Nordea

Annual Report 2006

Nordea Bank Danmark

Nordea is the leading financial services group in the Nordic and Baltic Sea region. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance.

Nordea has almost 10 million customers, more than 1,100 branch offices and a leading netbanking position with 4.6 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

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5-year overview – Key financial figures – Nordea Bank Danmark Group

Income statement (DKKm)	2006	2005	2004[2]	2003[1]	2002[1]
Net interest income	7 830	7 259	7 026	8 304	8 254
Net fee and commission income	2 929	3 094	2 513	2 230	2 145
Net gains/losses on items at fair value	1 616	820	843	308	-381
Equity method	303	239	330	170	280
Other income	674	608	673	1 193	500
Total operating income	**13 352**	**12 020**	**11 384**	**12 205**	**10 798**
General administrative expenses:					
Staff costs	-4 758	-4 472	-4 351	-4 361	-4 165
Other expenses	-2 504	-2 343	-2 376	-2 248	-2 265
Depreciation, amortisation and impairment of charges of tangible and intangible assets	-132	-111	-199	-300	-293
Total operating expenses	**-7 394**	**-6 926**	**-6 926**	**-6 909**	**-6 723**
Loan losses	664	348	124	-851	-381
Operating profit	**6 622**	**5 442**	**4 583**	**4 445**	**3 693**
Income tax expense	-1 746	-1 486	-1 387	-1 196	-1 070
Net profit for the year	**4 876**	**3 956**	**3 196**	**3 249**	**2 623**

Balance sheets (DKKm)	2006	2005[3]	2004[2]	2003[1]	2002[1]
Loans and receivables to the public	483 794	419 901	351 078	309 231	295 496
Equity	26 984	23 922	22 864	19 438	18 392
Total assets	803 391	764 257	648 325	659 083	649 900

Ratios and key figures (DKKm)	2006	2005[3]	2004[2]	2003[1]	2002[1]
Return on equity, %	19.2	16.7	14.3	17.2	14.6
Cost/income ratio, %	55	58	61	57	62
Tier 1 capital ratio, %	7.1	7.0	6.4	6.9	6.7
Total capital ratio, %	9.8	10.0	9.3	9.6	9.8
Risk-weighted assets, DKKbn	376	330	299	279	274
Number of employees (full-time equivalents)	7 307	7 322	7 380	7 613	8 322
Average number of employees	7 308	7 305	7 436	8 059	8 480

The Danish Financial Supervisory Authority's ratio system is shown in note 48.

[1] According to previous GAAP, not restated to IFRS.
[2] Restated to IFRS except for IAS 39 implemented 1 January 2005.
[3] Restated for prior period error as described on page 8.

Key financial figures – Nordea Bank Danmark A/S

Income statement (DKKm)	2006	2005	2004[2]	2003[1]	2002[1]
Net interest income	5 713	5 517	5 714	7 061	7 084
Net fee and commission income	3 237	3 291	2 712	2 358	2 395
Net gains/losses on items at fair value	1 983	1 029	847	310	-406
Dividends	542	295	487	969	925
Other income	595	517	592	1 004	401
Total operating income	**12 070**	**10 649**	**10 351**	**11 702**	**10 399**
General administrative expenses:					
Staff costs	-4 582	-4 294	-4 183	-4 197	-3 997
Other expenses	- 2 341	-2 202	-2 284	-1 969	-2 406
Depreciation, amortisation and impairment of charges of tangible and intangible assets	-110	-80	-159	-247	-4
Total operating expenses	**-7 033**	**-6 576**	**-6 626**	**-6 413**	**-6 407**
Loan losses	666	384	158	-842	-301
Operating profit	**5 703**	**4 458**	**3 883**	**4 447**	**3 689**
Income tax expense	-1 433	-1 152	-1 292	-1 198	-1 066
Net profit for the year	**4 270**	**3 305**	**2 591**	**3 249**	**2 623**

Balance sheets (DKKm)	2006	2005[3]	2004[2]	2003[1]	2002[1]
Loans and receivables to the public	268 897	229 098	190 518	168 660	178 619
Equity	22 211	19 749	18 626	19 438	18 392
Total assets	664 320	616 310	466 226	518 627	528 845

Ratios and key figures (DKKm)	2006	2005[3]	2004[2]	2003[1]	2002[1]
Return on equity, %	20.4	17.0	14.0	17.2	14.6
Cost/income ratio, %	58	62	64	55	62
Tier 1 capital ratio, %	7.3	7.3	6.9	7.5	7.1
Total capital ratio, %	10.2	10.5	10.2	10.4	10.5
Risk-weighted assets, DKKbn	346	300	274	257	257
Number of employees (full-time equivalents)	6 991	6 996	7 070	7 306	8 015
Average number of employees	6 998	6 983	7 126	7 745	8 167

The Danish Financial Supervisory Authority's ratio system is shown in note 48.

1 According to previous GAAP, not restated to IFRS.
2 Restated to IFRS except for IAS 39 implemented 1 January 2005.
3 Restated for prior period error as described on page 8.

Business definitions and exchange rates

These definitions apply to the descriptions in the Annual Report.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans.

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding proposed dividend, tax assets as well as goodwill in the banking operations. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans.

Risk-weighted amounts
Total assets and off-balance-sheet items valued on the basis of the credit and market risks in accordance with regulations governing capital adequacy.

Tier 1 capital ratio
Tier 1 capital as a percentage of risk-weighted amounts.

Total capital ratio
Capital base as a percentage of risk-weighted amounts.

Return on equity
Net profit excluding minority interests and the period's change in fair value related to available for sale holdings and other revaluations recognised directly in equity, as a percentage of average equity for the period. Average equity including net profit and dividend until paid, minority interests excluded.

Cost/income ratio
Total operating expenses divided by total operating income.

Abbreviations

AGM	Annual General Meeting
CEO	Chief Executive Officer
EIU	Economist Intelligence Unit
GEM	Group Executive Management
IPS	Individual Pension Savings
OTC	Over-the-counter
TSR	Total Shareholder Return

Exchange rates applied

(European Central Bank rates of exchange for key currencies as at 31 December 2006)

EUR	745.6	**CHF**	464.0	**DKK**	100.0
GBP	1,110.4	**JPY**	4.8	**LTL**	215.9
NOK	90.5	**PLN**	194.6	**SEK**	82.5
USD	566.1				

Nordea Bank Danmark Directors' report

Throughout this report the terms "Nordea Bank Danmark", "NBD" and "Bank Group" refer to Nordea Bank Danmark A/S and its subsidiaries. Nordea Bank Danmark A/S is a wholly-owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group. The Nordea Bank AB Group is referred to as "Nordea".

Nordea Bank Danmark A/S is domiciled in Copenhagen and its business registration number is 13522197.

Group organisation

Nordea operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The support functions are Group Processing and Technology, Group Corporate Centre and Group Legal and Compliance.

As part of the Nordea Group, NBD operates in the banking business. All the operations of NBD are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business areas, encompasses the operations of NBD in their entirety.

Legal structure

Nordea is in the process of simplifying its legal structure. The aim is that Nordea Bank AB (publ) will be converted into a European company, a "Societas Europaea", ("SE"), in accordance with the European Company Statute.

The conversion is conditional on, among other things, Nordea obtaining necessary approvals from the relevant authorities and is expected to lead to improved operational efficiency, reduced operational risk and complexity as well as enhanced capital efficiency.

Nordea is continuing the preparation for this conversion while awaiting satisfactory regulatory and legislative solutions to particularly one obstacle that otherwise would risk distorting competition.

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

In light of this the next steps of the conversion process will be to find suitable solutions to mainly the deposit guarantee issue through dialogue with legislators and supervisory authorities in the Nordic countries. Following a satisfactory solution to these challenges the final conversion process in itself is estimated to take up to one year from start to execution.

Subsidiaries and foreign branches

NBD has primarily subsidiaries in Danmark. The most significant subsidiaries are Nordea Kredit Realkreditaktieselskab, through which the bank carries on mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities.

NBD has no foreign branches.

In 2006 NBD acquired the company Nordea IB Holding Danmark A/S from Nordea Bank AB (publ). The subsidiaries Nordea IB Holding Danmark A/S and Nordea Investment Management Bank A/S were vertically merged with NBD with effect for accounting purposes from 1 January 2006. The subsidiary Nordea Konferencecenter Klarskovgaard A/S was sold to external parties during 2006.

Business development in 2006

Results for 2006 showed an increase in net interest income and net gains/losses on items at fair value compared to 2005. Total operating income showed an increase. Total operating expenses increased while the positive amount on provisions for bad and doubtful debts increased. Operating profit amounted to DKK 6,622m (2005: DKK 5,442m), and the realised post-tax return on equity was 19.2% (16.7%)

The result is in line with the expectations.

Comments on the income statements (Group)

Operating income

Total operating income increased by 11.1% to DKK 13,352m (DKK 12,020m), which was primarily related to increased net interest income and net gains/losses on items at fair value.

Net interest income increased by 7.9% to DKK 7,830m (DKK 7,259m).

The increase in net interest income was related to volume growth and increased margins on deposits. Total lending to the public increased by 15% to DKK 484bn (DKK420bn) and thereby more than compensated for the continued pressure on lending margins. Deposits from the public increased by 5% to DKK 253bn (DKK 242bn). Deposit margins improved following the increase in market interest rates.

Net interest income increased in both Retail Banking and in Corporate and Institutional Banking, however, the major part of the increase is related to Retail Banking.

Net fee and commission income decreased by 5.3% to DKK 2.929m (DKK 3.094m) The decrease is primarily attributable to lending related commissions, which fell by 18% to DKK 898m (DKK 1,092m), among other things, due to a decline in mortgage refinancing, where activities fell compared to the high level in 2005. Total savings related commissions increased by 3% due to increased asset management commissions. Total payment commissions were at the same level as in the previous year.

Net gains/losses on items at fair value increased by DKK 796m to DKK 1,616m (DKK 820m).

Compared to 2005 the increase in net gains/losses on items at fair value is attributable to both a higher result from position taking on the investment portfolio and high activity in Markets in structured products and new product areas, such as equity finance and equity derivatives. Market activities is to some extent affected by gross positions in fixed income.

Profit from companies accounted for under the equity method increased by 26.8% to DKK 303m (DKK 239m). Income from equity method is related to the portfolio of PBS companies, LR Realkredit and private equity investments in Group Treasury. Compared to 2005 the increase in 2006 is mainly related to Axcel IKU Invest A/S and Investeringsselskabet af 23. marts 2001 A/S.

Other operating income increased to DKK 674m (DKK 608m). Other operating income mainly consists of income from service agreements with Nordea group undertakings, including in particular sales agreements etc. with Nordea Bank Finland. Other operating income in 2006 is positively affected by proceeds concerning the sale of stock register and general meeting services to VP Securities Services.

Operating expenses

Total operating expenses increased by 6.8% to DKK 7,394 (DKK 6,926m).

Staff costs increased by 6.4% to DKK 4,758m (DKK 4,472m). The rise is primarily attributable to the general wage inflation and higher variable salaries, including profit sharing.

In 2006 the number of employees remained stable. Employees measured by full-time equivalents, was slightly reduced by 15 to 7,307 compared to 7,322 in 2005. The average number of full time equivalent positions was 7,308 (7,305).

Other expenses increased by 6.9% to DKK 2,504m (DKK 2,343m). Higher business volumes have resulted in an increase in transaction and sales-related expenses. A major part of the increase is attributable to IT costs.

Depreciation of tangible and intangible assets increased to DKK 132m (DKK 111m) related to depreciation of equipment.

