Depreciation decreased by 36% to EUR 44m following Nordea's sourcing strategy as well as reduced leasing activity.

The established focus on cost management throughout the Group will continue. Even though the forecasts for economic growth in the Nordic region remains promising for 2006-2007, rising interest rates and the development in equity markets in general has increased uncertainty somewhat. If needed, additional flexibility on cost is provided especially related to staff costs. Also, already running structural initiatives, such as the concept of applying lean production processes, will reduce costs and increase efficiency further, going forward.

The cost/income ratio continued down to 53% compared to 55% in the first six months of 2005. For the full-year 2005, the cost/income ratio was 56%.

The gap between income growth and cost growth was 5% points in the first half year 2006.

Loan losses
Net loan losses were positive at EUR 120m reflecting record low new provisions coupled with recoveries maintained at a high level and included a handful of larger recoveries. Overall credit quality remains strong in all markets.

Taxes
The effective tax rate for the first half year 2006 was 22% following revaluation of the deferred tax asset in Finland. In the first half year 2005, the effective tax rate was 24%.

Net profit
Net profit increased by 17% to EUR 1,405m, corresponding to a return on equity of 21.2% compared to 19.4% in the first six months last year. Earnings per share increased by 20% to EUR 0.54.

Second quarter 2006
Compared to the second quarter 2005, total income, operating profit and net profit all increased by 5%.

Income
Total income increased by 5% to EUR 1,785m compared to the second quarter 2005. Net interest income increased by 5% to EUR 957m. Total lending to the public increased by 14% to EUR 199bn and volume growth remained solid in all segments. Deposit margins improved following higher market interest rates.

Compared to the second quarter last year, net commission income increased by 8% to EUR 521m. Total savings-related commissions increased by 6% to EUR 325m. Total payment commissions increased by 5% to EUR 183m supported by a strong trend in card commissions. Commission expenses fell. Compared to the first quarter 2006, net commission income increased by 3%. Despite the turbulent equity markets, revenues from asset management held up well. There was a marked shift from equity funds into fixed income funds in May and June, but total net inflows remained positive. Total payment related commissions increased by 7% compared to the first quarter 2006.

Net gains/losses decreased by 16% to EUR 179m compared to the strong second quarter 2005. Net gains/losses in Business Areas continued to develop strongly and amounted to EUR 164m, an increase by 22% compared with the second quarter last year. The positive trend is supported by an increasing demand for Markets related products, not only by large corporates, but also from small and medium sized companies. Increased capital markets volatility has stimulated client hedging activity.

The decrease in net/gains losses compared with the same quarter last year is mainly explained by the exceptionally strong result for Group Treasury last year, which was driven by a sharp drop in interest rates. Group Treasury delivered a good result in the second quarter this year, in particular when considering the market depreciation on the holding of OMX shares, which net of dividend is contributing negatively with EUR 9m. In the first quarter 2006 the OMX-holding made a positive profit contribution of EUR 25m.

Income under Equity method increased by 36% to EUR 30m compared to the second quarter 2005 mainly due to the increased contribution from International Moscow Bank (see also page 5).

Expenses
Total expenses increased by 3% to EUR 945m compared to the second quarter 2005. Staff costs increased by 7% to EUR 552m while other expenses increased by 2% to EUR 372m. Excluding Life, total expenses increased by 2%.

Loan losses
Loan losses were positive at EUR 89m in the quarter following a continued flow of recoveries and low new provisions. The country risk provisions were decreased by EUR 11m due to lower exposure in certain emerging markets.

Net profit
Compared to the second quarter 2005 net profit increased by 5% to EUR 740m corresponding to EUR 0.28 per share.

Credit portfolio

Net impaired loans amounted to EUR 405m representing 0.20% of total lending at the end of the second quarter.

The share of personal customer lending was 45%. Within personal customer lending, mortgage loans accounted for 77%.

There was no major change in the composition of the corporate loan portfolio during the quarter. Real estate companies remains the largest industry exposure in the credit portfolio and amounts to EUR 28.0bn, representing 14% of the total lending portfolio.

Capital position

Risk-weighted assets (RWA) increased by 4% during the quarter to EUR 180.4bn reflecting the continued growth in business volumes. The Tier 1 capital ratio was 6.8% including the result for the first half year. The total capital ratio was 9.3%.

Nordea share

In the first six months the share price of Nordea appreciated by 4% on the Stockholm Stock Exchange from SEK 82.50 on 30 December 2005 to SEK 86.00 on 30 June. Total shareholder return was 7.8%.

Sale of International Moscow Bank

Nordea has signed an agreement with UniCredit to sell its 23.42% holding in International Moscow Bank (IMB). The shares correspond to a 26.44% voting interest in IMB. The consideration to be received by Nordea in connection with the sale is USD 395m. This will result in a tax-free capital gain of approx. EUR 200m that will be recognised when completion takes place. Nordea's consolidated pre-tax profit from IMB for the first six months of 2006 was approx. EUR 25m. The transaction is subject, inter alia, to regulatory approvals from relevant authorities and is expected to be completed in the third quarter 2006.

Nordea is actively seeking to build its own presence in the Russian banking market by way of establishing a fully controlled operation in order to support the business of its corporate customers in Russia and to capture the growth opportunities in the Russian corporate and household segments. This will be achieved either by way of obtaining an own banking licence or by acquiring a small to medium-sized Russian bank.

Nordea to outsource some IT services to Capgemini

Nordea is planning to outsource the maintenance and development of its administrative and data warehouse systems to Capgemini. The arrangement comprises application maintenance and development in Finance, HR and Procurement Systems including SAP and Legacy Systems in the respective areas as well as Data Warehouse Systems.

In connection with this planned arrangement, around 90 Nordea employees will be offered the opportunity of employment with Capgemini in Denmark, Finland, Norway and Sweden as of 1 October 2006.

Nordea Hypotek starts to issue covered bonds

Nordea Hypotek as per 30 June 2006 converted all of its outstanding bonds amounting to approx. EUR 15.2bn to covered bonds. After conversion Nordea will issue covered bonds on a regular basis. The covered bonds received Aaa/ AAA rating from Moody’s and Standard and Poor’s.

Covered bonds are debt instruments for which the investor is given a priority of claim in the event of the issuer's bankruptcy towards a pool of high quality assets. This form of borrowing has gained global acceptance in recent years among investors and is used by many mortgage institutions in Europe for long-term financing. Today Nordea issues bonds mainly in the domestic markets. The covered bond issuance will allow Nordea to expand its funding of the mortgage portfolio into the international capital markets.

Integration of payment systems

In order to create a basis for further development and improved customer offering related to Nordea’s Cash Management services for the Swedish market, the online banking system of Nordea Sweden and PlusGirot (previously PostGirot Bank) payment systems and infrastructure have been integrated and re-launched in May 2006.

Strengthened customer relations

The Customer Programme is Nordea´s main tool to build relationship with personal customers. The programme encourages the customers to gather all their business in Nordea and in return get better service, prices and conditions. Core customers get access to high quality advisory service via a personal banking adviser.

The growth in number of core customers was 6% compared to last year and the business volume with these customers increased by 14%.

Private Banking
During the second quarter Nordea launched a pioneering product offering investment into Private Equity funds for Private Banking customers. This was made in the form of a structured product bundling Private Equity funds. For the first time Private Equity investments are made available for non-institutional customers.

Focus on consumer loans
In the second quarter Nordea focused on sales of consumer credits and credit cards in all channels including branch, telephone and Netbank. The purpose is to offer customers consumer loans on more attractive conditions than is available when utilising retail chains and finance companies. Growth in consumer lending was 10% year-on-year and in the same period, the number of credit cards increased by 30% compared to one year ago.

Outlook 2006
Nordea's growth strategy is paying off and progress is increasingly visible in key growth areas. The number of core customers has increased and Nordea will continue the successful execution of its organic growth strategy.

Despite rising interest rates and a somewhat uncertain outlook for equity markets, Nordea is confident in reaching the ambition of at least 5 percentage points gap between revenue and cost growth for the full year 2006. This is based on the still stable macroeconomic forecasts, current business activity among Nordea's customers as well as Nordea's ability to execute on its growth strategy. A moderate cost increase, in line with the first half year, is expected for the full year 2006.