Loan losses

Loan losses were positive and amounted to DKK 664m compared to positive loan losses of DKK 348m in 2005.

At 31 December 2006 impaired loans accounted for DKK 4,047m (DKK 6,292m), which is 0.8% (1.5%) of total loans and receivables before write-downs. Total loan loss reserves on loans and receivables to the public were DKK 2,521m (DKK 3,511m), corresponding to 62% (56%) of impaired loans. Credit quality remains strong in all markets.

Taxes

Income tax expense was DKK 1,746m (DKK 1,486m). The effective tax rate amounted to 26% compared to 27% in 2005. The lower effective tax rate in 2006 compared to the corporate tax rate of 28% is primarily related to tax-exempt income and adjustments relating to prior years

Net profit

Net profit for the year amounted to DKK 4,876m (DKK 3,956m). The return on equity was 19.2% (16.7%).

Comments on the balance sheet (Group)

The total balance sheet increased by DKK 39bn to DKK 803bn (DKK 764bn), or 5%, during 2006. All balance sheet items in foreign currencies are translated into DKK at the actual year-end currency exchange rates. See note 1 for more information regarding accounting policies.

The increased balance sheet reflects higher business volumes, mainly in respect of loans and receivables to the public. The growth has been financed through a variety of sources, including deposits by credit institutions and deposits and borrowings from the public. Nordea has a strong capital position and diversified funding base, reflecting an overall sound financial structure.

Assets

Loans and receivables to credit institutions decreased by DKK 19bn to DKK 118bn. The decrease is mainly due to certificate of deposits and reverse repurchase transactions.

Loans and receivables to the public increased by DKK 64bn to DKK 484bn, of which lending to corporate customers increased by DKK 43bn and lending to personal customers increased by DKK 21bn.

Interest-bearing securities increased by DKK 23bn and *Financial instruments pledged as collateral* decreased by DKK 32bn. Interest-bearing securities pledged as security in repurchase agreements and in securities borrowing have been reclassified to the item "Financial instruments pledged as collateral". See note 1 for more information regarding accounting policies.

Other assets increased by DKK 3bn, related to receivables on sold bonds and shares due to trade date accounting.

Liabilities

Deposits by credit institutions increased by DKK 15bn. The growth stems from increases in on-demand deposits and other types of relevant debt instruments.

Deposits and borrowings from the public increased by DKK 11bn, reflecting higher business volumes.

Debt securities in issue decreased by DKK 7bn which is related to bonds issued by the subsidiary Nordea Kredit.

Other liabilities increased by DKK 18bn, mainly reflecting an increase of DKK 16bn in sold, not held, securities. Payables on purchased bonds and shares due to trade date accounting were at the same level compared to 2005.

Equity

Shareholders' equity, including minority interests amounted to DKK 23,922m at the beginning of 2006. The net profit for the year was DKK 4,876m. After deducting the dividend in 2005 to the parent company Nordea Bank AB and postings made directly against equity, equity was DKK 26,984m at the end of the year.

Groupwise provisions for 2005

As from 1 January 2005 the Nordea Bank AB Group and NBD began to prepare their annual report in accordance with IFRS. The transition to IFRS changed, among other things, the accounting policies for loan loss provisions used for many years. As international best practice for groupwise provisions was not fully clarified a number of interpretations and estimates were made. However, according to the Danish Financial Supervisory Authority the bank's groupwise provisions at 1 January 2005 were not sufficiently substantiated and have resulted in a "prior period error" in the annual report for 2005.

Therefore, the bank reduces groupwise provisions at the beginning and at the end of 2005 by DKK 455m and reduces tax receivable by DKK 127m. Group equity (retained earnings) at the beginning of 2005, DKK 23,130m, and at the end of the year 2005, DKK 23,594m are increased by the net after tax amount DKK 328m. The change has no effect on the income statement. The effect for each item that is changed for the group and the parent company, respectively, for 2005 appear from note 1. Derived ratios and key figures for 2005 are restated.

Appropriation of net profit for the year

Shareholders´equity for the parent company amounted to DKK 19,749m after adjustment for groupwise provisions, at the beginning of 2006. The net profit of the parent company for the year amounted to DKK 4,270m. After deducting the dividend in 2005 to the parent company Nordea Bank AB and postings made directly against equity, equity is DKK 22,211m at the end of the year.

It is proposed that the net profit will be distributed by way of:

- an allocation of dividend of DKK 1,500m (DKK 1,800m), and

- a transfer of DKK 2,770m to retained earnings

The proposed dividend payment of DKK 1,500m is equivalent to DKK 30 (DKK 36) per share.

Off-balance-sheet commitments (Group)
The bank's business operations include a considerable proportion of off-balance-sheet items. These include commercial products, such as guarantees, documentary credits, credit commitments, etc.

Credit commitments and unutilised credit lines amounted to DKK 158bn (DKK 131bn), whereas guarantees and granted but not utilised documentary credits as well as other off-balance-sheet commitments totalled DKK 52bn (DKK 31bn).

Capital adequacy and ratings
At year-end, the Group's total capital ratio was 9.8% (10.0%) and the tier 1 capital ratio was 7.1% (7.0%). The corresponding figures for the parent company were 10.2% and 7.3% in 2006.

The minimum level prescribed by the authorities for the total capital ratio, defined as the capital base as a percentage of the risk-weighted assets, is 8%.

The Board of Directors confirms the assumption that the bank is a going concern and the annual financial statements have been prepared based on this assumption.

The Board of Directors considers solidity as at 31 December 2006 to be good.

Rating, December 2006	Short	Long
Moody's	P-1	Aa3
S&P	A-1+	AA-
Fitch-IBCA	F1+	AA-

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

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

Risk management principles and control
The Board of Directors of Nordea has the ultimate responsibility for limiting and monitoring the Group's risk exposure. Risks in Nordea are measured and reported according to common principles and policies approved by the Board.

The Board of Directors of Nordea decides on policies for credit, market, liquidity and operational risk management. All policies are reviewed at least annually.

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

The Board of Directors of Nordea Bank Danmark is ultimately responsible for limiting and monitoring the risk in the Nordea Bank Danmark group.

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

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

- The Risk Committee monitors developments of risks on aggregated level. Chairman of the Risk Committee is the Chief Risk Officer (CRO) who is also head of Group Credit and Risk Control.

- Executive Credit Committees (Corporate and Retail), chaired by the CRO, decide on major credit risk limits and industry policies for the Group. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

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

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

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

Credit risk

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

The credit risks in Nordea arise mainly from various forms of loans and receivables to the public (corporates and personal customers), but also from guarantees and documentary credits. Furthermore, credit risk includes transfer risk, settlement risk and credit risk in financial instruments such as derivatives. The credit risk from guarantees and documentary credits arises from the potential claims on customers, which occur if Nordea would be claimed under an issued guarantee or documentary credit.

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

Responsibility and control processes

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

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

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

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

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

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

Risks in specific industries are controlled through industry policies setting requirements and limits on the overall industry exposure and these risks are monitored by industry monitoring groups. Corporate customers' environmental risks are taken into account in the overall risk assessment through a process called Environmental Risk Assessment Tool. This tool is in the process of being extended also to include social and political risk. The extended tool will be implemented during 2007. For larger project finance transactions, Nordea has adopted the Equator Principles, which is a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. The Equator Principles are based on the policies and guidelines of the World Bank and International Finance Corporation (IFC).

Measurement methods

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

Rating and scoring

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

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

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

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

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

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

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

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

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

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

As a complement to the ordinary credit risk quantification, comprehensive credit risk stress testing is performed as part of Nordea's Internal Capital Adequacy Assessment Process (ICAAP). In order to facilitate the estimation of the credit risk parameters as well as perform portfolio analysis on various dimensions, a Group-wide credit database is used.

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

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

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

Credit risk analysis
The credit risk exposure is measured and presented as the principle amount of on balance sheet claims or off balance sheet potential claims on customers and counterparts, net after allowances. The total credit risk exposure in the Nordea Bank Danmark Group has increased by 10% to DKK 936bn during 2006 (DKK 854bn).

The largest credit risk exposure is lending to the public (loans and receivables to the public), which in 2006 increased by 15% to DKK 484bn (DKK 420bn). Lending to corporate customers was DKK 278bn (DKK 236bn), an increase by 18%, and lending to personal customers was DKK 200bn (DKK 178bn), an increase by 12%. The portion of lending of the total lending portfolio was to corporate customers 58% (56%) and to personal customers 41% (43%).

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to DKK 118bn at the end of 2006 (DKK 137bn). Of these loans, less than 10% was to credit institutions outside OECD.

Loans and receivables to corporate customers
The main increases in the portfolio could be seen in the sectors: "Financial operations", "Real estate management", "Trade and services" and "Agriculture and fishing".

Financial operations remains the largest industry sector in the lending portfolio, with DKK 83bn (DKK 68bn).

The distribution of loans and receivables to corporates by size of exposures shows that approximately 55 % of the corporate volume is for lending with a size up to 375 DKKm (EUR 50m) and approximately 30% is for lending with a size of above 1,860 DKKm (EUR 250m) for each customer. This distribution has been stable over the last years.

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

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

Loans and receivables to personal customers
Mortgage loans increased by 9% while consumer loans increased by 20%. The portion of mortgage loans was 72% (74%).

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

Geographical distribution
Lending distributed by borrower domicile shows that the Nordic market accounts for 93% (91%) and the Danish market accounts for 85% (84%). Other EU countries represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited.

Transfer risk
The transfer risk exposure is small and is trade-related and primarily short-term. The total transfer risk allowance at the end of 2006 was DKK 103m (DKK 69m).

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

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

Nordea Bank Danmark Group

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

DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Loans and receivables to credit institutions	117 765	136 987	130 044
Loans and receivables to the public	483 794	419 901	351 078
Unutilised credit commitments etc	158 371	131 469	138 276
Guarantees and documentary credits	51 504	30 830	26 333
Credit risk exposure in derivatives[1]	3 125	4 849	1 471
Interest-bearing securities issued by public bodies	26 918	34 132	23 430
Other interest-bearing securitites	94 648	96 090	117 320
Total credit risk exposure	**936 125**	**854 258**	**787 952**

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

Nordea Bank Danmark A/S

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

DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Loans and receivables to credit institutions	132 054	143 515	109 196
Loans and receivables to the public	268 897	229 098	190 518
Unutilised credit commitments etc	158 371	131 469	138 276
Guarantees and documentary credits	125 197	97 118	78 228
Credit risk exposure in derivatives[1]	3 125	4 849	1 471
Interest-bearing securities issued by public bodies	26 918	34 132	23 430
Other interest-bearing securitites	135 767	117 483	112 657
Total credit risk exposure	**847 649**	**753 234**	**653 776**

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

Impaired loans, gross, for individually assessed loans have decreased to DKK 4.0bn from DKK 6.3bn, during 2006. Allowances for individually assessed loans decreased to DKK 2.2bn from DKK 3.5bn. The ratio of allowances to cover impaired loans, gross, decreased to 55% (56%). Allowances for collectively assessed loans were DKK 0.3bn at year end (DKK 0.0bn).

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

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

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

Risk in derivatives

Derivative contracts are financial instruments, such as futures, forwards, swaps or options that derive their value from underlying interest rates,

Nordea Bank Danmark Group

Loans and receivables to the public, by customer category

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Corporate customers	278 484	57.6	235 740	56.1	192 946	55.0
Personal customers	199 791	41.3	178 338	42.5	153 185	43.6
Public sector	5 519	1.1	5 822	1.4	4 947	1.4
Total	**483 794**	**100.0**	**419 901**	**100.0**	**351 078**	**100.0**

Nordea Bank Danmark A/S

Loans and receivables to the public, by customer category

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Corporate customers	209 334	77.8	177 943	77.7	147 208	77.0
Personal customers	54 864	20.4	46 106	20.1	39 160	21.0
Public sector	4 699	1.7	5 050	2.2	4 150	2.0
Total	**268 897**	**100.0**	**229 098**	**100.0**	**190 518**	**100.0**

Nordea Bank Danmark Group

Loans and receivables to corporate customers, by industry

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Real estate management	26 241	9.4	19 760	8.4	15 299	7.9
Construction	10 059	3.6	8 557	3.6	7 998	4.1
Agriculture and fishing	33 817	12.1	28 893	12.3	23 841	12.4
Transport	7 218	2.6	6 056	2.6	5 587	2.9
Shipping	8 530	3.1	8 351	3.5	7 219	3.7
Trade and services	31 919	11.5	25 964	11.0	21 550	11.2
Manufacturing	29 732	10.7	27 775	11.8	27 316	14.2
Financial operations	82 828	29.7	67 565	28.7	54 388	28.2
Renting, consulting and other company services	33 286	12.0	28 557	12.1	21 165	11.0
Other	14 855	5.3	14 263	6.1	8 583	4.4
Total	**278 484**	**100.0**	**235 740**	**100.0**	**192 946**	**100.0**

Nordea Bank Danmark A/S

Loans and receivables to corporate customers, by industry

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Real estate management	11 153	5.3	8 781	4.9	7 427	5.0
Construction	5 825	2.8	5 159	2.9	5 471	3.7
Agriculture and fishing	9 273	4.4	7 708	4.3	6 623	4.5
Transport	3 371	1.6	2 962	1.7	2 352	1.6
Shipping	6 894	3.3	5 959	3.3	4 803	3.3
Trade and services	22 057	10.5	17 361	9.8	14 953	10.2
Manufacturing	23 162	11.1	22 259	12.5	22 117	15.0
Financial operations	97 217	46.4	80 402	45.2	66 273	45.0
Renting, consulting and other company services	23 254	11.1	19 801	11.1	14 809	10.1
Other	7 128	3.4	7 552	4.2	2 392	1.6
Total	**209 334**	**100.0**	**177 943**	**100.0**	**147 208**	**100.0**

Nordea Bank Danmark Group

Loans and receivables to personal customers, by type of loan

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Mortgage loans	143 992	72.1	131 822	73.9	114 167	74.5
Consumer loans	55 799	27.9	46 516	26.1	39 018	25.5
Total	**199 791**	**100.0**	**178 338**	**100.0**	**153 185**	**100.0**

Nordea Bank Danmark A/S

Loans and receivables to personal customers, by type of loan

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Mortgage loans	0	0.0	0	0.0	0	0.0
Consumer loans	54 864	100.0	46 106	100.0	39 160	100.0
Total	**54 864**	**100.0**	**46 106**	**100.0**	**39 160**	**100.0**

currencies, equities, credit spreads or commodity prices. The derivative contracts are often OTC-traded, meaning that the terms connected to the specific contract are agreed upon on individual terms with the counterpart.

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

The derivative contracts are valued at fair value on an ongoing basis and affect the reported result and also the balance sheet. Nordea uses a fair value valuation model for calculating the market

Nordea Bank Danmark Group

Lending to corporate customers, by size of loan

DKKm	31 Dec 2006	%	31 Dec 2005	%
0-10 (EURm)	109 780	39.4	95 228	40.4
10-50 (EURm)	39 522	14.2	34 039	14.4
50-100 (EURm)	22 783	8.2	23 156	9.8
100-250 (EURm)	26 197	9.4	18 634	7.9
250-500 (EURm)	31 649	11.4	16 462	7.0
500- (EURm)	48 553	17.4	48 221	20.5
Total	**278 484**	**100.0**	**235 740**	**100.0**

Nordea Bank Danmark A/S

Lending to corporate customers, by size of loan

DKKm	31 Dec 2006	%	31 Dec 2005	%
0-10 (EURm)	45 495	21.7	38 748	21.8
10-50 (EURm)	29 428	14.1	26 705	15.0
50-100 (EURm)	19 853	9.5	20 084	11.3
100-250 (EURm)	26 057	12.4	18 906	10.6
250-500 (EURm)	25 825	12.3	12 636	7.1
500- (EURm)	62 676	29.9	60 864	34.2
Total	**209 334**	**100.0**	**177 943**	**100.0**

Nordea Bank Danmark Group

Impaired loans to the public

DKKm, 31 Dec 2006	Corporate customers	Personal customers	Total
Impaired loans, gross, individually assessed	3 219	828	4 047
Allowances for individually assessed loans	1 882	354	2 236
Impaired loans, net, individually assessed	1 337	474	1 811
Allowances/impaired loans, gross, individually assessed (%)	58	43	55
Impaired loans, gross / lending, individually assessed loans (%)	1.2	0.4	0.8
Allowances for collectively assessed loans	265	20	285
Total allowances (individually and collectively) / lending (%)	0.8	0.2	0.5

DKKm, 31 Dec 2005	Corporate customers	Personal customers	Total
Impaired loans, gross, individually assessed	4 846	1 446	6 292
Allowances for individually assessed loans	2 744	767	3 511
Impaired loans, net, individually assessed	2 102	679	2 781
Allowances / impaired loans, gross, individually assessed (%)	57	53	56
Impaired loans, gross / lending, individually assessed loans (%)	2.1	0.8	1.5
Allowances for collectively assessed loans	0	0	0
Total allowances (individually and collectively) / lending (%)	1.2	0.4	0.8

Nordea Bank Danmark A/S

Impaired loans to the public

DKKm, 31 Dec 2006	Corporate customers	Personal customers	Total
Impaired loans, gross, individually assessed	3 206	713	3 920
Allowances for individually assessed loans	1 869	239	2 109
Impaired loans, net, individually assessed	1 337	474	1 811
Allowances/impaired loans, gross, individually assessed (%)	58	34	54
Impaired loans, gross / lending, individually assessed loans (%)	1.5	1.3	1.5
Allowances for collectively assessed loans	265	20	285
Total allowances (individually and collectively) / lending (%)	1.0	0.5	0.9

DKKm, 31 Dec 2005	Corporate customers	Personal customers	Total
Impaired loans, gross, individually assessed	4 817	1 299	6 116
Allowances for individually assessed loans	2 715	620	3 335
Impaired loans, net, individually assessed	2 102	679	2 781
Allowances / impaired loans, gross, individually assessed (%)	56	48	55
Impaired loans, gross / lending, individually assessed loans (%)	2.7	2.8	2.7
Allowances for collectively assessed loans	0	0	0
Total allowances (individually and collectively) / lending (%)	1.5	1.3	1.5

Nordea Bank Danmark Group

Transfer risk exposure[1]

DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Asia	1 108	488	508
Latin America	19	32	20
Eastern Europe and CIS	236	244	176
Middle East	1 108	448	392
Africa	279	20	5

1 Base for country risk reserve, defined as all countries excluding A-rated countries according to EIU and excluding Poland and the Baltic countries. Exposure net of ECA guarantees.

DKKm	2006	2005	2004
Total transfer risk allowance	103	69	64

value of OTC derivatives. Derivatives affect credit risk, market risk, SIIR and liquidity risk exposures.

The credit risk in derivative contracts is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterpart under the contract. Nordea will then have to replace the contract at the current market rate, which may result in a loss.

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

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

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

Market risk

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

Nordea's market price risk exposure is primarily towards interest rates, foreign exchange rates and equity prices. The net exposure derives to a large extent from the investment portfolios of Group Treasury and from the client driven trading activity of Nordea Markets. For all other activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items. This is achieved by transactions in Group Treasury.

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

- Structural Interest Income Risk (SIIR) is the risk of a decrease in the net interest income if market rates rise or fall. SIIR measures the net interest income sensitivity of the whole balance sheet over a one-year horizon and is described below.

Nordea Bank Danmark Group

Lending to the public, by geographical area

DKKm	31 Dec 2006	%	31 Dec 2005	%	31 Dec 2004	%
Nordic countries	447 957	92.6	383 589	91.4	321 125	91.5
of which Denmark	409 313	84.6	350 585	83.5	296 075	84.3
of which Finland	2 747	0.6	1 807	0.4	1 090	0.3
of which Norway	1 415	0.3	1 893	0.5	1 193	0.3
of which Sweden	34 481	7.1	29 304	7.0	22 767	6.5
Baltic countries	417	0.1	172	0.0	200	0.1
Poland	617	0.1	671	0.2	548	0.2
EU countries other	26 256	5.4	26 899	6.4	21 613	6.2
USA	2 569	0.5	4 573	1.1	1 417	0.4
Asia	2 728	0.6	1 415	0.3	1 322	0.4
Latin America	1 418	0.3	1 721	0.4	3 631	1.0
OECD other	946	0.2	223	0.1	258	0.1
Non-OECD other	886	0.2	638	0.2	965	0.3
Total	**483 794**	**100.0**	**419 901**	**100.0**	**351 078**	**100.0**

- Structural foreign exchange risk primarily arises from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding. Furthermore, structural foreign exchange risk arises from earnings and cost streams generated in foreign currencies or from foreign branches. For the individual Nordea companies, this is handled in each company's foreign exchange position.

Nordea Bank Danmark Group

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

DKKm	31 Dec 2006	% of lending to the industry	31 Dec 2005	% of lending to the industry
Real estate management	287	1.1	141	0.7
Construction	100	1.0	263	3.1
Agriculture and fishing	171	0.5	627	2.2
Transport	110	1.5	257	4.2
Shipping	0	0.0	9	0.1
Trade and services	706	2.2	1 086	4.2
Manufacturing	744	2.5	954	3.4
Financial operations	16	0.0	93	0.1
Renting, consulting and other company services	771	2.3	971	3.4
Other	314	2.1	445	3.1
Total	**3 219**	**1.2**	**4 846**	**2.1**

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

DKKm	31 Dec 2006	% of lending to the industry	31 Dec 2005	% of lending to the industry
Real estate management	287	2.6	141	1.6
Construction	100	1.7	263	5.1
Agriculture and fishing	171	1.8	627	8.5
Transport	110	3.3	257	8.7
Shipping	0	0.0	9	0.2
Trade and services	706	3.2	1 086	6.3
Manufacturing	744	3.2	954	4.3
Financial operations	16	0.0	93	0.1
Renting, consulting and other company services	771	3.3	971	4.9
Other	301	4.2	416	5.5
Total	**3 206**	**1.5**	**4 817**	**2.7**

Nordea Bank Danmark Group

Distribution of allowances to corporate customers, by industry

DKKm	31 Dec 2006 Individually assessed loans	%	Collectively assessed loans	%	31 Dec 2005 Individually assessed loans	%	Collectively assessed loans	%
Real estate management	124	6.6	0	0.0	67	2.4	0	0.0
Construction	52	2.7	28	10.6	155	5.7	0	0.0
Agriculture and fishing	74	3.9	118	44.5	351	12.8	0	0.0
Transport	62	3.3	13	4.9	157	5.7	0	0.0
Shipping	0	0.0	0	0.0	7	0.3	0	0.0
Trade and services	382	20.3	0	0.0	568	20.7	0	0.0
Manufacturing	471	25.0	76	28.7	572	20.8	0	0.0
Financial operations	12	0.7	0	0.0	62	2.2	0	0.0
Renting, consulting and other company services	509	27.1	0	0.0	549	20.0	0	0.0
Other	196	10.4	30	11.3	256	9.3	0	0.0
Total	**1.882**	**100.0**	**265**	**100.0**	**2 744**	**100.0**	**0**	**0.0**

Reconciliation of reserves for impaired loans

DKKm	Closing balance 31 Dec 2005	Prior period error[1]	Changes through profit /loss	Changes due to currency rates	Closing balance 31 Dec 2006
Specific reserves for individually assessed loans	3 366	145	-1 270	-5	2 236
Groups of significant loans	469	-400	269	0	338
Groups of not significant loans	200	-200	50	0	50
Total reserves	**4 035**	**-455**	**-951**	**-5**	**2 624**

[1] See Directors report regarding groupwise provisions for 2005 on page 8.