Quarterly development

EURm	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
Net interest income	957	927	933	920	913	1,884	1,810
Net fee and commission income (note 1)	521	507	529	469	484	1,028	937
Net gains/losses on items at fair value	179	242	147	139	214	421	329
Equity method	30	25	21	11	22	55	35
Other income	98	58	66	62	61	156	165
Total operating income	**1,785**	**1,759**	**1,696**	**1,601**	**1,694**	**3,544**	**3,276**
General administrative expenses (note 2):							
Staff costs	-552	-543	-532	-520	-515	-1,095	-1,030
Other expenses	-372	-367	-393	-345	-364	-739	-717
Depreciation of tangible and intangible assets	-21	-23	-31	-31	-35	-44	-69
Total operating expenses	**-945**	**-933**	**-956**	**-896**	**-914**	**-1,878**	**-1,816**
Loan losses	89	31	7	23	101	120	107
Disposals of tangible and intangible assets	3	1	1	0	3	4	5
Operating profit	**932**	**858**	**748**	**728**	**884**	**1,790**	**1,572**
Income tax expense	-192	-193	-242	-165	-179	-385	-372
Net profit	**740**	**665**	**506**	**563**	**705**	**1,405**	**1,200**
Earnings per share (EPS)	0.28	0.26	0.20	0.21	0.27	0.54	0.45
EPS, rolling 12 months up to period end	0.95	0.94	0.86	0.83	0.78	0.95	0.78

Note 1 Net fee and commission income, EURm	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
Asset Management commissions	179	186	189	173	170	365	322
Life insurance	56	52	44	47	43	108	95
Brokerage	61	66	72	69	62	127	110
Custody	20	20	19	19	19	40	37
Deposits	9	11	14	11	12	20	23
Total savings related commissions	325	335	338	319	306	660	587
Payments	110	104	110	106	106	214	210
Cards	73	67	67	71	69	140	127
Total payment commissions	183	171	177	177	175	354	337
Lending	59	60	67	58	60	119	113
Guarantees and document payments	27	28	31	29	30	55	59
Total lending related commissions	86	88	98	87	90	174	172
Other commission income	46	41	59	32	48	87	99
Fee and commission income	**640**	**635**	**672**	**615**	**619**	**1,275**	**1,195**
Life insurance	-11	-13	-6	-8	-8	-24	-18
Payment expenses	-53	-49	-52	-48	-49	-102	-102
Other commission expenses	-55	-66	-85	-90	-78	-121	-138
Fee and commission expenses	**-119**	**-128**	**-143**	**-146**	**-135**	**-247**	**-258**
Net fee and commission income	**521**	**507**	**529**	**469**	**484**	**1,028**	**937**

Note 2 General administrative expenses, EURm	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
Staff[1]	536	527	512	505	500	1,063	1,000
Profit sharing	16	16	20	15	15	32	30
Information technology[2]	120	120	133	112	124	240	240
Marketing	27	22	33	21	24	49	46
Postage, telephone and office expenses	47	53	48	49	50	100	102
Rents, premises and real estate expenses	80	83	82	87	84	163	168
Other	98	89	97	76	82	187	161
Total	**924**	**910**	**925**	**865**	**879**	**1,834**	**1,747**

[1] Variable salaries were EUR 40m in Q2 2006 (Q1 2006: EUR 43m).

[2] Refers to IT operations, service expenses and consultant fees. Total IT-related costs in Q2 2006, including staff etc, but excluding IT expenses in the Life operations, were EUR 155m (Q1 2006: EUR 151m).

EURm	Retail Banking		Corporate and Institutional Banking		Asset Mgmt		Life		Business areas total			Group Treasury		Group functions and eliminations		Nordea Group		
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Change	Jan-Jun		Jan-Jun		Jan-Jun		Change
Customer responsible units	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**%**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**%**
Net interest income	1,560	1,491	239	214	24	19	0	0	1,823	1,724	6	47	57	14	29	1,884	1,810	4
Net fee and commission income	697	623	187	184	148	125	5	28	1,037	960	8	-4	-3	-5	-20	1,028	937	10
Net gains/losses on items at fair value	158	105	155	127	12	7	49	26	374	265	41	47	53	0	11	421	329	28
Equity method	12	10	31	10	0	0	0	0	43	20	115	8	0	4	15	55	35	57
Other income	66	32	16	7	6	6	82	76	170	121	40	3	17	-17	27	156	165	-5
Total operating income	**2,493**	**2,261**	**628**	**542**	**190**	**157**	**136**	**130**	**3,447**	**3,090**	**12**	**101**	**124**	**-4**	**62**	**3,544**	**3,276**	**8**
of which allocations	*494*	*340*	*-273*	*-177*	*-158*	*-125*	*-65*	*-41*	*-2*	*-3*	*-33*	*0*	*2*	*2*	*1*	*0*	*0*	-
Staff costs	-550	-515	-173	-160	-64	-52	-45	-34	-832	-761	9	-8	-7	-255	-262	-1,095	-1,030	6
Other expenses	-751	-747	-121	-123	-33	-34	-36	-24	-941	-928	1	-13	-14	215	225	-739	-717	3
Depreciation of tangible and intangible assets	-15	-26	-5	-5	-1	-1	-2	-2	-23	-34	-32	0	0	-21	-35	-44	-69	-36
Total operating expenses	**-1,316**	**-1,288**	**-299**	**-288**	**-98**	**-87**	**-83**	**-60**	**-1,796**	**-1,723**	**4**	**-21**	**-21**	**-61**	**-72**	**-1,878**	**-1,816**	**3**
of which allocations	*-546*	*-542*	*-72*	*-76*	*10*	*8*	*0*	*0*	*-608*	*-610*	*0*	*-7*	*-7*	*615*	*617*	*0*	*0*	-
Loan losses	86	63	30	44	4	0	0	0	120	107	-	0	0	0	0	120	107	-
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	0	0	0	-	0	0	4	5	4	5	-20
Operating profit	**1,263**	**1,036**	**359**	**298**	**96**	**70**	**53**	**70**	**1,771**	**1,474**	**20**	**80**	**103**	**-61**	**-5**	**1,790**	**1,572**	**14**
Balance sheet, EURbn																		
Loans and receivables to the public	161	142	32	32	2	2	1	0	196	176	11	1	0	2	-1	199	175	14
Other assets	21	24	76	81	2	2	31	28	130	135	-4	14	16	-18	-15	126	136	-7
Total assets	**182**	**166**	**108**	**113**	**4**	**4**	**32**	**28**	**326**	**311**	**5**	**15**	**16**	**-16**	**-16**	**325**	**311**	**5**
Deposits and borrowings from the public	85	76	26	25	3	4	0	0	114	105	9	3	0	2	1	119	106	12
Other liabilities	91	85	80	86	1	0	31	27	203	198	3	12	16	-23	-21	192	193	-1
Total liabilities	**176**	**161**	**106**	**111**	**4**	**4**	**31**	**27**	**317**	**303**	**5**	**15**	**16**	**-21**	**-20**	**311**	**299**	**4**
Economic capital/equity	6	5	2	2	0	0	1	1	9	8	13	0	0	5	4	14	12	17
Total liabilities and allocated equity	**182**	**166**	**108**	**113**	**4**	**4**	**32**	**28**	**326**	**311**	**5**	**15**	**16**	**-16**	**-16**	**325**	**311**	**5**
Other segment items																		
Capital expenditure, EURm	4	11	3	1	2	2	0	0	9	14		0	0	76	42	85	56	
Product result					**178**	**132**	**108**	**100**										

In the segment reporting, compensation from Asset Management to Life has been reclassified from Other expenses to commission expenses. Historical information has been changed accordingly.

Retail Banking

- **Total income up 10% while costs increased by 3%**
- **Operating profit increased by 11%**
- **Double-digit growth in volumes**

Within Retail Banking, Nordea services 9 million personal customers and 900,000 corporate customers. The business is conducted through 12 Regional Banks operating in the four Nordic markets.

Business development

The strong growth in volume has continued into 2006 with double-digit growth in most product areas.

Sales of mortgage loans to personal customers continued to be strong. Mortgage lending increased by 14% with slightly higher growth rates in Denmark and Norway. Average margins for the book have been stable in Denmark and Sweden and slightly down in Finland. However, new lending in Finland and Sweden is still granted at somewhat lower levels than the book. In addition to a generally increased competitive climate, margins in Norway were affected by the lag between the increases in the interest rate by the Central Bank and the possibility to adjust customer rates. Following the two rate hikes in the spring, this effect represents approx. half of the drop in the Group's average mortgage margins.

Nordea aims to continue to increase its market share in the mortgage market in Norway from the current 12%. Hence, when the Central Bank of Norway increased the interest rate on 30 May, Nordea responded by keeping the housing loan interest rate unchanged for gold customers in the customer programme, representing approx. 65% of mortgage volumes. As an effect of this adjustment, Nordea expects to increase market share and increase cross-selling to existing customers.

The sales of Homeflex products, enabling customers to make use of free equity in private property, continued to develop well. Homeflex products now account for 18% of new housing and Homeflex lending in Denmark, 12% in Finland and 6% in Sweden.

Growth in consumer lending was 10%year-on-year and in the same period, the number of credit cards increased by 30%.

Corporate customers' investments are increasing and the demand for corporate lending is high within all segments. Corporate loan growth was 12% year-on-year, evenly spread across the four Nordic markets. The average margin was in the second quarter 0.98%, down from 1.09% in the second quarter of 2005. This reflects both strong competition, and a higher average credit quality of the loan portfolio. Compared to the first quarter the margins are down by 2 basis points.

Corporate deposits increased by 16% year-on-year, with slightly increasing margins.

Nordea's focus on event-based advisory services eg risk management, acquisition finance and generation shifts supported the growth in fee income. Savings-related commissions continued to grow compared to last year driven by strong sales.

The strategy to increase the number of electronic transactions while reducing the number of manual transaction is delivering visible results. The growth in card transactions and Net Banking payments for the first two quarters of 2006 was 20% and 11% respectively compared to 2005. At the same time the number of manual transactions and cash withdrawals from ATMs has decreased by 11% and 9%, respectively.

The process of fully capturing untapped potential in Sweden is ongoing. More than 150 additional Personal banking advisers and specialists within Private Banking and corporate pension have been recruited. This equals around 60% of the intended inflow of additional specialists to further grow business in Sweden. Four new sales and advisory venues have been opened during the first half of 2006 and in total around 10 new venues are planned in 2006.

By mid-June Nordea started to provide selected and standardised general insurance products from Vesta Insurance to customers in Sweden. This is a continuation of a long lasting cooperation and successful introductions of this complementary product line in the other Nordic countries.