Restructured loans and receivables current year

DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2004
Loans and receivables before restrukturing, book value	593	283	281
Loans and receivables after restructuring, book value	523	283	281

Assets taken over for protection of claims

Current asssets, book value:			
Land and buildings	-	-	-
Shares an other articipations	-	-	-
Other assets	-	-	-
Total	**-**	**-**	**-**

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

DKKm	31 Dec 2006 Current exposure	Potential future exposure	Total credit risk	31 Dec 2005 Current exposure	Potential future exposure	Total credit risk
Total	**444**	**2 736**	**3 125**	**419**	**4 451**	**4 849**

Payments coming to parent companies from subsidiaries as dividends are exchanged to the base currency of the parent company.

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

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

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

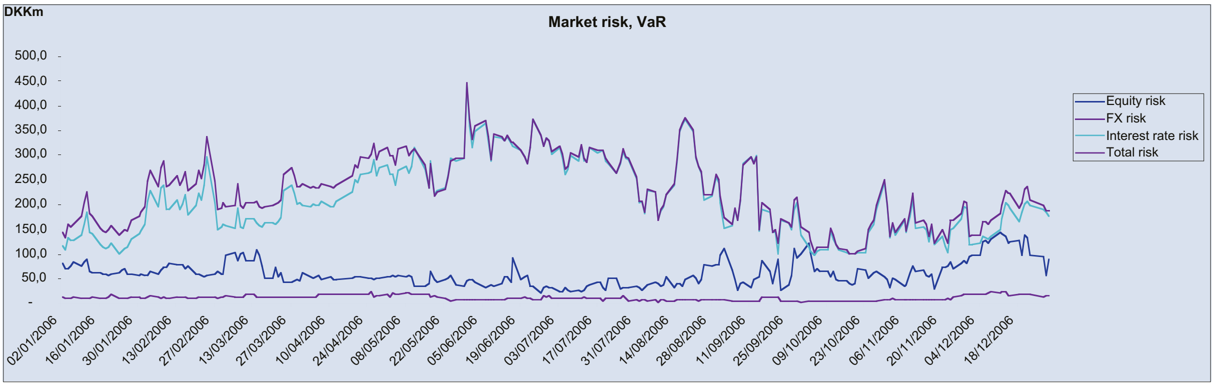
Normal market conditions
VaR is used by Nordea to measure interest rate, foreign exchange and equity risks. A VaR measure across these risk categories, allowing for diversification among them, is also used. The VaR figures include both linear positions and options.

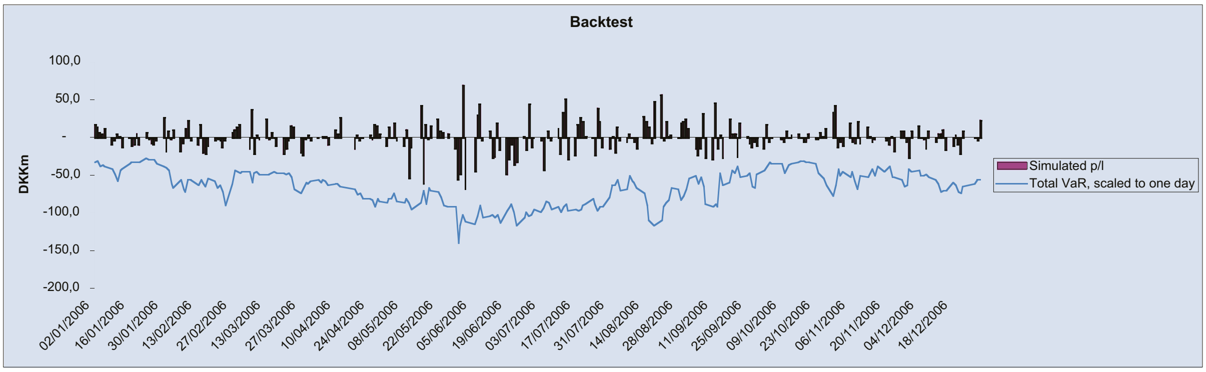
VaR is a statistical risk measure, which in Nordea is based on the last two years' historical changes in market prices and rates, a holding period of 10 banking days and a probability of 99%. Nordea's historical simulation VaR model is based on the expected shortfall approach, which implies using the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

Nordea Bank Danmark Group

Market risk

EURm	Measure	31 Dec 2006	Maximum	Minimum	Average	31 Dec 2005
Total risk	VaR	187.1	446.4	100.6	227.9	121.9
Interest rate risk	VaR	176.6	444.5	98.9	209.7	111.9
Equity risk	VaR	88.0	142.3	20.6	60.7	72.0
Foreign exchange risk	VaR	15.8	23.9	3.1	11.0	10.7
Diversification effect% of total	VaR	33%				





most adverse simulation results as an estimate of VaR.

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

From the end of 2006, Nordea's VaR model is the basis for calculating risk weighted assets for general market risk from equities, interest rates and foreign exchange.

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

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

Market risk analysis
The analysis is based on the consolidated risk stemming from both investment and trading activities. Overall, the risk showed some variation during the year and ended 2006 slightly higher than it ended 2005.

Total risk
The total VaR was DKK 187m at the end of 2006 (DKK 122m) recognising a noticeable diversification effect between interest rate, equity and foreign exchange risk, as the total VaR is lower than the sum of the risk in the three categories.

Interest rate risk
The interest rate VaR was DKK 177m at the end of 2006 (DKK 112m). The total gross sensitivity to a 1-percentage-point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to move adversely for Nordea, was DKK 1,397m at the end of 2006 (DKK 1,863m) and the net interest rate sensitivity was DKK -648m (DKK -443m). The largest interest rate exposures were in DKK, SEK and EUR.

Equity risk
At the end of 2006, Nordea's equity VaR stood at DKK 88m (DKK 72m) and the net sensitivity to a 10% movement in equity prices was DKK 158m (DKK 112m). The largest equity exposures were to the financial and industrial sectors.

Foreign exchange risk
Nordea's foreign exchange VaR of DKK 16m (DKK 11m) at year-end is relatively low compared to the interest rate and equity risk exposure. The gross sensitivity to a 5% change in the exchange rate of all currencies vis-à-vis the DKK was DKK 86m at the end of 2006 (DKK 85m).

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

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

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

SIIR analysis
At the end of the year, the SIIR for decreasing market rates was DKK -555m (DKK -330m) and the SIIR for increasing rates was DKK 484m (DKK 162m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

SIIR is actively managed in order to reduce the effects of the low market rate environment. A portion of Nordea's non-maturity deposits is in practice stable and the interest rates are rarely changed. These accounts have been redefined as long-term and hedged on a rolling basis, which has reduced SIIR.

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

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

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

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

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

Liquidity risk analysis
The short-term liquidity risk has been held at moderate levels throughout 2006. The average

funding gap risk, i e the average expected need for raising liquidity in the course of the next 14 days, has been DKK 41bn (DKK 42bn).

Nordea's liquidity buffer has been in the range DKK 37-125bn (DKK 41-131bn) throughout 2006 with an average of DKK 75bn (DKK 77bn). Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular.

The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2006. The yearly average for the net balance of stable funding was DKK 43bn (DKK 47bn).

Operational risk

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

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

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

Nordea Bank Danmark Group

SIIR Risk, Gap analysis, 31 Dec 2006
Re-pricing gap for increasing interest rates

Interest Rate Fixing Period DKKm	Balance sheet	Within 3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 years	Non re-pricing	Total
Assets									
Interest-bearing assets	728 286	473 873	12 588	1 491	6 458	5 839	168 629	59 407	728 286
Off-balance sheet items	0	93 667	15 346	-4 570	22 995	7 307	130	0	134 875
Non interest-bearing assets	75 105	0	0	0	0	0	0	75 105	75 105
Total assets	**803 391**	**567 540**	**27 934**	**-3 078**	**29 453**	**13 146**	**168 759**	**134 512**	**938 266**
Liabilities									
Interest-bearing liabilities	669 969	429 723	12 510	6 925	15 306	10 237	165 393	29 875	669 969
Off-balance sheet items	0	88 415	14 810	9 498	15 415	4 222	2 514	0	134 875
Non interest-bearing liabilities	133 422	0	0	0	0	0	0	133 422	133 422
Total liabilities	**803 391**	**518 138**	**27 320**	**16 424**	**30 721**	**14 459**	**167 908**	**163 297**	**938 266**
Exposure		**49 402**	**614**	**-19 502**	**-1 268**	**-1 313**	**851**	**-28 785**	**0**
Cumulative exposure			**50 017**	**30 515**	**29 247**	**27 934**	**28 785**	**0**	**0**

Nordea Bank Danmark Group

Contractual maturity analysis for financial liabilities, 31 Dec 2006
Contractual cash flows

Remaining contractual maturity, DKKm	Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	271 436	164 799	50 267	240 948	727 450

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

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

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

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

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

Economic Profit

Economic Profit is calculated as total income less operating expenses, expected losses, standard tax and cost of equity.

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

Expected Losses

Expected loss reflects through the formula (Expected Losses = Probability of Default* Loss Given Default*Exposure At Default) the normalised loss level of the individual loan exposure as well as various portfolios. Based on the current portfolio the Expected loss used in the Economic Profit calculations is 17 basis points over the business cycle, down from 19 basis points in 2006, a reflection of the improved quality and repayment ability of Nordea's customers.

Cost of equity

Cost of equity is the estimated yield shareholders require to invest in Nordea shares multiplied by economic capital. The long-term risk-free rate, the average market risk premium to invest in shares and the Nordea share volatility compared to shares in general (beta) are used to set the percentage. The cost of equity is set by management once a year as a parameter to manage risk appetite and investment level. It was in 2006 set to 7.5% and for 2007 8.0%, following higher interest rates.

Economic Capital (EC)

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

Nordea calculates EC for the following risk types: credit risk, market risk, operational risk and business risk. Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into EC:

- Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality categories. The factors have been estimated using a portfolio model, where probability of default, loss given default and exposure at default are inputs, and are reviewed and updated annually. The parameter estimation framework used for EC will to a large extent also be used in the upcoming Basel II framework.

- Market risk for the banking business is based on scenario simulation and Value-at-Risk (VaR) models tailor-made for EC. The market risk in Nordea's internal defined benefit plans is based on VaR models.

- Operational risk reflects the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes. It is calculated according to the standardised approach within Basel II.

- Business risk represents the earnings volatility inherent in all businesses due to the uncertainty of revenues and costs due to changes in the economic and competitive environment. The main risk drivers are reputation risk, strategic risk, liquidity risk and indirect effects as structural interest income risk. Business risk is calculated based on the observed volatility in historical profit and loss time series that is attributed to business risk.

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

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

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

Nordea has submitted an application to use the foundation IRB approach from 2007 for calculating capital requirements for credit risk and the standardised approach for operational risk. The application for credit risk covers exposures to corporates and banks.

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

By applying the revised framework, the internal assessment of risk will serve as an input into the capital requirement calculations. The EU Directive contains a detailed set of minimum requirements to assure the conceptual soundness and integrity of internal risk assessments. In order to comply with the minimum requirements related to the Internal Rating Based (IRB) Approach for credit risk, Nordea has refined internal models and processes used within the Economic Capital (EC) framework, which Nordea has used in calculating internal capital requirements since 2001. In addition, a comprehensive financial data warehouse, calculation module and reporting tool are being developed and will be in place in 2007.

Capital requirement in the Basel II

Framework
The full effect of Basel II will have a stepwise effect on the banks since the Basel II floors defined by the Basel II regulatory framework set a limit to the possible decrease of capital requirement. In 2007, the lowest accepted amount for risk weighted assets (RWA) is 95% of the amount calculated in accordance to the Basel I

framework, for 2008 it is limited to 90% and 2009 to 80%.

By 2010, when the Basel I capital floors are removed, Pillar 1 capital values will represent an absolute minimum capital requirement, while Nordea's internal capital will serve as the target capital level.

ICAAP

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

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

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

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

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

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

Human resources

HR Strategy
The employees form the basis for the successful development of Nordea. Nordea's ambition is to be the preferred employer in the financial industry in the region. This in order to attract, develop and retain highly motivated, competent and performance oriented employees.

Nordea as the preferred employer
The most important drivers for employee satisfaction and motivation continue to be the content of daily work and opportunities for competence development. Competence development activities are offered to increase personal and professional competencies. Focus is put on retaining key personnel through professional development programs and challenging business assignments.

A full range of professional leadership training programme covering everything from potential managers to top executives has been conducted during 2006.

To increase the number of females in manager and especially executive positions is a priority throughout Nordea. As a result of the activities the percentage of females in managerial positions has increased during the last years.

Nordea has a special focus on development of trainees. The one-year Nordea Trainee programme gives trainees a comprehensive view of Nordea through job-rotation and training seminars. The program has proven to be a true success as more than 90% of the trainees recruited since 2000 have chosen to stay within Nordea. External survey has ranked the Nordea Trainee programme as one of the best on the market.

Incentive Programmes
All employees participate in a profit-sharing programme. In addition, for managers of the Group there is an executive incentive programme. The performance criteria in 2006 included Economic Profit and Nordea's relative performance compared to the Nordic peer group as measured by return on equity (excluding goodwill).

The performance criteria for both employee and executive programmes reflects internal goals as well as benchmarking against competitors. Both programmes are capped.

Environmental concerns

In accordance with Group Corporate Citizenship Principles Nordea Bank Danmark is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative and to increase the positive environmental impact of its business activities.

The Nordea Group has adopted an environmental policy that will provide guidance on how the group entities will manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group.

The policy will also guide policymaking and business initiatives regarding financial involvement by business units and cooperation with suppliers.

Legal proceedings

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

Subsequent events

No events have occurred after the balance sheet date, which may affect the assessment of the annual financial statements.

Outlook

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

The organic growth strategy of Nordea Group leads to investments, in particular in reference to the accelerated growth plan in the Nordic markets, investments in Private Banking, and increased growth ambitions in Poland. These previously communicated investments amount to approx. EUR 60m for the Nordea Group.

The cost increase in 2007 is expected to be of the same magnitude as in 2006. Nordea Bank Denmark is expected to contribute in reaching the Nordea Group's ambition of a gap between revenue and cost growth for the full year 2007 of 3-4 percentage points.

Income statement

DKKm	Note	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Operating income					
Interest income	2	26 978	22 616	18 295	14 523
Interest expense	2	-19 148	-15 357	-12 582	-9 006
Net interest income	2	7 830	7 259	5 713	5 517
Fee and commission income	3	3 330	3 527	3 497	3 557
Fee and commission expense	3	-401	-433	-260	-266
Net fee and commission income	3	2 929	3 094	3 237	3 291
Net gains/losses on items at fair value	4	1 616	820	1 983	1 029
Profit from companies accounted for under the equity method	20	303	239	-	-
Dividends	5	6	6	542	295
Other operating income	6	668	602	595	517
Total operating income		**13 352**	**12 020**	**12 070**	**10 649**
Operating expenses					
General administrative expenses:					
Staff costs	7	-4 758	-4 472	-4 582	-4 294
Other expenses	8	-2 504	-2 343	-2 341	-2 202
Depreciation, amortisation and impairment charges of tangible and intangible assets	9, 22, 23	-132	-111	-110	-80
Total operating expenses		**-7 394**	**-6 926**	**-7 033**	**-6 576**
Loan losses	10	664	348	666	384
Operating profit		**6 622**	**5 442**	**5 703**	**4 458**
Income tax expense	11	-1 746	-1 486	-1 433	-1 152
Net profit for the year		**4 876**	**3 956**	**4 270**	**3 305**
Attributable to:					
Shareholders of Nordea Bank Danmark A/S				4 270	3 305
Minority interests				-	-
Total				**4 270**	**3 305**

Balance sheet

DKKm	Note	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Assets					
Cash and balances with central banks		2 708	3 686	2 708	3 686
Loans and receivables to credit institutions	13	117 765	136 987	132 054	143 515
Loans and receivables to the public	14, 24	483 794	419 901	268 897	229 098
Interest-bearing securities	15	44 689	21 237	83 647	40 508
Financial instruments pledged as collateral	16	77 084	108 985	79 245	111 107
Shares	17	17 607	15 939	17 600	15 933
Derivatives	18	2 053	2 229	2 053	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	458	545	458	545
Investments in associated undertakings	20	522	507	288	255
Investments in group undertakings	21	211	155	8 158	6 985
Intangible assets	22	115	93	80	72
Property and equipment	23, 24	195	231	174	145
Investment property	25	71	490	1	25
Deferred tax assets	11	-	-	155	217
Current tax assets		112	236	515	236
Other assets	26	53 271	50 284	64 881	59 031
Prepaid expenses and accrued income	27	2 736	2 754	3 406	2 724
Total assets		**803 391**	**764 257**	**664 320**	**616 310**
Liabilities					
Deposits by credit institutions	28	223 188	207 947	225 881	211 528
Deposits and borrowings from the public	29	253 377	242 424	255 994	243 186
Debt securities in issue	30	183 020	190 112	-	353
Derivatives	18	1 946	2 443	1 946	2 446
Current tax liabilities		-	-	-	-
Other liabilities	31	100 007	82 141	146 258	127 619
Accrued expenses and prepaid income	32	3 446	4 139	1 277	1 042
Deferred tax liabilities	11	732	741	-	-
Provisions	33	211	272	273	271
Retirement benefit obligations	34	79	82	79	82
Subordinated liabilities	35	10 401	10 034	10 401	10 034
Total liabilities		**776 407**	**740 335**	**642 109**	**596 561**
Equity	36				
Minority interests		39	46	-	-
Share capital		5 000	5 000	5 000	5 000
Other reserves		-	-	-	-
Revaluation reserves		2	9	2	9
Retained earnings		21 943	18 867	17 209	14 740
Total equity		**26 984**	**23 922**	**22 211**	**19 749**
Total liabilities and equity		**803 391**	**764 257**	**664 320**	**616 310**
Assets pledged as security for own liabilities	37	81 532	120 233	83 693	122 355
Other assets pledged	38	-	-	-	-
Contingent liabilities	39	51 504	30 830	125 197	97 118
Commitments	40	158 371	131 469	158 371	131 469

Other notes

Note 1	Accounting policies	Note 45	Obtained collaterals which are permitted to be sold or repledged
Note 41	Capital adequacy	Note 46	Investments, customer bearing the risk
Note 42	Classification of financial instruments	Note 47	Related-party transactions
Note 43	Assets and liabilities at fair value	Note 48	The Danish Financial Supervisory Authoritys ratio system
Note 44	Assets and liabilities in foreign currencies		

Statement of recognised income and expense[1]

	Group		Parent company	
DKKm	2006	2005	2006	2005
Currency translation differences during the year	1	-1	0	-1
Currency hedging	-	-	-	-
Available-for-sale investments:				
Valuation gains/losses taken to equity	-10	13	-10	13
Mergers	-	-	-	-
Tax on items taken directly to or transferred from equity	3	-4	3	-4
Net income recognised directly in equity	**-6**	**9**	**-7**	**9**
Net profit for the year	4 876	3 956	4 270	3 305
Total recognised income and expense for the year	**4 870**	**3 965**	**4 263**	**3 314**
Attributable to:				
Shareholders of Nordea Bank Danmark A/S			4 263	3 314
Minority interests			-	-
			4 263	**3 314**
Effect of changes in opening balance				
Shareholders of Nordea Bank Danmark A/S	-	548	-	548

1 See note 36 Equity for further information.

Cash flow statement

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Operating activities				
Operating profit	6 622	5 442	5 703	4 458
Adjustments for items not included in cash flow	-617	-236	-777	-1 232
Income taxes paid	-1 606	-2 005	-1 601	-2 005
Cash flow from operating activities before changes in operating assets and liabilities	**4 399**	**3 201**	**3 325**	**1 221**
Changes in operating assets				
Change in loans and receivables to credit institutions	20 982	-7 817	12 983	-35 193
Change in loans and receivables to the public	-63 229	-68 085	-39 135	-37 843
Change in interest-bearing securities	-23 452	30 035	-43 139	10 808
Change in financial assets pledged as collateral	31 900	-16 445	31 862	543
Change in shares	-1 724	-4 423	-1 722	-4 424
Change in derivatives, net	-321	-1 234	-324	-1 246
Change in other assets	-2 506	-2 045	-6 471	-2 099
Changes in operating liabilities				
Change in deposits by credit institutions	15 237	19 773	14 353	20 619
Change in deposits and borrowings from the public	10 953	30 594	12 808	30 842
Change in debt securities in issue	-7 092	545	-353	-62
Change in other liabilities	17 268	18 962	18 959	20 664
Cash flow from operating activities	**2 415**	**3 061**	**3 146**	**3 830**
Investing activities				
Acquisition of investments in group undertakings	-235	-64	-1 240	-814
Sale of investments in group undertakings	39	-	-	-
Mergers of group undertakings	-	-	304	-
Acquisition of investments in associated undertakings	-97	-15	-97	-15
Sale of investments in associated undertakings	27	4	12	-4
Acquisition of tangible assets	-154	-80	-140	-71
Sale of tangible assets	12	53	8	15
Acquisition of intangible assets	-30	-57	-16	-39
Sale of intangible assets	-	-	-	-
Purchase/sale of other financial fixed assets	-	-	-	-
Cash flow from investing activities	**-438**	**-159**	**-1 169**	**-928**
Financing activities				
Issued subordinated liabilities	367	697	367	697
Dividend paid	-1 800	-3 500	-1 800	-3 500
Cash flow from financing activities	**-1 433**	**-2 803**	**-1 433**	**-2 803**
Cash flow for the year	**544**	**99**	**544**	**99**
Cash and cash equivalents at the beginning of year	**6 804**	**6 705**	**6 804**	**6 705**
Exchange rate difference	**-**	**-**	**-**	**-**
Cash and cash equivalents at the end of year	**7 348**	**6 804**	**7 348**	**6 804**
Change	**544**	**99**	**544**	**99**

Comments on the cash flow statement

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

Cash flow statement *(cont.)*

Operating activities

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

	Group		Parent company	
DKKm	2006	2005	2006	2005
Depreciation	132	111	110	80
Loan losses	-664	-348	-664	-384
Change in provisions	-64	8	-1	-928
Profit from associated and group undertakings	-297	-239	-214	-
Dividends	290	232	-	-
Other	-14	-	-8	-
	-617	**-236**	**-777**	**-1 232**

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

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

	Group		Parent company	
DKKm	2006	2005	2006	2005
Interest payments received	26 978	22 616	18 295	14 523
Interest expenses paid	-19 148	-15 357	-12 582	-9 006

Investing activities

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

	Group	
DKKm	2006	2005
Acquisition of group undertakings		
Cash and cash equivalents	-	-
Loans and receivables to credit institutions	264	116
Property & equipment and intangible assets	-	4
Other assets	11	4
Total assets	**275**	**124**
Deposits by credit institutions	40	-
Other liabilities and provisions	-	61
Total liabilities	**40**	**61**
Purchase price paid	**235**	**64**
Cash and cash equivalents in acquired group undertakings	-	-
Net effect on cash flow	**235**	**64**

	Group	
DKKm	2006	2005
Sale of investments in group undertakings		
Cash and cash equivalents	-	-
Loans and receivables to credit institutions	26	-
Property & equipment and intangible assets	57	-
Other assets	3	-
Total assets	**86**	**-**
Deposits by credit institutions	36	-
Other liabilities and provisions	10	-
Total liabilities	**46**	**-**
Capital gain/loss on sold group undertakings	-1	-
Purchase price received	**39**	**-**
Cash and cash equivalents in acquired group undertakings	-	-
Net effect on cash flow	**39**	**-**

Cash flow statement *(cont.)*

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

Liquid assets
The following items are included in liquid assets:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Cash and balances at central banks	2 708	3 686	2 708	3 686
Loans and receivables to credit institutions, payable on demand	4 640	3 118	4 640	3 118
	7 348	**6 804**	**7 348**	**6 804**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;
- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

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

Notes to the financial statements

Note 1
Accounting policies

Table of contents

1. Basis for presentation
The financial statements for Nordea Bank Danmark A/S and for the group are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU and additional Danish disclosure requirements for annual reports laid down in the Danish IFRS Executive Order on financial services enterprises issued pursuant to the Danish Financial Business Act.