The Mandatory Company Pension (MCP) is very much in focus in the Norwegian market. It is expected that the new legislation will affect approximately 130,000 employers and 550,000 employees. There are 27 providers of MCP in the Norwegian market. The competition among the providers is fierce, but so far Nordea's share of signed agreements is well above 25%.

In Denmark it is possible since last year to transfer funds from two mandatory pension schemes - Særlig Pensionsopsparing and Lønmodtagernes Dyrtidsfond - to banks and pension companies. Among the Danish banks, Nordea has achieved the largest inflow, corresponding to half of the total transfer of these funds.

In Finland the new product linked to housing loans, Interest Rate Cap has been successful. Through this introduction Nordea now offers a full range of housing products in Finland as in the other Nordic countries.

During the spring a substantial part of the Life products offered in Finland have been converted from old products into more modern products giving customers the opportunity of obtaining a higher expected return instead of a lower guaranteed return.

Result

In the second quarter, income in Retail Banking was EUR 1,264m, an increase of 10% compared to the second quarter of 2005. Net interest income increased by 5% to EUR 788m. Deposits from household customers increased by 8% over the last four quarters, and average margins increased by 12 basis points to 1.74% as a consequence of the increase in interest rate level and the widening of the margin on transaction accounts in the Finnish market from 1 January. Household deposits have thus significantly contributed to the income increase.

Net commission and other income increased by 20% to EUR 476m with very strong growth in commissions on investment funds and trading.

Total expenses were up EUR 20m or 3% at EUR 664m. EUR 10m of this increase could be attributed to Growth Plan Sweden and the expansion within private banking and Markets' products. The number of employees increased by 285 year-on-year, corresponding to 1.6%.

Loan losses were positive at EUR 42m thus contributing to the operating profit.

Operating profit increased by 11% to EUR 642m. The second quarter of 2005 included the sale of the shares in PanFish.

Return on economic capital was at a high level of 34% (31%).

The cost/income ratio was 53% compared to 56% in the second quarter last year.

Retail Banking operating profit by main area

EURm	Total Q2 2006	Total Q2 2005	Regional banks in Denmark Q2 2006	Regional banks in Denmark Q2 2005	Regional banks in Finland Q2 2006	Regional banks in Finland Q2 2005	Regional banks in Norway Q2 2006	Regional banks in Norway Q2 2005	Regional banks in Sweden Q2 2006	Regional banks in Sweden Q2 2005	Nordic Functions Q2 2006	Nordic Functions Q2 2005
Net interest income	788	752	228	208	214	205	125	122	215	207	6	10
Net fee and commission income	352	317	100	95	97	82	30	27	125	113	0	0
Net gains/losses on items at fair value	75	57	23	17	9	10	22	15	21	15	0	0
Equity method	6	7	6	7	0	0	0	0	0	0	0	0
Other operating income	43	16	2	2	8	9	2	3	0	0	31	2
Total income incl. allocations	**1,264**	**1,149**	**359**	**329**	**328**	**306**	**179**	**167**	**361**	**335**	**37**	**12**
Staff costs	-277	-255	-91	-85	-70	-66	-41	-38	-73	-63	-2	-3
Other expenses	-381	-376	-85	-83	-93	-95	-56	-52	-144	-141	-3	-5
Depreciations etc.	-6	-13	-2	-1	0	-1	-2	-2	-2	-2	0	-7
Expenses incl. allocations	**-664**	**-644**	**-178**	**-169**	**-163**	**-162**	**-99**	**-92**	**-219**	**-206**	**-5**	**-15**
Loan losses	42	72	20	5	-2	-2	6	59	4	-6	14	16
Operating profit	**642**	**577**	**201**	**165**	**163**	**142**	**86**	**134**	**146**	**123**	**46**	**13**
Cost/income ratio, %	53	56	50	51	50	53	55	55	61	61		
Return on economic capital, %	34	31	35	30	37	31	26	42	27	23		
Other information, EURbn												
Lending	161.0	141.8	47.5	41.3	37.7	33.8	26.8	23.3	49.1	43.3		
Deposits	84.5	75.8	21.4	19.3	25.0	24.0	14.2	11.9	23.9	20.6		
Economic capital	5.6	5.4	1.7	1.6	1.3	1.3	1.0	0.9	1.6	1.5		

Retail Banking margins

Lending margins, %	Q2 2006	Q1 2006	Q2 2005
To corporates	0.98	1.00	1.09
To households			
- Mortgage	0.70	0.75	0.85
- Consumer	3.61	3.66	4.04

Deposit margins, %	Q2 2006	Q1 2006	Q2 2005
From corporates	0.91	0.88	0.89
From households	1.74	1.72	1.62

Retail Banking key figures per quarter

EURm	**Q2 2006**	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Total operating income	**1,264**	1,229	1,237	1,180	1,149
Total operating expenses	**-664**	-652	-681	-636	-644
Loan losses	**42**	44	13	21	72
Operating profit	**642**	**621**	**569**	**565**	**577**
Return on economic capital, %	**34**	33	29	30	31
Cost/income ratio, %	**53**	53	55	54	56
Customer base: households, million	**8.9**	8.9	9.1	9.1	9.1
corporate customers, million	**0.9**	0.9	0.9	0.9	0.9
Number of employees (full-time equivalents)	**17,563**	17,399	17,373	17,266	17,278

Corporate and Institutional Banking

- **Income up 15%**
- **Strong performance recorded in all areas**
- **Operating profit up 34%**

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

Business Development

In Corporate Banking Division the strong development continued. The sustained high level of activity in the M&A market had a considerable effect on the second quarter, enhancing Acquisition Finance-related income. In addition, Corporate Finance won several important mandates, underlining the high value of Nordea's integrated model. The daily business activities also continued to gain volume. However, the competition in the market remains intense.

The business activity was high in Financial Institutions Division despite volatile markets. All major product areas contributed to the growth, underlining cross-selling achievements and the strength of the relationship strategy. The division has further advanced its position in the hedge fund segment, both as prime broker for new funds entering the market, as well as broadening the relationships with established Nordic and international funds. Custody services continued to perform well on the back of high activity in the financial markets.

The high level of business activity in Shipping, Offshore and Oil Services Division continued in the second quarter of 2006. The division acted as lead arranger and book runner for a number of transactions, maintaining Nordea's leading position as arranger of syndicated loans for the shipping industry.

The strong market conditions and high level of activity within the offshore industry has continued. Capital expenditure in this sector is still expected to remain high throughout 2006.

In Markets Division, customer activity remained high. In the latter part of the quarter, increased uncertainty in the equity markets led to a more cautious behaviour among investors, but also to good demand for hedging facilities. The activities targeted towards small and medium-sized Nordic corporates' use of structured solutions continued with good results.

During the quarter, Nordea led a number of Capital Markets transactions. Among these were the EUR 5bn Republic of Finland bond issue and the Capio AB equity rights issue.

Business activity in Poland and the Baltic countries continued to be strong during the quarter and total lending increased by 48% compared to the same quarter 2005. Mortgage lending grew by more than 100% compared to the second quarter of 2005 and 16% compared to the first quarter and Nordea continued to gain market shares in the fast growing housing loan markets.

Expansion of the network in Poland and the Baltic countries is continuing according to the growth strategy. During the second quarter 5 new branches were opened.

Result

The strong income development experienced in the first quarter continued in the second quarter. Total income reached EUR 313m, up 15% compared to the second quarter of last year. All units contributed to the positive income development in the quarter, which is a reflection of high level of customer activity. Net interest income amounted to EUR 122m, an increase of 12%. Excluding the reduction of repos in Markets, lending increased by 12% while deposit volumes increased by 7%. Non-interest income amounted to EUR 191m, an increase of 18% compared to the second quarter of 2005. The strong growth in non-interest income followed the same pattern as last quarter, with a large contribution from acquisition finance-related transactions.

Total costs increased by 2% compared to the same quarter last year. The total number of FTEs in the business area amounted to 3,411 in the second quarter, an increase by 179 compared to the same time last year.

Operating profit reached EUR 203m in the quarter, up 34%. This is a result of good top line growth, modest cost increases and positive loan losses, amounting to EUR 43m.

The return on economic capital reached 30% in the quarter, clearly higher than the previous quarter and the corresponding quarter of last year. The cost/income ratio was 49%, somewhat higher than in the first quarter but clearly lower than in the second quarter of last year.

CIB operating profit by main area

EURm	Total Q2 2006	Total Q2 2005	Corporate Banking Division[1] Q2 2006	Corporate Banking Division[1] Q2 2005	Financial Institutions Division[1] Q2 2006	Financial Institutions Division[1] Q2 2005	Shipping, Offshore and Oil services Division[1] Q2 2006	Shipping, Offshore and Oil services Division[1] Q2 2005	Poland and Baltics Q2 2006	Poland and Baltics Q2 2005	Other Q2 2006	Other Q2 2005	Markets[2] Q2 2006	Markets[2] Q2 2005
Net interest income	122	109	47	48	14	11	37	31	21	17	3	2	19	13
Net fee and commission income	94	104	46	43	21	26	8	10	6	5	13	20	16	21
Net gains/losses on items at fair value	68	51	15	19	37	3	4	3	6	5	6	21	159	135
Equity method	15	3	13	3	0	0	0	0	0	0	2	0	0	0
Other operating income	14	5	5	3	8	0	1	1	0	1	0	0	0	0
Total income incl. allocations	**313**	**272**	**126**	**116**	**80**	**40**	**50**	**45**	**33**	**28**	**24**	**43**	**194**	**169**
Staff costs	-88	-83	-20	-19	-4	-4	-4	-4	-10	-8	-50	-48	-50	-45
Other expenses	-62	-65	-17	-23	-30	-30	-7	-5	-9	-9	1	2	-39	-35
Depreciations etc.	-3	-2	0	0	0	0	0	0	-2	-2	-1	0	0	0
Expenses incl. allocations	**-153**	**-150**	**-37**	**-42**	**-34**	**-34**	**-11**	**-9**	**-21**	**-19**	**-50**	**-46**	**-89**	**-80**
Loan losses	43	29	37	13	0	0	0	-2	-2	-1	8	19	0	0
Operating profit	**203**	**151**	**126**	**87**	**46**	**6**	**39**	**34**	**10**	**8**	**-18**	**16**	**105**	**89**
Other information, EURbn														
Lending	32.3	32.5	12.7	12.0	1.5	2.0	9.1	7.7	3.7	2.5	5.3	8.3	5.3	8.3
Deposits	26.4	24.7	7.5	8.0	10.3	8.8	4.5	3.6	1.9	1.4	2.2	2.9	2.2	2.9
Economic capital	1.9	1.8	1.0	1.0	0.1	0.2	0.3	0.2	0.1	0.1	0.4	0.3	0.7	0.7

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

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

CIB Margins[1]

	Q2 2006	Q1 2006	Q2 2005		Q2 2006	Q1 2006	Q2 2005
Lending margins, %	0.88	0.93	0.87	Deposit margins, %	0.37	0.37	0.36

[1]Excluding Poland and Baltics and Markets.

CIB key figures per quarter

EURm	**Q2 2006**	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Total operating income	**313**	315	291	261	272
Total operating expenses	**-153**	-146	-147	-136	-150
Loan losses	**43**	-13	-6	2	29
Operating profit	**203**	**156**	**138**	**127**	**151**
Return on economic capital, %	**30**	24	21	21	24
Cost/income ratio, %	**49**	46	51	52	55
Number of employees (full-time equivalents)	**3,412**	3,349	3,326	3,287	3,232

Asset Management & Life

- **Product result in Asset Management up 31%**
- **Income up 20% in Asset Management**
- **Growth in premiums up 35% in Life - unit-link share of premiums is 41%**
- **Net inflow of EUR 3.3bn**

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

Business development

Nordea's assets under management (AuM) ended at EUR 152.6bn impacted positively by a net inflow of EUR 3.3bn in second quarter – the second quarter in a row with a net inflow above EUR 3bn, equivalent to an annualised net inflow of 9% of AuM. Due to the negative equity market development in the second quarter total AuM was down by EUR 1.8bn, equivalent to a 1% drop. Total AuM is still up more than 3% since beginning of 2006.

The Nordic retail funds contributed a net inflow of EUR 0.7bn and AuM ended at EUR 43.6bn. There was a marked shift from equity funds into fixed income funds in May and June following the turbulence in equity markets. The new and more flexible products introduced in the last quarters proved their concept by delivering positive investment performance in difficult markets – especially the Stable Return products.

Growth in the Nordic and European Private Banking contributed a net inflow of EUR 2.0bn bringing the total Private Banking AuM to EUR 45.2bn at the end of the second quarter. The continued strong asset growth in Nordic Private Banking is driven by a 10% increase in the customer base as a result of the roll out of new common advisory concepts, particularly in Norway and Sweden. Moreover, an innovative new product was launched in the second quarter, offering Nordic Private Banking customers the opportunity to invest in Private Equity funds.

The European Fund Distribution net outflow was EUR 0.5bn in the second quarter, compared to a net outflow of EUR 0.6bn in the last quarter, leading to an AuM of EUR 5.5bn. Gross inflow was maintained at EUR 1bn, confirming the ability to attract new money. As in the last two quarters, the net outflow is still mainly related to the outflow in one of the major funds.

In the Institutional asset management activities AuM ended at EUR 23.3bn in the second quarter. Net inflow in the second quarter was EUR 0.9bn, up EUR 0.1bn compared to last quarter's already strong inflow figures. The positive net inflow mainly stems from new mandates won while outflow from existing mandates was limited. Equity Hedge fund sales are developing positively due to good investment performance – outperforming their benchmarks.

The Life business continued the positive trend from the first quarter with strong premium growth. The net written premiums were EUR 964m in second quarter, an increase of 49% compared to the same period last year. For the first half-year, premiums increased by 35% compared to same period last year.

The strongest growth area is unit-linked products where premiums increased by 106% year-on-year, however with premiums from traditional products still growing with 9%. The share of unit-linked written premium has increased to 41%.

Increasing interest rates have influenced the investment return for traditional products negatively and the return was -0.5% for the second quarter and -0.4% for the first half of the year, while the turmoil on the Nordic equity markets only had limited effect on the investment result. The financial buffers were 8.9% (EUR 1,909m) of the Life provisions at the end of the second quarter. This is lower than in the first quarter, but an increase since the beginning of the year. The strengthening is mainly a result of the active asset & liability management in Life.

Result

The Asset Management activities realised a product result of EUR 85m in second quarter, which is 31% up compared to the same quarter last year. Income was EUR 177m, up by 20% compared to the same quarter last year, and up 23% for the first half-year compared to the same period last year.

The double digit income growth is to a large extent the result of the range of growth initiatives implemented during the last five quarters. Some 60 new employees have been recruited within sales and investment management and new, innovative products with higher margins have been introduced. In addition, the business platform and the product pipeline and customer prospect list are continuously developed. These initiatives have contributed to realising improved net inflow and a growing income margin, including most importantly a growing recurring result margin.

The growth initiatives also constitute a large part of the operational cost increase in the second quarter and the first half of the year - up 7% and close to 11%, respectively, compared to the same periods last year. Due to the higher income growth generated from these initiatives, the cost/income ratio has been reduced by 4%-points for both the second quarter and the first half of the year compared to same periods last year, to 52%. The product result of the Life business amounted to EUR 52m in second quarter unchanged compared to the same quarter last year.

Asset Management & Life volumes and inflow

EURbn	**Q2 2006**	**Q2 Inflow**	Total Q1 2006	Q4 2005	Q3 2005	Q2 2005
Nordic Retail funds	43.6	0.7	44.5	42.1	41.0	37.9
European Fund Distribution	5.5	-0.5	6.5	6.8	7.4	7.9
Private Banking Activities						
Nordic Private Banking	36.7	1.9	36.3	34.3	32.5	30.6
International Wealth Management	8.5	0.1	8.8	8.5	8.1	7.9
Institutional customers	23.3	0.9	23.0	21.6	21.3	20.9
Life & pensions	35	0.2	35.3	34.3	33.3	32.1
Total	**152.6**	**3.3**	**154.4**	**147.6**	**143.6**	**137.3**

Key figures– Asset Management activities

EURm	**Q2 2006**	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Net interest income	12	12	10	11	10
Net fee and commission income	158	162	162	138	132
Net gains/losses on items at fair value	4	8	10	6	3
Equity method	0	0	0	0	0
Other income	3	3	3	3	3
Total income	**177**	**185**	**185**	**158**	**148**
Staff costs	-35	-35	-35	-30	-30
Other expenses	-21	-21	-21	-20	-22
Depreciations etc.	-1	-1	-1	-1	-1
Operating expenses	**-57**	**-57**	**-57**	**-51**	**-53**
Estimated distribution expenses in Retail Banking	-35	-35	-32	-30	-30
Product result	**85**	**93**	**96**	**77**	**65**
of which income within Retail Banking	***78***	***78***	***76***	*69*	*60*
Margins[1]					
Income margins (bps)	61	65	66	58	57
Operating expenses margin (bps)	-20	-20	-20	-19	-20
Distribution expenses margin (bps)	-12	-12	-11	-11	-11
Result margin (bps)	30	33	35	28	25
Cost/income ratio, %	52	50	48	51	56
Economic capital	165	162	155	125	113
Assets under management, EURbn	153	154	148	148	144
Number of employees (full-time equivalents)	926	933	909	880	883

[1] Annualised Margins calculated using average AuM for Asset Management Activities excl. Nordic Private Banking activities. In Q2 2006 these assets were EUR 115.3bn.

Key figures– Life activities

EURm	**Q2 2006**	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Profit drivers					
Traditional insurance:					
Fee contribution/profit sharing	**35**	36	33	43	35
Contribution from cost result	**-4**	-1	-1	0	0
Contribution from risk result	**6**	7	10	7	2
Inv. return on Shareholder's Equity	**1**	0	1	3	4
Other profits	**5**	5	6	7	5
Total Profit Traditional	**43**	47	49	60	46
Total profit Unit linked	**13**	13	10	9	11
Estimated distribution expenses in Retail Banking	**-4**	-4	-3	-4	-5
Total Product Result	**52**	**56**	**56**	**65**	**52**
of which income within Retail Banking	***35***	*30*	*29*	*24*	*19*
Key figures					
Premiums written, net of reinsurance	**964**	972	1,081	577	645
of which from Traditional business	**560**	582	607	404	458
of which from Unit-linked business	**404**	390	474	174	187
Total operating expenses	**43**	39	45	33	32
Investment assets:					
Bonds	**15,819**	15,872	16,357	16,451	16,720
Equities	**3,850**	4,231	3,782	3,514	3,059
Alternative investments	**2,066**	1,957	1,795	1,758	1,618
Property	**2,785**	2,607	2,579	2,396	2,438
Unit linked	**5,826**	5,788	5,338	4,932	4,606
Total investment assets	**30,346**	30,455	29,850	29,051	28,441
Investment return %	**-0.5**	0.2	1.6	2.1	4.1
Technical provisions	**29,071**	28,808	28,513	27,664	26,959
of which financial buffers	**1,909**	1,999	1,654	1,515	1,389
Economic capital	**986**	986	974	983	985
Number of employees (full-time equivalents)	**1,164**	1,146	1,124	1008	992

Group Treasury

- **Positive investment earnings in volatile financial markets**
- **Nordea Hypotek covered bonds rated Aaa/AAA**

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

Business development

Market conditions in financial markets were volatile from the middle of May. The tightening cycle by central banks and some inflationary pressure prevented interest rates from falling during the quarter. This was in sharp contrast to the second quarter of 2005 when interest rates fell sharply. Nordic equities fell up to 20% from early April, but rebounded in late June. Nordic equity market indices were down by between 4% and 9% in the quarter.