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

On 27 February 2007 the Board of Directors approved the financial statements, subject to final approval on the Annual General Meeting 14 March 2007.

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

3. Changed accounting policies and presentation
The accounting policies and the basis for calculations are unchanged in comparison with the 2005 Annual Report apart from the following changes.

Groupwise provisions for 2005 and classification of provisions for guarantees in the balance sheet
In the Directors' report the bank has given an account of the decided changes concerning groupwise provisions for 2005. The changes are made by the same amount in the opening balance sheet at 1 January 2005 and in the balance sheet at 31 December 2005 and have no impact on the income statement in 2005.

Provisions for guarantees which have so far been presented under "Loans and receivables to the public" and "Loans and receivables to credit institutions" are now presented under "Provisions". The changes have an impact on the following items at 31 December 2005:

Nordea Bank Danmark Group

	31 Dec 2005		
	Reported	Change	Restated
Balance sheet			
Assets:			
Loans and receivables to credit institutions	136 999	-12	136 987
Loans and receivables to the public	419 163	738	419 901
Current tax assets	363	-127	236
Liabilities:			
Provisions	1	271	272
Equity:			
Retained earnings	18 539	328	18 867
Ratios and key figures			
Return on equity, %	17.0	-0.3	16.7
Tier 1 capitl ratio, %	7.0	0.0	7.0
Total capital ratio, %	9.9	0.1	10.0
Risk-weighted assets, DKKbn	329	0.5	330

Nordea Bank Danmark A/S

	31 Dec 2005		
	Reported	Change	Restated
Balance sheet			
Assets:			
Loans and receivables to credit institutions	143 527	-12	143 515
Loans and receivables to the public	228 361	738	229 098
Current tax assets	363	-127	236
Liabilities:			
Provisions	1	270	271
Equity:			
Retained earnings	14 412	328	14 740
Ratios and key figures			
Return on equity, %	17.3	-0.3	17.0
Tier 1 capitl ratio, %	7.2	0.1	7.3
Total capital ratio, %	10.4	0.1	10.5
Risk-weighted assets, DKKbn	300	0.5	300

The table below describes the effect from the new presentation of provisions for guarantees on the current period:

31 Dec 2006 DKKm	Restated	Not restated
Loans and receivables to credit institutions	117 765	117 672
Loans and receivables to the public	483 794	483 689
Provisions	211	13
Total	**601 348**	**601 348**

Increased transparency for Commissions

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

Classification of non-cash collaterals in the balance sheet

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

31 Dec 2006 DKKm	Restated	Not restated
Interest-bearing securities	44 689	121 566
Shares	17 607	17 814
Financial instruments pledged as collateral	77 084	-
Total	**139 380**	**139 380**

31 Dec 2005 DKKm	Restated	Reported
Interest-bearing securities	21 237	130 222
Financial instruments pledged as collateral	108 985	-
Total	**130 222**	**130 222**

	2005			
DKKm	Reported	Reclass.	Restated	
Presentation before restatement				**Presentation after restatement**
Investment products/services	433	-222	211	Asset Management commissions
	-	77	77	Custody
Life insurance	73	-	73	Life insurance
Brokerage	1 208	-298	910	Brokerage
Loans and receivables	636	169	805	Lending
	-	196	196	Cards
Deposits, payments and e-services	895	-397	498	Payments
	-	50	50	Deposits
Guarantees and documentary payments	272	15	287	Guarantees and document payments
Other commission income	612	-192	420	Other commission income
Fee and commission income	**4 129**	**-602**	**3 527**	**Fee and commission income**
Payments and e-services	-73	-6	-79	Payment expenses
Other commission expenses	-962	608	-354	Other commission expenses
Fee and commission expenses	**-1 035**	**602**	**-433**	**Fee and commission expenses**
Net fee and commission income	**3 094**	**-**	**3 094**	**Net fee and commission income**

4. Critical judgements and key sources of estimation uncertainty

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

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

- The fair value measurement of:
  - financial instruments
  - investment properties
- The impairment testing of loans and receivables
- Claims in civil lawsuits

Fair value measurement

Financial instruments

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

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

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

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

Investment property

Discounted cash flows are used for fair value measurement of these properties.

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

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

See also the separate section 17 "Investment property".

Impairment testing of loans and receivables

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

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

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

Claims in civil lawsuits

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

5. Principles of consolidation

Consolidated entities

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

All Group undertakings are consolidated using the purchase method. The group undertakings are included in the consolidated accounts from the date on which control is transferred to Nordea and are no longer consolidated from the date on which control ceases.

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

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

Investments in associated undertakings

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

Profits from companies accounted for under the equity method are in the income statement reported pretaxes. Tax costs related to these profits are included in the income tax expense for Nordea, see note 20.

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

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

For further information on the undertakings included in the Nordea Group see note 21.

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

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

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

Changes in Group structure
A description of the changes in the Group structure during the year is included in the Directors' report in the section subsidiaries and foreign branches on page 6.

As the vertical merger with the subsidiaries Nordea IB Holding Danmark A/S and Nordea Investment Management Bank A/S do not have any significant effect on the opening balance sheet at 1 January 2006, the comparative figures for the balance sheet at 31 Deember 2005 have not been restated.

6. Recognition of operating income and expense

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

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

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

Commission expenses are transaction based and recognised in the period when the services are received.

Net gains/losses on items at fair value
Realised and unrealised gains and losses, including net interest in Markets, on financial instruments measured at fair value are recognised in the item "Net gains/losses on items at fair value".

Realised and unrealised gains and losses derive from:
- Shares/participations and other sharerelated instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments, which contains credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment property income, which includes realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from divestments

Profit from companies accounted for under the equity method
The profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated companies. Profits from companies accounted for under the equity method are in the income statement reported pretaxes. Tax costs related to these profits are included in the income tax expense for Nordea, see note 20.

Dividends
Dividends to the shareholder of Nordea Bank Danmark A/S are recorded as a liability following the approval of the Annual General Meeting.

Dividends received by Markets are recognised in the income statement as "Net gains/losses on items at fair value".

Other operating income
Net gains from divestments of shares and other operating income, not related to any other income line, are generally recognised when the transactions have been finalised.

7. Recognition and derecognition in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on settlement date.

Financial assets other than those for which trade date accounting are applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial asset expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterpart has performed by e.g. repaying a loan to Nordea, i.e. on settlement date.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are reclassified to the item "Financial instruments pledged as collateral" in the balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include e.g. security lending agreements and repurchase agreements.

Financial liabilities, other than those for which trade date accounting are applied, are derecognised from the balance sheet when the liability is extinguished. Normally this is when Nordea performs, for example when Nordea repay a deposit to the counterpart, i.e. settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within section 12 "Financial instruments".

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates.

Foreign currency is defined as any other currency than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement in the item "Net gains/losses on items at fair value".

Translation differences on financial instruments that are designated hedging instruments in a hedge of a net investment in a group undertaking are recognised in equity, to the extent the hedge is effective. This is performed in order to offset the translation differences affecting equity when consolidating the group undertaking into Nordea. Any ineffectiveness is recognised in the income statement in the item “Net gains/losses on items at fair value”.

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so called hedge accounting. Following the implementation of IAS 39 all derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within Nordea has been developed to fulfil the requirements set in IAS 39. Nordea uses hedge accounting in the financial statement in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments. The overall purpose is to have a true and fair presentation of Nordea’s economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

According to IAS 39 there are in general three forms of hedge accounting:

- Cash flow hedge accounting
- Fair value hedge accounting
- Hedges of net investments

In Nordea, fair value hedge accounting is applied for all hedges apart from hedges of net investments, meaning that both the hedging instrument and the hedged item are measured at fair value, with changes in fair values recognised directly in the income statement. The reason why Nordea has chosen to apply fair value hedge accounting is that cash flow hedge accounting could cause volatility in equity. Looking forward there could be situations when Nordea starts to apply cash flow hedge accounting as a complement.

Fair value hedge accounting

Fair value hedge accounting is used for derivatives that serve to hedge changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea’s financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item will be recognised separately in the income statement in the item "Net gains/losses on items at fair value". Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero.

Fair value hedge accounting in Nordea is performed mainly on a portfolio basis. The effectiveness of the hedging relationships is consequently measured and evaluated so that any ineffectiveness is affecting the income statement under the item "Net gains/losses on items at fair value".

Hedging instruments

The hedging instruments used in Nordea are predominantly interest rate swaps. Currency interest rate swaps and cash instruments are only utilised in a few transactions. Cash instruments are only used as hedging instruments when hedging currency risk.

Hedged items

According to IAS 39 a hedged item can be a single asset or liability as well as a group of assets or liabilities with similar risk characteristics. Hedged items in Nordea consist of both individual assets or liabilities and portfolios of assets or liabilities.

Hedge effectiveness

In order to apply hedge accounting it is required that the hedge is highly effective. A hedge is regarded as highly effective if at inception and throughout the life of the hedge it can be expected that changes in fair value of the hedged item can be fully offset by changes in fair value of the hedging instrument. The result should be within a range of 80-125 per cent.

When assessing hedge effectiveness retrospectively Nordea measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will prospectively from the last time it was last proven effective be accounted for in the income statement at fair value through profit and loss. The change in the fair value on the hedged item, up to the point when the hedged relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

10. Determination of fair value of financial instruments

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:
- Treasury bills and other eligible bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. Valuation techniques can range from simple discounted cash flow analysis to complex option pricing models. Valuation models are designed to apply observable market prices and rates as input whenever possible, but can also make use of unobservable model parameters. Nordea is predominantly using valuation techniques to establish fair value for items disclosed under the following balance sheet items:
- Treasury bills and other eligible bills (when quoted prices in an active market are not available)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

Fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. This calculation is supplemented by a portfolio adjustment. The portfolio adjustment covers uncertainties associated with the valuation techniques, model assumptions and unobservable parameters as well as the portfolio's counter party credit risk and liquidity risk.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are fully based on data from observable markets. By data from observable markets, Nordea consider data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data is used, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the contract.