Nordea Hypotek has as per 30 June 2006 converted all of its outstanding bonds amounting to approx. EUR 15.2bn to covered bonds. After conversion Nordea will issue covered bonds on a regular basis. The covered bonds received Aaa/ AAA rating from Moody's and Standard and Poor's.

Covered bonds are debt instruments for which the investor is given a priority of claim in the event of the issuer's bankruptcy towards a pool of high quality assets. This form of borrowing has gained global acceptance in recent years among investors and is used by many mortgage institutions in Europe for long-term financing. Today Nordea issues bonds mainly in the domestic markets. The covered bond issuance will allow Nordea to expand its funding of the mortgage portfolio into the international capital markets.

In the second quarter Nordea raised approx. EUR 275m equivalent in subordinated capital.

At the end of June, the price risk involved in Group Treasury's interest rate positions, calculated as VaR, was EUR 19m compared to EUR 16m at the end of March. The risk related to equities, calculated as VaR, was EUR 15m compared to EUR 17m at the end of March.

The structural interest income risk (SIIR) in the Group, which shows the effect on net interest income in the next 12 months, was EUR 175m assuming increased market rates by 100 basis points and EUR -189m assuming decreased market rates by 100 basis points.

Result in the second quarter

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

Operating profit in Group Investment was EUR 10m compared to EUR 37m in the second quarter last year when interest rates fell sharply. Net gains/losses were negatively influenced by loss on the holding of OMX shares.

The gross investment return was 0.96% (3.97% annualised) compared to 1.08% in the second quarter 2005 and 0.96% in the first quarter of 2006.

Operating profit in Group Funding was EUR 21m compared to EUR 44m in the second quarter.

Group Treasury operating profit by main area

			Group Investment		Group Funding	
EURm	Q2 2006	Q2 2005	Q2 2006	Q2 2005	Q2 2006	Q2 2005
Net interest income	27	18	-11	-18	38	36
Net fee and commission income	-2	-2	-1	-1	-1	-1
Net gains/losses on items at fair value	7	68	16	52	-9	16
Equity method	8	0	8	0	0	0
Other operating income	1	7	1	7	0	0
Total income incl. allocations	**41**	**91**	**13**	**40**	**28**	**51**
Staff costs	-4	-4	-1	-2	-3	-2
Other expenses	-6	-6	-2	-1	-4	-5
Depreciations etc.	0	0	0	0	0	0
Expenses incl. allocations	**-10**	**-10**	**-3**	**-3**	**-7**	**-7**
Operating profit	**31**	**81**	**10**	**37**	**21**	**44**

Group Treasury key figures per quarter

EURm	**Q2 2006**	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Total operating income	41	60	15	-2	91
Total operating expenses	-10	-11	-12	-12	-10
Operating profit	**31**	**49**	**3**	**-14**	**81**
Cost/income ratio, %	24	18	80	n/a	11
Bonds, EURm	14,529	13,043	10,388	17,548	15,083
Equities, EURm	465	430	445	415	582
Investments, EURm	14,994	13,473	10,833	17,963	15,665
Number of employees (full-time equivalents)	102	97	97	95	92

Segment reporting

Nordea's operations are organised into three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The business areas operate as profit centres. Group Treasury conducts the Group's financial management operations. Group Functions and Eliminations include the unallocated results of the group functions, Group Processing and Technology, Group Corporate Centre (excluding Group Treasury), Group Credit and Risk Control and Group Legal and Compliance. This segment also includes items needed to reconcile the Nordea Group.

The principles used in the segment reporting are described below. Within Nordea, customer responsibility is fundamental. The Group's total business relations with customers are reported in the customer responsible unit's income statement and balance sheet.

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. When calculating return on economic capital standard tax is applied.

Economic profit constitutes the internal basis for evaluating strategic alternatives as well as for the evaluation of financial performance.

Asset Management & Life has customer responsibility within investment management and in private banking outside a joint unit with Retail Banking. In addition, Asset Management & Life commands product responsibility for investment funds and life insurance products. The operating profit shown in the accompanying table includes the customer responsible units. The product result for Asset Management and Life respectively represent the Group's total earnings including income allocated to Retail Banking on these products, as well as sales and distribution costs within Retail Banking.

When allocating income and costs between business areas and group functions a gross principle is applied, with the implication that cost is allocated separately from income. Cost is allocated according to calculated unit prices and the individual business areas' consumption. Income is allocated following the underlying business transactions combined with the identification of the customer responsible unit.

Internal allocations of income and expenses are performed in such a way that allocated expenses from a business unit are subtracted from the expenses and added to the expenses in the receiving business unit, with the result that all allocations add to zero on Group level. The same principle is applied for income allocations.

The assets allocated to the business areas include trading assets, loans and receivables to the public as well as to credit institutions. The liabilities allocated to the business areas include deposits from the public as well as by credit institutions.

Included in business areas' assets and liabilities are also other assets and liabilities directly related to the specific business area or group function, such as accrued interest, fixed assets and goodwill. All other assets and liabilities, and certain items required to reconcile balances to the Nordea Group are placed in the segment Group Functions and Eliminations.

Funds-transfer pricing is based on current market interest rates and used against all assets and liabilities allocated or booked in the business areas or group functions, resulting in a remaining net interest income in business areas driven in essence from margins on lending and deposits.

Goodwill generated as part of business areas' strategic decisions is included in business areas' balances. Goodwill arising from the creation of Nordea is not allocated, but is placed as part of Group Functions and Eliminations.

Economic Capital is allocated to the business areas according to risks taken. As 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 according to the use of Economic Capital.

Group internal transactions between countries and 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 fully consolidated into the relevant business areas based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Retail Banking, as well as sales commissions and margins from the life insurance business.

The segment Group Functions and Eliminations contains expenses in Group Functions not defined as services to business areas, profits from companies accounted for under the equity method which are not included in the customer responsible units as well as certain other items required to reconcile the income statement within the Nordea Group.

	Retail Banking					Corporate and Institutional Banking					Asset Management					Life				
EURm **Customer responsible units**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**Q3 2005**	**Q2 2005**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**Q3 2005**	**Q2 2005**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**Q3 2005**	**Q2 2005**	**Q2 2006**	**Q1 2006**	**Q4 2005**	**Q3 2005**	**Q2 2005**
Net interest income	788	772	783	777	752	122	117	110	102	109	12	12	10	11	10	0	0	0	0	0
Net fee and commission income	352	345	361	333	317	94	93	87	77	104	72	76	76	61	63	4	1	4	11	9
Net gains/losses on items at fair value	75	83	64	47	57	68	87	83	74	51	4	8	10	6	3	17	32	33	32	23
Equity method	6	6	8	8	7	15	16	6	5	3	0	0	0	0	0	0	0	0	0	0
Other income	43	23	21	15	16	14	2	5	3	5	3	3	3	3	3	45	37	38	36	40
Total operating income	**1,264**	**1,229**	**1,237**	**1,180**	**1,149**	**313**	**315**	**291**	**261**	**272**	**91**	**99**	**99**	**81**	**79**	**66**	**70**	**75**	**79**	**72**
of which allocations	*248*	*246*	*234*	*189*	*186*	*-135*	*-138*	*-126*	*-93*	*-106*	*-79*	*-79*	*-79*	*-72*	*-65*	*-35*	*-30*	*-29*	*-24*	*-19*
Staff costs	-277	-273	-274	-261	-255	-88	-85	-86	-76	-83	-32	-32	-32	-27	-26	-23	-22	-21	-18	-18
Other expenses	-381	-370	-389	-360	-376	-62	-59	-58	-57	-65	-16	-17	-15	-15	-18	-20	-16	-23	-14	-12
Depreciation of tangible and intangible assets	-6	-9	-18	-15	-13	-3	-2	-3	-3	-2	-1	0	0	-1	-1	-1	-1	-1	-1	-2
Total operating expenses	**-664**	**-652**	**-681**	**-636**	**-644**	**-153**	**-146**	**-147**	**-136**	**-150**	**-49**	**-49**	**-47**	**-43**	**-45**	**-44**	**-39**	**-45**	**-33**	**-32**
of which allocations	*-276*	*-270*	*-289*	*-260*	*-292*	*-39*	*-33*	*-37*	*-38*	*-38*	*6*	*4*	*6*	*5*	*4*	*0*	*0*	*0*	*0*	*0*
Loan losses	42	44	13	21	72	43	-13	-6	2	29	4	0	0	0	0	0	0	0	0	0
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating profit	**642**	**621**	**569**	**565**	**577**	**203**	**156**	**138**	**127**	**151**	**46**	**50**	**52**	**38**	**34**	**22**	**31**	**30**	**46**	**40**
Balance sheet, EURbn																				
Loans and receivables to the public	161	154	152	147	142	32	32	32	32	32	2	2	2	2	2	1	1	1	0	0
Other assets	21	20	24	23	24	76	77	75	76	81	2	2	2	2	2	31	31	29	29	28
Total assets	**182**	**174**	**176**	**170**	**166**	**108**	**109**	**107**	**108**	**113**	**4**	**4**	**4**	**4**	**4**	**32**	**32**	**30**	**29**	**28**
Deposits and borrowings from the public	85	80	80	78	76	26	26	27	23	25	3	3	3	4	4	0	0	0	0	0
Other liabilities	91	89	90	87	85	80	81	78	83	86	1	1	1	0	0	31	31	29	28	27
Total liabilities	**176**	**169**	**170**	**165**	**161**	**106**	**107**	**105**	**106**	**111**	**4**	**4**	**4**	**4**	**4**	**31**	**31**	**29**	**28**	**27**
Economic capital/equity	6	5	6	5	5	2	2	2	2	2	0	0	0	0	0	1	1	1	1	1
Total liabilities and allocated equity	**182**	**174**	**176**	**170**	**166**	**108**	**109**	**107**	**108**	**113**	**4**	**4**	**4**	**4**	**4**	**32**	**32**	**30**	**29**	**28**
Other segment items																				
Capital expenditure, EURm	2	2	3	3	3	2	1	0	0	1	1	1	1	1	1	0	0	0	0	0
Product result											**85**	**93**	**96**	**77**	**65**	**52**	**56**	**56**	**65**	**52**

In the segment reporting, compensation from Asset Management to Life has been reclassified from Other expenses to commission expenses. Historical information has been changed accordingly.

	Group Treasury					Group functions and eliminations					Nordea Group				
EURm	Q2	Q1	Q4	Q3	Q2	Q2	Q1	Q4	Q3	Q2	Q2	Q1	Q4	Q3	Q2
Customer responsible units	**2006**	**2006**	**2005**	**2005**	**2005**	**2006**	**2006**	**2005**	**2005**	**2005**	**2006**	**2006**	**2005**	**2005**	**2005**
Net interest income	27	20	34	19	18	8	6	-4	11	24	957	927	933	920	913
Net fee and commission income	-2	-2	-2	-1	-2	1	-6	3	-12	-7	521	507	529	469	484
Net gains/losses on items at fair value	7	40	-31	-21	68	8	-8	-12	1	12	179	242	147	139	214
Equity method	8	0	7	0	0	1	3	0	-2	12	30	25	21	11	22
Other income	1	2	7	1	7	-8	-9	-8	4	-10	98	58	66	62	61
Total operating income	**41**	**60**	**15**	**-2**	**91**	**10**	**-14**	**-21**	**2**	**31**	**1,785**	**1,759**	**1,696**	**1,601**	**1,694**
of which allocations	*0*	*0*	*0*	*0*	*0*	*1*	*1*	*0*	*0*	*4*	*0*	*0*	*0*	*0*	*0*
Staff costs	-4	-4	-4	-4	-4	-128	-127	-115	-134	-129	-552	-543	-532	-520	-515
Other expenses	-6	-7	-8	-8	-6	113	102	100	109	113	-372	-367	-393	-345	-364
Depreciation of tangible and intangible assets	0	0	0	0	0	-10	-11	-9	-11	-17	-21	-23	-31	-31	-35
Total operating expenses	**-10**	**-11**	**-12**	**-12**	**-10**	**-25**	**-36**	**-24**	**-36**	**-33**	**-945**	**-933**	**-956**	**-896**	**-914**
of which allocations	*-3*	*-4*	*-4*	*-4*	*-3*	*312*	*303*	*324*	*297*	*329*	*0*	*0*	*0*	*0*	*0*
Loan losses	0	0	0	0	0	0	0	0	0	0	89	31	7	23	101
Disposals of tangible and intangible assets	0	0	0	0	0	3	1	1	0	3	3	1	1	0	3
Operating profit	**31**	**49**	**3**	**-14**	**81**	**-12**	**-49**	**-44**	**-34**	**1**	**932**	**858**	**748**	**728**	**884**
Balance sheet, EURbn															
Loans and receivables to the public	1	0	0	0	0	2	2	1	1	-1	199	191	188	182	175
Other assets	14	13	11	18	16	-18	-13	-3	-10	-15	126	130	138	138	136
Total assets	**15**	**13**	**11**	**18**	**16**	**-16**	**-11**	**-2**	**-9**	**-16**	**325**	**321**	**326**	**320**	**311**
Deposits and borrowings from the public	3	3	3	0	0	2	1	3	3	1	119	113	116	108	106
Other liabilities	12	10	8	18	16	-23	-18	-9	-17	-21	192	194	197	199	193
Total liabilities	**15**	**13**	**11**	**18**	**16**	**-21**	**-17**	**-6**	**-14**	**-20**	**311**	**307**	**313**	**307**	**299**
Economic capital/equity	0	0	0	0	0	5	6	4	5	4	14	14	13	13	12
Total liabilities and allocated equity	**15**	**13**	**11**	**18**	**16**	**-16**	**-11**	**-2**	**-9**	**-16**	**325**	**321**	**326**	**320**	**311**
Other segment items															
Capital expenditure, EURm	0	0	0	0	0	43	33	38	28	34	48	37	42	32	39

Income statement

EURm	Note	Q2 2006	Q2 2005	Jan-Jun 2006	Jan-Jun 2005	Full year 2005
Operating income						
Interest income		*2,409*	*2,107*	*4,790*	*4,162*	*8,453*
Interest expense		*-1,452*	*-1,194*	*-2,906*	*-2,352*	*-4,790*
Net interest income		957	913	1,884	1,810	3,663
Fee and commission income		*640*	*619*	*1,275*	*1,196*	*2,482*
Fee and commission expense		*-119*	*-135*	*-247*	*-259*	*-547*
Net fee and commission income		521	484	1,028	937	1,935
Net gains/losses on items at fair value	2	179	214	421	329	615
Profit from companies accounted for under the equity method		30	22	55	35	67
Dividends		6	10	6	10	11
Other operating income		92	51	150	155	282
Total operating income		**1,785**	**1,694**	**3,544**	**3,276**	**6,573**
Operating expenses						
General administrative expenses:						
Staff costs		-552	-515	-1,095	-1,030	-2,082
Other expenses		-372	-364	-739	-717	-1,455
Depreciation, amortisation and impairment charges of tangible and intangible assets		-21	-35	-44	-69	-131
Total operating expenses		**-945**	**-914**	**-1,878**	**-1,816**	**-3,668**
Loan losses	3	89	101	120	107	137
Disposals of tangible and intangible assets		3	3	4	5	6
Operating profit		**932**	**884**	**1,790**	**1,572**	**3,048**
Income tax expense		-192	-179	-385	-372	-779
Net profit		**740**	**705**	**1,405**	**1,200**	**2,269**
Attributable to:						
Shareholders of Nordea Bank AB (publ)		739	705	1,402	1,199	2,263
Minority interest		1	0	3	1	6
		740	**705**	**1,405**	**1,200**	**2,269**
Earnings per share, EUR		0.28	0.27	0.54	0.45	0.86

Balance sheet

EURm	Note	30 Jun 2006	31 Dec 2005	30 Jun 2005
Assets				
Cash and balances with central banks		2,270	2,526	2,844
Treasury bills and other eligible bills		7,961	7,280	7,411
Loans and receivables to credit institutions	4	27,301	31,578	26,936
Loans and receivables to the public	4	198,842	188,460	175,010
Interest-bearing securities		36,408	36,121	36,212
Shares		14,324	12,901	11,468
Derivatives	6	24,747	28,876	35,080
Fair value changes of the hedged items in portfolio hedge of interest rate risk		388	282	500
Investments in associated undertakings		512	566	588
Intangible assets		2,240	2,221	2,129
Property and equipment		283	303	408
Investment property		3,049	2,750	2,550
Deferred tax assets		314	352	470
Current tax assets		234	41	192
Prepaid expenses and accrued income		1,514	1,405	1,519
Other assets		5,063	9,887	7,879
Total assets		**325,450**	**325,549**	**311,196**
Of which assets customer bearing the risk		*9,696*	*9,780*	*8,042*
Liabilities				
Deposits by credit institutions		26,170	29,790	35,320
Deposits and borrowings from the public		119,062	115,550	105,710
Liabilities to policyholders		29,071	26,830	25,261
Debt securities in issue		83,559	82,609	69,694
Derivatives	6	24,836	28,602	34,323
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	58	624
Current tax liabilities		565	383	402
Other liabilities		17,282	18,044	16,538
Accrued expenses and prepaid income		2,146	1,874	2,367
Deferred tax liabilities		485	423	615
Provisions		94	100	147
Retirement benefit obligations		494	504	533
Subordinated liabilities		8,158	7,822	7,420
Total liabilities		**311,922**	**312,589**	**298,954**
Equity	8			
Minority interests		42	41	12
Share capital		2,638	1,072	1,128
Share premium account		2,718	4,284	4,284
Other reserves		-158	-228	-249
Retained earnings		8,288	7,791	7,067
Total equity		**13,528**	**12,960**	**12,242**
Total liabilities and equity		**325,450**	**325,549**	**311,196**
Assets pledged for own liabilities		16,554	22,620	26,717
Other assets pledged		1,632	4,529	2,992
Contingent liabilities		19,394	16,349	15,519
Commitments		2,584,729	2,213,772	1,915,217

Statement of recognised income and expense[1]

EURm	30 Jun 2006	30 Jun 2005
Currency translation differences during the period	76	-4
Currency hedging	-11	-100
Available-for-sale investments:		
Valuation gains/losses taken to equity	7	3
Cash flow hedges:		
Gains/losses taken to equity	-3	-
Tax on items taken directly to or transferred from equity	1	-1
Net income recognised directly in equity	70	-102
Net profit for the period	1,405	1,200
Total recognised income and expense for the period	**1,475**	**1,098**
Attributable to:		
Shareholders of Nordea Bank AB (publ)	1,472	1,097
Minority interest	3	1
Total	**1,475**	**1,098**
Effect of changes in opening balance:		
Shareholders of Nordea Bank AB (publ)	-	-81
Minority interest	-	-
Total	**-**	**-81**

[1] See Note 8 Equity for further information.