The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments, and incorporate the factors that market participants consider when setting a price.

Each new valuation model is subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled;
- The central bank is domiciled in a country where Nordea is operating under a banking licence.
- The balance is readily available at any time.

Loans and receivables to credit institutions payable on demand are also recognised as "Cash and cash equivalents" in the cash flow statement.

12. Financial instruments

Classification of financial instruments

Each financial instrument within the scope of IAS 39 has been classified into one of the following categories:

Financial assets
- Financial assets at fair value through profit or loss
  - Held for trading
  - Financial assets designated as measured at fair value through profit or loss
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities
- Financial liabilities at fair value through profit or loss
  - Held for trading
  - Financial liabilities designated as measured at fair value through profit or loss
- Other financial liabilities

The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value is recognised. In note 42 the classification of the financial instruments in the balance sheet is presented.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value. All changes in fair values are recognised directly in the income statement in the item "Net gains/losses on items at fair value".

The category consists of two sub-categories; Held for trading and Financial assets/financial liabilities designated as measured at fair value through profit or loss.

The sub-category Held for trading mainly contains derivative instruments that are held for trading purposes, interest-bearing securities and shares within Markets and Treasury. It also contains trading liabilities such as shortselling positions.

The major parts of the sub-categories financial assets/ financial liabilities designated as measured at fair value through profit or loss are mortgage loans and related issued bonds in the subsidiary Nordea Kredit Realkreditaktieselskab.

Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. These assets and their impairment are further described in the separate section 13 "Loans and receivables".

Held to maturity investments
Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price. Subsequent to initial recognition, the instruments within this category are measured at amortised cost.

Nordea Bank Danmark has not used this category due to the restrictions regarding disposals of instruments that once have been classified into the category.

Available for sale financial assets
Available for sale financial assets are measured at fair value. Changes in fair values, except for interest, foreign exchange effects and impairment losses, are recognised directly in the revaluation reserves in equity. Interest is recognised as interest income in the income statement. Foreign exchange effects and impairment losses from Available for sale financial assets are recognised in the income statement in the item "Net gains/ losses on items at fair value".

When an available for sale financial assets is disposed of, the accumulated fair value changes that previously have been recognised in equity are removed from equity and recognised in the income statement in the item "Net gains/losses on items at fair value".

This category is used only to a very limited extent in Nordea.

Other financial liabilities
Financial liabilities, other than those classified as Financial liabilities at fair value through profit or loss, are measured at amortised cost. Interests from Other financial liabilities are recognised in the item "Interest expenses" in the income statement.

Hybrid (combined) financial instruments
Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds.

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as a stand-alone derivative at fair value, if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative actually meets the definition of a derivative instrument. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Index-linked bonds issued by Markets as part of the trading portfolio are classified as Held for trading, and the entire combined instrument, host contract together with the embedded derivative, is measured at fair value through profit or loss. Changes in fair values are recognised in the income statement in the item "Net gains/losses on items at fair value".

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Cash collateral advanced to the counterparts are recognised on the balance sheet as "Loans and receivables to credit institutions" or as "Loans and receivables to the public". Cash collateral received from the counterparts are recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

Interest income and expenses generated from these transactions are recognised in "Net gains/losses on items at fair value".

Repurchase and reverse repurchase agreements
Securities delivered under repurchase agreements and securities received under reverse repurchase agreements are not derecognised from or recognised on the balance sheet. In the cases where the counterpart has the right to resell or repledge the securities, the securities are recognised on the balance sheet as "Financial instruments pledged as collateral".

Securities received under reverse repurchase agreements are recognised off-balance sheet in the item "Assets pledged as security for own liabilities".

Cash received under repurchase agreements are recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public". Cash delivered under reverse repurchase agreements are recognised on the balance sheet as "Loans and receivables to credit institutions" or as "Loans and receivables to the public".

Derivatives
All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with total positive fair values, including any accrued interest, are recognised as assets in the item "Derivatives". Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities in the item "Derivatives".

Realised and unrealised gains and losses from derivatives are recognised in the income statement in the item "Net gains/losses on items at fair value".

Financial guarantee contracts
Issued financial guarantee contracts are measured at the higher of either the received guarantee fee less amortisation,

or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Provisions and changes in provisions are recognised in the income statement in the item "Loan losses".

The contractual amounts from financial guarantees are recognised off-balance sheet in the item "Contingent liabilities".

13. Loans and receivables

Loans and receivables not measured at fair value are measured at amortised cost (see also the separate section 7 "Recognition and derecognition in the balance sheet" as well as note 42 on classification of financial instruments).

Impairment

Nordea monitors loans and receivables as described in the separate section "Risk management and Basel II". Loans attached to individual customers or groups of customers are identified as impaired if there is objective evidence of impairment and an impairment test indicates a loss.

Impairment test for loans attached to individual customers
Nordea tests significant loans for impairment on an individual basis.The purpose of the impairments test is to find out if the loans have been impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment and whether those can be regarded to be objective evidence of impairment.

If it is concluded that there is objective evidence of impairment, an assessment is done to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the original effective interest rate giving the net present value. Collaterals etc. received to mitigate the credit risk will be included in the cash flows as the cash flow from foreclosure less costs of obtaining and selling the collateral. If the book value of the loan is higher than the net present value of the estimated future cash flows, including the collaterals, the loan is impaired.

Loans that are not individually impaired are transferred to a group of loans with similar risk characteristics for a collective impairment test.

Impairment test for loans attached to groups of customers
Groups of loans with similar risk characteristics are assessed for impairment for:

- loans that are individually significant but not impaired, and for
- loans that are not significant, which have not been tested for impairment on an individual basis.

Nordea monitors its portfolio through the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes Nordea identifies loss events indicating incurred losses in the group. Common for the customers in the group is that they have similar risk characteristics. The methods used to perform the impairment tests differ somewhat depending on if the loans are not significant or significant. For groups of loans where the loans are not significant the methods used are based mostly on historical data and experienced judgement performed by management. For groups of loans where the loans are significant, Nordea uses the existing rating system as a basis when assessing the credit risk.

Impairment loss
If the book value of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals, the difference is the impairment loss.

If the impairment loss is not regarded as final, the impairment loss is accounted for on an allowance account representing the accumulated impairment losses. Changes in the credit risk and accumulated impairment losses will be recorded as changes in the allowance account and as "Loan losses" in the income statement.

If the impairment loss is regarded as final, it is reported as a realised loss. An impairment loss is regarded as final when the obligor is filed for bankruptcy and the administrator has stated a likely economic outcome of the bankruptcy procedure, or when Nordea forgives its claims either through a legal based or voluntary reconstruction or when Nordea, for other reasons, deem it unlikely that the claim will be recovered.

Discount rate
The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer and, if applicable, to a group of loans.

Restructured loans
In this context a restructured loan is defined as a loan where the creditor has granted concessions to the obligor due to its deteriorated financial situation and where this concession has resulted in an impairment loss for the creditor. After a reconstruction the loan is normally regarded as not impaired under new conditions. Concessions made in a reconstruction are regarded as a final loss. If the creditor retains a possibility to regain the impairment loss incurred this is in the event of recovery reported as a recovery of realised loan losses.

Assets taken over for protection of claims
In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans, shares issued by the obligor or other assets. Financial assets are accounted for as Available for sale, in accordance with IAS 39, and any other asset as Held for sale in accordance with IFRS 5. Assets Held for sale are measured at the lower of the book value and fair value less costs to sell. Depreciation ceases on recognition as Held for sale.

14. Leasing

Nordea as lessor

Finance leases
Nordea’s leasing operations mainly comprise finance leases. Finance leases are reported as receivable from the lessee in the balance sheet item "Loans and receivables to the public" at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Operating leases
Assets subject to operating leases are in the balance sheet reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straightline basis over the lease term. The lease income from operating leases is booked as

interest income. The depreciation of the leased assets is calculated on the basis of Nordea's depreciation policy for similar assets and reported as depreciation on property and equipmentin the income statement.

Nordea as lessee

Finance leases

In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value of the leased assets at the inception of the lease. The assets are reported in accordance with the nature of the assets. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. A finance lease also gives rise to a depreciation expense for the leased asset. The depreciation policy is consistent with that of the assets in own use. Impairment of leased assets is done following the same principles as the ones for similar owned assets.

Operating leases

For operating leases the lease payments are recognised as expenses in the income statement on a straightline basis over the lease term unless another systematic way better reflect the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

Operating leasing is mainly related to office premises contracts and office equipment contracts normal to the business.

Embedded leases

Agreements can contain a right to use an asset in return for a payment, or a series of payments, although the agreement is not in the legal form of a leasing contract. If applicable, these assets are separated from the contract and treated as leased assets.

15. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in Nordea mainly consist of goodwill, computer software and customer related intangible assets.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investments in associated undertakings". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software

Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life over three years and the ability to generate economic benefits, are recognised as intangible assets. These costs include software development staff costs and an appropriate portion of relevant overheads. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Depreciation is calculated on a straightline basis over a period of 3 to 5 years.

Customer related intangible assets

When acquiring customer related contracts, with an existing market price, the fair value of these contracts is recognised as customer related intangible assets. Amortisation is performed over the expected lifetime of the contracts.

Other intangible assets

Expenditure on acquired patents, trademarks and licenses is capitalised and amortised using the straightline method over their useful lives, generally 5 years.

Impairment

Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to indication of impairment. The impairment charge is calculated as the difference between the book value and the recoverable amount.

At each balance sheet date, all other intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable The recoverable amount is the higher of the net selling price and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the segments in Nordea. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing. If the recoverable amount is less than the book value, the value is written down.

16. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are reported at their acquisition values less any accumulated depreciation according to plan and any accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use.

Depreciation is calculated on a straightline basis as follows:

Buildings	30-75 years
Equipment	3-5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term.

Items of property and equipment are regularly tested for impairment and written down if necessary.

17. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. Investment properties are measured at fair value. The best evidence of a fair value is normally given by current prices on an active market for similar property in the same location and condition. In the absence of current prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used. For more details around the cash flow models see section 4 "Critical judgements and key sources of estimation uncertainty".

Net rental income is reported in the item "Other operating income". Gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net gains/losses on items at fair value".

18. Taxes

Income tax includes current tax as well as deferred tax. The income tax is recognised as expense or income and included in the income statement as income tax expense, except income tax arisen from transactions that are recognised directly in equity.

Current tax is based on the taxable income of Nordea and calculated using local rules and tax rates.

Deferred tax assets and liabilities are recognised, using the balance sheet method, for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised for the carryforward of unused tax losses and unused tax credits. The assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits, can be utilised. Deferred tax assets and the recognition of deferred tax going forward are subject to continuous evaluation. Deferred tax liabilities are calculated on temporary differences and untaxed provisions.

Deferred tax assets and liabilities are not discounted. The assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted at the balance sheet date.

Current tax assets and current tax liabilities, as well as deferred tax assets and liabilities, are offset when the legal right to offset exist.

19. Pensions

Pension plans

Nordea Bank Danmark has defined benefit plans as well as defined contributions plans.

The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation , the net amount is recognised as a liability (retirement benefit obligation). If not, the net amount is recognised as an asset (retirement benefit asset).

Non-funded pension plans are recognised as retirement benefit obligations.

Most pensions in Nordea Bank Danmark, are based on defined contribution plans that hold no pension liability for Nordea. Nordea also contributes to public pension systems.

Pension costs

The pension calculations are carried out by pension plan in accordance with IAS 19.