Cash flow statement

EURm	Jan-Jun 2006	Jan-Jun 2005
Operating activities		
Operating profit	1,790	1,572
Adjustments for items not included in cash flow	-255	661
Income taxes paid	-349	-214
Cash flow from operating activities before changes in operating assets and liabilities	1,186	2,019
Changes in operating assets and liabilities	2,344	-2,102
Cash flow from operating activities	3,530	-83
Investing activities		
Sale/acquisition of group undertakings	79	4
Property and equipment	-2	-30
Intangible assets	-31	-13
Other financial fixed assets	-153	18
Cash flow from investing activities	-107	-21
Financing activities		
Issued/amortised subordinated liabilities	304	1,602
Repurchase of own shares incl change in trading portfolio	3	-709
Dividend paid	-908	-740
Cash flow from financing activities	-601	153
Cash flow for the period	**2,822**	**49**
Cash and cash equivalents at beginning of period	**3,675**	**6,922**
Exchange rate difference	11	34
Cash and cash equivalents at end of period	**6,508**	**7,005**
Change	**2,822**	**49**

Cash and cash equivalents	30 Jun	30 Jun
The following items are included in cash and cash equivalents (EURm):	2006	2005
Cash and balances with central banks	2,270	2,844
Loans and receivables to credit institutions, payable on demand	4,238	4,161

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 at any time.

Loans and receivables 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

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU. These statements are presented in accordance with IAS 34 "Interim Financial Reporting".

Basis for presentation

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

Increased transparency for Commissions

The presentation of "Net fee and commission income" has been changed, to better illustrate the nature of Nordea's commission income and expense. The effects were described in the interim report for the first quarter 2006.

Presentation of Life

The presentation of Life investment income within "Net gains/losses on items at fair value" has been aligned. The consequence of this alignment is that "Investments, life insurance" has been reclassified to better reflect the substance of the transactions.

Exchange rates

	Jan-Jun 2006	Jan-Dec 2005	Jan-Jun 2005
EUR 1 = SEK			
Income statement (average)	9.3247	9.2874	9.1487
Balance sheet (at end of period)	9.2110	9.3884	9.4640
EUR 1 = DKK			
Income statement (average)	7.4605	7.4518	7.4445
Balance sheet (at end of period)	7.4593	7.4599	7.4495
EUR 1 = NOK			
Income statement (average)	7.9258	8.0106	8.1391
Balance sheet (at end of period)	7.9432	7.9801	7.9145
EUR 1 = PLN			
Income statement (average)	3.8859	4.0248	4.0813
Balance sheet (at end of period)	4.0633	3.8524	4.0363

Note 2 Net gains/losses on items at fair value, EURm	Q2 2006	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
Shares/participations and other share-related instruments	-398	508	151	754
Interest-bearing securities and other interest-related instruments	8	392	35	736
Other financial instruments	151	102	114	10
Foreign exchange gains/losses	59	167	45	223
Premium income, life insurance	722	593	1,449	1,306
Change in technical provisions, life insurance	54	-825	-93	-1,424
Claims paid, life insurance	-515	-493	-1,052	-1,030
Change in collective bonus potentials, life insurance	98	-230	-228	-246
Total	**179**	**214**	**421**	**329**

Note 3 Loan losses, EURm	Q2 2006	Q2 2005	Jan-Jun 2006	Jan-Jun 2005
Loan losses divided by category				
Write-offs and provisions for loans and receivables	-58	-157	-150	-248
- Of which, to credit institutions[1]	-4	-	-13	-
- Of which, to the public	-54	-157	-137	-248
Reversals and recoveries for loans and receivables to the public	147	258	270	355
Total	**89**	**101**	**120**	**107**

[1] Refers to Transfer risks

Specifications				
Provisions for individually assessed loans				
Realised loan losses during the period	-34	-71	-79	-128
Reversed amount of previous provisions made for realised losses during the period	25	50	61	94
This period's provisions for probable loan losses	-40	-114	-92	-179
Recoveries of previous periods' realised loan losses	16	134	29	155
Reversals of provisions for probable loan loss no longer required	90	103	168	160
This period's costs for individually assessed loans, net	57	102	87	102
Provisions for groups of significant loans				
Allocation to allowance	-3	-10	-5	-13
Withdrawal from allowance	19	16	42	20
This period's change of provisions for groups of significant loans	16	6	37	7
Provisions for groups of not significant loans				
Realised loan losses during the period	-2	-2	-6	-4
Recoveries of previous periods' realised loan losses	4	4	10	7
Allocation to allowance	0	-1	-1	-1
Withdrawal from allowance	2	1	5	1
This period's net costs of provisions for groups of not significant loans	4	2	8	3
Transfer risks				
Allocation to allowance for transfer risks	-5	-9	-28	-17
Withdrawal from allowance for transfer risks	16	0	16	10
This period's change of provisions for transfer risks	11	-9	-12	-7
Contingent liabilities				
Net cost for redemption of guarantees and other contingent liabilities	0	0	0	1
This period's net cost for redemption of guarantees and other contingent liabilities	0	0	0	1
Change in value of assets taken over for protection of claims	1	0	0	1
Loan losses	**89**	**101**	**120**	**107**

Note 4 Loans and receivables and their impairment

EURm	30 Jun 2006	31 Dec 2005	30 Jun 2005
Loans and receivables to credit institutions	27,301	31,578	26,936
Loans and receivables to the public	198,842	188,460	175,010
Total	**226,143**	**220,038**	**201,946**

Loans and receivables by categories of borrowers

30 Jun 2006, EURm	Credit institutions	Corpo-rates	House-holds	Public sector	Total
Loans and receivables, not impaired[1]	27,301	105,001	89,207	4,229	225,738
Impaired loans and receivables	12	1,222	437	6	1,677
Loans and receivables before allowances	**27,313**	**106,223**	**89,644**	**4,235**	**227,415**
Allowances for individually assessed loans	-	-749	-156	-1	-906
Allowances for groups of significant loans	-12	-253	-13	-	-278
Allowances for groups of not significant loans	-	-2	-86	-	-88
Allowances	**-12**	**-1,004**	**-255**	**-1**	**-1,272**
Loans and receivables, book value	**27,301**	**105,219**	**89,389**	**4,234**	**226,143**
[1] Of which non-performing loans on which interest is taken as income	-	14	-	-	14
Specification of impaired loans and receivables					
Impaired loans and receivables before allowances	**12**	**1,222**	**437**	**6**	**1,677**
Of which non-performing	-	466	258	6	730
Of which performing	12	756	179	0	947
Allowances for impaired loans and receivables	**-12**	**-1,004**	**-255**	**-1**	**-1,272**
Of which non-performing	-	-248	-76	-1	-325
Of which performing	-12	-756	-179	0	-947
Book value of impaired loans and receivables	**0**	**218**	**182**	**5**	**405**
Of which non-performing	-	218	182	5	405
Of which performing	0	0	0	0	0

31 Dec 2005, EURm	Credit institutions	Corpo-rates	House-holds	Public sector	Total
Loans and receivables, not impaired[1]	31,578	99,768	84,463	3,890	219,699
Impaired loans and receivables	-	1,365	446	9	1,820
Loans and receivables before allowances	**31,578**	**101,133**	**84,909**	**3,899**	**221,519**
Allowances for individually assessed loans	-	-861	-202	-1	-1,064
Allowances for groups of significant loans	-	-324	-	-	-324
Allowances for groups of not significant loans	-	-	-93	-	-93
Allowances	**-**	**-1,185**	**-295**	**-1**	**-1,481**
Loans and receivables, book value	**31,578**	**99,948**	**84,614**	**3,898**	**220,038**
[1] Of which non-performing loans on which interest is taken as income	-	29	14	-	43
Specification of impaired loans and receivables					
Impaired loans and receivables before allowances	**-**	**1,365**	**446**	**9**	**1,820**
Of which non-performing	-	459	252	9	720
Of which performing	-	906	194	0	1,100
Allowances for impaired loans and receivables	**-**	**-1,185**	**-295**	**-1**	**-1,481**
Of which non-performing	-	-279	-101	-1	-381
Of which performing	-	-906	-194	0	-1,100
Book value of impaired loans and receivables	**-**	**180**	**151**	**8**	**339**
Of which non-performing	-	180	151	8	339
Of which performing	-	0	0	0	0

Note 4, continued

30 Jun 2005, EURm	Credit institutions	Corpo-rates	House-holds	Public sector	Total
Loans and receivables, not impaired[1]	26,936	92,192	78,694	3,699	201,521
Impaired loans and receivables	-	1,554	441	11	2,006
Loans and receivables before allowances	**26,936**	**93,746**	**79,135**	**3,710**	**203,527**
Allowances for individually assessed loans	-	-993	-200	-1	-1,194
Allowances for groups of significant loans	-	-322	-	-	-322
Allowances for groups of not significant loans	-	-	-65	-	-65
Allowances	**-**	**-1,315**	**-265**	**-1**	**-1,581**
Loans and receivables, book value	**26,936**	**92,431**	**78,870**	**3,709**	**201,946**
[1] Of which non-performing loans on which interest is taken as income	-	29	13	-	42
Specification of impaired loans and receivables					
Impaired loans and receivables before allowances	**-**	**1,554**	**441**	**11**	**2,006**
Of which non-performing	-	596	272	11	879
Of which performing	-	958	169	-	1,127
Allowances for impaired loans and receivables	**-**	**-1,315**	**-265**	**-1**	**-1,581**
Of which non-performing	-	-357	-96	-1	-454
Of which performing	-	-958	-169	-	-1,127
Book value of impaired loans and receivables	**-**	**239**	**176**	**10**	**425**
Of which non-performing	-	239	176	10	425
Of which performing	-	0	0	-	0

	30 Jun 2006	31 Dec 2005	30 Jun 2005
Allowances/impaired loans and receivables before allowances, %	75.9	81.4	78.8
Impaired loans and receivables before allowances/loans and receivables to the public before allowances, %	0.8	1.0	1.1

Assets taken over for protection of claims, EURm	30 Jun 2006	31 Dec 2005	30 Jun 2005
Current assets			
Land and buildings	0	1	1
Shares and other participations	5	3	3
Other assets	3	2	0
Total	**8**	**6**	**4**

Note 5 Classification of financial instruments, EURm

30 Jun 2006 **Financial assets**	Loans and receiva-bles	Held to maturity	Held for trading	Assets at fair value	Derivatives used for hedging	Available for sale	Total
Cash and balances with central banks	2,270						2,270
Treasury bills and other eligible bills	9		7,952				7,961
Loans and receivables to credit institutions	19,273		8,028				27,301
Loans and receivables to the public	166,133		6,166	26,543			198,842
Interest-bearing securities		1,375	18,367	16,621		45	36,408
Derivatives			24,192		555		24,747
Fair value changes of the hedged items in portfolio hedge of interest rate risk	388						388
Shares			3,562	10,747		15	14,324
Prepaid expenses and accrued income	1,009						1,009
Other assets	4,952						4,952
Total	**194,034**	**1,375**	**68,267**	**53,911**	**555**	**60**	**318,202**

Note 5, continued

30 Jun 2006 **Financial liabilities**	Held for trading	Liabilities at fair value	Derivatives used for hedging	Other financial liabilities	Total
Deposits by credit institutions	5,816			20,354	26,170
Deposits and borrowings from the public	2,264			116,798	119,062
Liabilities to policyholders, investment contracts	1,840				1,840
Debt securities in issue		20,967		62,592	83,559
Derivatives	24,083		753		24,836
Fair value changes of the hedged items in portfolio hedge of interest rate risk					0
Other liabilities	7,362			9,786	17,148
Accrued expenses and prepaid income				1,678	1,678
Subordinated liabilities				8,158	8,158
Total	**41,365**	**20,967**	**753**	**219,366**	**282,451**

Note 6 Derivatives, EURm

30 Jun 2006	Assets Fair value	Liabilities Fair value	Total nom amount
Derivatives held for trading			
Interest rate derivatives	16,742	16,691	1,847,412
Equity derivatives	742	800	20,999
Foreign exchange derivatives	4,840	4,727	497,305
Other derivatives	1,868	1,865	78,305
Total	**24,192**	**24,083**	**2,444,021**
Derivatives used for hedging			
Interest rate derivatives	473	398	68,344
Equity derivatives	54	74	769
Foreign exchange derivatives	28	281	6,551
Total	**555**	**753**	**75,664**
Derivatives, total			
Interest rate derivatives	17,215	17,089	1,915,756
Equity derivatives	796	874	21,768
Foreign exchange derivatives	4,868	5,008	503,856
Other derivatives	1,868	1,865	78,305
Total	**24,747**	**24,836**	**2,519,685**

Note 7 Capital adequacy	30 Jun 2006	31 Dec 2005	30 Jun 2005
Tier 1 capital, EURm	12,199	11,438	11,052
Capital base, EURm	16,784	15,485	14,855
Risk-weighted assets, EURbn	180.4	169.0	158.5
Tier 1 capital ratio, %	6.8	6.8	7.0
Total capital ratio, %	9.3	9.2	9.4

Note 8 Equity, EURm

	Attributable to shareholders of Nordea Bank AB (publ)					Minority interests	Total equity
	Share capital[1]	Share premium account	Other reserves	Retained earnings	**Total**		
Balance at end of year, at 31 Dec 2005	**1,072**	**4,284**	**-228**	**7,791**	**12,919**	**41**	**12,960**
Net change in available-for-sale investments, net of tax			7		7		7
Net change in cash flow hedges, net of tax			-2		-2		-2
Currency translation differences			65		65		65
Dividend for 2005				-908	-908		-908
Bonus issue	1,566	-1,566			0		0
Purchases of own shares[2,3]				3	3		3
Other changes						-2	-2
Net profit for the period				1,402	1,402	3	1,405
Balance at 30 Jun 2006	**2,638**	**2,718**	**-158**	**8,288**	**13,486**	**42**	**13,528**

	Attributable to shareholders of Nordea Bank AB (publ)					Minority interests	Total equity
	Share capital[1]	Share premium account	Other reserves	Retained earnings	**Total**		
Balance at end of year, at 31 Dec 2004	**1,128**	**4,284**	**-147**	**7,398**	**12,663**	**13**	**12,676**
Change in accounting policies:							
IAS 39 Financial instruments				-61	-61		-61
Other changes				-20	-20		-20
Balance at beginning of year, at 1 Jan 2005	**1,128**	**4,284**	**-147**	**7,317**	**12,582**	**13**	**12,595**
Net change in available-for-sale investments, net of tax			2		2		2
Currency translation differences			-104		-104		-104
Dividend for 2004				-740	-740		-740
Purchases of own shares[2,3]				-709	-709		-709
Other changes						-2	-2
Net profit for the period				1,199	1,199	1	1,200
Balance at 30 Jun 2005	**1,128**	**4,284**	**-249**	**7,067**	**12,230**	**12**	**12,242**

[1] Total shares registered was 2,706 million (31 Dec 2005: 2,706 million, 30 Jun 2005: 2,847 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 30 June 2006 was 2.4 million (31 Dec 2005: 2.5 million, 30 Jun 2005: 7.2 million).

[3] The number of own shares referring to Nordea Bank AB (publ)'s repurchase of own shares was 112.2 million at 30 Jun 2006 (31 Dec 2005: 112.2 million, 30 Jun 2005: 202.4 million). No repurchase of own shares during Jan-Jun 2006 (Jan-Dec 2005: 140.7 million, Jan-Jun 2005: 90.7 million). The average number of own shares Jan-Jun 2006 was 112.2 million (Jan-Dec 2005: 163.0 million, Jan-Jun 2005: 176.0 million).

Nordea Bank AB (publ)

(Reg. No. 516406-0120)

Nordea Bank AB (publ) is the parent company of the Nordea Group.

In the first half-year 2006 total income amounted to EUR 707m (EUR 581m in the first half-year 2005). Operating profit amounted to EUR 136 m (EUR 42m).

Net investments during the first half-year amounted to EUR 30m (EUR 83m), of which group undertakings EUR 8m (EUR 61m). The change in cash flow for the period was EUR 1,043m (EUR -4m), and cash, including cash equivalents, amounted to EUR 2,252m as at 30 June 2006. Total deposits increased during the same period with EUR 1,143m (decrease of EUR 2,870m) and total lending increased with EUR 5,439m (EUR 117m).

- A conference call with management will be arranged on 19 July 2006 at 16.00, CET.
  (Please dial +44 (0) 207 769 6432, access code Nordea, ten minutes in advance.) The telephone conference can be monitored live on www.nordea.com. An indexed on-demand version will also be available on www.nordea.com.
- This interim report is available on www.nordea.com.
  A slide presentation is available on www.nordea.com.

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Financial reports 2006

25 October - interim report for the third quarter

Wednesday 19 July 2006

Lars G Nordström
President and Group CEO

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

Report on review of Interim Financial Information

Introduction
We have reviewed the interim report for Nordea Bank AB (publ), reg. no 516406-0120, for the period January – June 2006. Management is responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Company. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review
We conducted our review in accordance with "Standard för översiktlig granskning SÖG 2410 Översiktlig granskning av finansiell delårsinformation utförd av företagets valda revisor", issued by FAR, the institute for the accountancy profession in Sweden. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act of Credit Institutions and Securities Company.

Stockholm 19 July 2006

KPMG Bohlins AB

Caj Nackstad
Authorized Public Accountant

Svante Forsberg
Authorized Public Accountant
(Appointed by the Swedish Financial Supervisory Authority)

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