Contributions to defined contribution plans are expensed when employees have rendered services in exchange for such contributions. In defined benefit plans, actuarial calculations are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions. When the net cumulative unrecognised actuarial gain or loss exceeds a "corridor", equal to 10 percent of the greater of either the present value of the defined benefit obligation and the fair value of the plan assets, the surplus or deficit is recognised in the income statement over the shorter of 10 years and the expected average remaining employment period. The net cumulative unrecognised actuarial gain or loss is defined as the difference between the expected trends in the defined benefit obligation and the fair value of the plan assets, and the actual trends.

20. Equity

Minority interests

Minority interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Danmark A/S.

Other reserves

Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include revaluation reserves in accordance with IAS 39 as well as translation differences in accordance with IAS 21.

Retained earnings

Retained earnings comprise undistributed profits from previous years

Equity participation plans

Nordea is not providing any equity participation plans for management or employees.

21. Related party transactions

Nordea define related parties as:

- Shareholders with significant influence
- Group undertakings and other group companies
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence

Shareholders with significant influence are defined as shareholders holding 20 per cent or more of outstanding shares, or shareholders that by other means has a significant influence. Nordea Bank AB has a significant influence over Nordea Bank Danmark A/S.

Group undertakings and other group companies

For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Nordea Group is found in note 21.

Other group companies consist of Nordea Bank AB and subsidiaries which are not a part of the Nordea Bank Danmark Group.

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing.

Associated undertakings

For the definition of Associated undertakings see section 5 "Principles of consolidation".

Further information on the associated undertakings included in the Nordea Group is found in note 20.

Key management personnel

Key management personnel include the following positions:

- The Board of Directors
- The Executive Management

For information about compensation and pensions as well as loans to key management personnel, see notes 7 and 33. Information around other transactions between Nordea and key management personnel is found in note 47.

Other related parties

Other related parties comprise companies significantly influenced by key management personnel in Nordea Group as well as close family members to these key management personnel and companies significantly influenced by them. Other related parties also include Nordea´s pension foundations.

Information around transactions between Nordea and other related parties is found in note 47.

22. Parent company

In the financial statements for the parent company Nordea Bank Danmark A/S investments in subsidiaries and associates are measured at cost and dividends are recognised in the banks profit when approved by the Annual General Meeting.

23. Exchage rates

Exchange rates

EUR 1 = SEK	2006	2005
Income statement (average)	9.2521	9.2874
Balance sheet (at end of period)	9.0394	9.3884
EUR 1 = DKK		
Income statement (average)	7.4594	7.4518
Balance sheet (at end of period)	7.4556	7.4599
EUR 1 = NOK		
Income statement (average)	8.0438	8.0106
Balance sheet (at end of period)	8.2300	7.9801
EUR 1 = PLN		
Income statement (average)	3.8924	4.0248
Balance sheet (at end of period)	3.8292	3.8524

Note 2
Net interest income

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Interest income				
Loans and receivables to credit institutions	3 719	2 756	3 495	2 857
Loans and receivables to the public	17 885	16 387	10 011	8 060
Interest-bearing securities	3 748	3 192	4 311	4 240
Other interest income	1 626	280	478	-634
Total interest income	**26 978**	**22 616**	**18 295**	**14 523**
Interest expense				
Deposits by credit institutions	-5 342	-4 345	-5 885	-4 352
Deposits and borrowings from the public	-6 270	-3 890	-6 325	-4 382
Debt securities in issue	-7 146	-6 851	-1	-18
Subordinated liabilities	-353	-268	-353	-268
Other interest expenses	-37	-3	-18	15
Total interest expense	**-19 148**	**-15 357**	**-12 582**	**-9 006**
Net interest income	**7 830**	**7 259**	**5 713**	**5 517**

Interest income from financial instruments not measured at fair value through profit or loss are caculated to DKK 7,592m (DKK 6,065m). Interest expenses from financial instruments not measured at fair value through profit or loss are calculated to DKK 5,964m (DKK 3,250m).

	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Net interest income				
Interest income	26 576	22 208	18 295	14 523
Net leasing income	402	408	-	-
Interest expenses	-19 148	-15 357	-12 582	-9 006
Total	**7 830**	**7 259**	**5 713**	**5 517**

Note 3
Net fee and commission income

	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Asset Management commissions	298	211	296	232
Life insurance	86	73	86	73
Brokerage	888	910	808	894
Custody	55	77	54	77
Deposits	39	50	39	51
Total savings related commissions	1 366	1 321	1 283	1 327
Payments	468	498	468	498
Cards	229	196	220	185
Total payment commissions	697	694	688	683
Lending	666	805	539	579
Guarantees and document payments	232	287	737	662
Total lending related to commissions	898	1 092	1 276	1 241
Other commission income	369	420	250	306
Fee and commission income	**3 330**	**3 527**	**3 497**	**3 557**
Payment expenses	-73	-79	-68	-74
Other commission expenses	-328	-354	-192	-192
Fee and commission expenses	**-401**	**-433**	**-260**	**-266**
Net fee and commission income	**2 929**	**3 094**	**3 237**	**3 291**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amount to DKK 563m (DKK 663m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note 3
Net fee and commission income *(cont.)*

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to DKK 1,274m (DKK 1,628m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note 4
Net gains/losses on items at fair value

	Group		Parent company	
DKKm	2006	2005	2006	2005
Shares/participations and other share-related instruments	-19	834	258	1 037
Interest-bearing securities and other interest-related instruments	1 538	40	1 621	17
Other financial instruments	-147	-123	-139	-100
Investment properties	-8	-8	-	-
Foreign exchange gains/losses	252	77	243	75
Total	**1 616**	**820**	**1 983**	**1 029**

Net gains/losses for categories of financial instruments

Financial instruments designated at fair value through profit or loss	-	-	-	-
Financial instruments held for trading	1 620	828	1 979	1 029
Financial instruments under hedge accounting	4	0	4	0
of which net losses on hedging instruments	-454	83	-454	83
of which net gains on hedged items	458	83	458	83
Other, not under IAS 39	-8	-8	0	0
Net gains/losses on items at fair value	**1 616**	**820**	**1 983**	**1 029**

Note 5
Dividends

	Group		Parent company	
DKKm	2006	2005	2006	2005
Shares	-	-	-	-
Investments in associated undertakings	1	1	322	63
Investments in group undertakings	6	5	220	232
Total	**6**	**6**	**542**	**295**

Note 6
Other operating income

Income from group companies	485	485	485	485
Other	183	117	110	32
Total	**668**	**602**	**595**	**517**

Note 7
Staff costs

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Salaries and remuneration (specification below)	-3 693	-3 498	-3 549	-3 349
Pension costs (specification below)	-367	-370	-353	-355
Social insurance contributions	-371	-357	-364	-350
Profit-sharing	-194	-128	-186	-124
Other staff costs	-133	-119	-130	-116
Total	**-4 758**	**-4 472**	**-4 582**	**-4 294**
Salaries and remuneration				
To executives [1]				
- Fixed compensation and benefits	-18	-18	-18	-18
- Performance-related compensation	-7	-5	-7	-5
Total	**-25**	**-23**	**-25**	**-23**
To other employees	-3 668	-3 475	-3 524	-3 326
Total	**-3 693**	**-3.498**	**-3 549**	**-3.349**

[1] Executives include the Board of Directors and Executive Management of the parent company Nordea Bank Danmark (including former board members and managing directors).

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Pension costs:				
Defined benefits plans (note 34)	-13	-28	-13	-28
Defined contribution plans	-354	-342	-340	-327
Total	**-367**	**-370**	**-353**	**-355**
Salaries and remuneration to the Board of Directors and the Executive Management[1]				
The Executive Management	-40	-36	-40	-36
The Board of Directors	-	-	-	-
Total	**-40**	**-36**	**-40**	**-36**

[1] Of which pension DKK 15m (2005: DKK 13m) including former members of the Executive Management DKK 7m (2005: DKK 4m).

Note 8
Other expenses

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Information technology[1]	-831	-733	-766	-693
Marketing	-114	-112	-94	-91
Postage, telephone and office expenses	-306	-294	-295	-284
Rents, premises and real estate	-713	-715	-696	-692
Other[2]	-540	-489	-490	-442
Total	**-2 504**	**-2 343**	**-2 341**	**-2 202**

[1] Refers to IT operations, service expenses and consultant fees for the Group.
[2] Including fees and remuneration to auditors distributed as follows.

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Auditors' remuneration				
Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit	-5	-6	-3	-5
Of which remuneration for non-audit services	-3	-3	-2	-2

The above amounts do not include expenses in respect of Nordea Bank Danmark's internal audit.

Note 9
Depreciation, amortisation and impairment charges of tangible and intangible assets

	Group		Parent company	
DKKm	2006	2005	2006	2005
Depreciation/amortisation				
Property and equipment (note 23)				
Equipment	-123	-97	-102	-67
Buildings	-1	-2	-	-1
Intangible assets (note 22)				
Goodwill	-	-4	-	-4
Other intangible assets	-8	-8	-8	-8
Total	**-132**	**-111**	**-110**	**-80**
Impairment charges				
Property and equipment (note 23)				
Equipment	-	-	-	-
Buildings	-	-	-	-
Intangible assets (note 22)				
Goodwill	-	-	-	-
Other intangible assets	-	-	-	-
Total	**-**	**-**	**-**	**-**
Total depreciation, amortisation and impairment charges of tangible and intangible assets	**-132**	**-111**	**-110**	**-80**

Note 10
Loan losses

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Loan losses divided by class, net				
Loans and receivables to credit institutions	2	-5	2	-5
- of which write-offs and provisions	0	-5	0	-5
- of which reversals and recoveries	2	0	2	0
Loans and receivables to the public	589	389	662	426
- of which write-offs and provisions	-1 643	-1 251	-1 509	-1 128
- of which reversals and recoveries	2 233	1 641	2 170	1 554
Off-balance-sheet items[1]	73	-36	2	-37
- of which write-offs and provisions	-96	-14	-96	-14
- of which reversals and recoveries	169	-22	98	-23
Total	**664**	**348**	**666**	**384**
Specification of changes in loan losses				
Changes of allowance accounts through the balance sheet	637	251	646	291
- of which loans and receivables[2]	565	287	644	328
- of which off-balance-sheet items[1]	73	-36	2	-37
Changes directly recognised in the income statement	27	98	21	93
- of which realised loan losses	-179	-165	-172	-158
- of which realised recoveries	206	262	192	250
Total	**664**	**348**	**666**	**384**

1 Included in note 33 Provisions.
2 Included in note 13 Loans and receivables to credit institutions and note 14 Loans and receivables to the public.

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Key ratios				
Total allowances divided by total loans and receivables before allowances, %	0.40	0.59	0.55	0.83
Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %	53	52	49	51
Individually assessed impaired loans and receivables divided by total loans and receivables before allowances, %	0.67	1.12	0.97	1.63

Note 11
Income tax expense

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Current tax[1]	-1 678	-1 453	-1 430	-1 137
Deferred tax (specification below)	-68	-33	-3	-15
Total[2]	**-1 746**	**-1 486**	**-1 433**	**-1 152**
[1] Of which tax relating to prior years	88	-61	20	15
[2] Of which referring to associated undertakings	24	-123	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate of Denmark as follows:

	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Profit before tax	6 622	5 442	5 703	4 458
Tax calculated at a tax rate of 28%	-1 854	-1 524	-1 597	-1 248
Tax charges not related to profit	0	-17	0	-17
Other direct taxes	-	-	-	-
Tax-exempt income	104	258	215	228
Non-deductible expenses	-77	-189	-64	-113
Adjustments relating to prior years	88	-61	20	15
Change of tax rate	0	50	0	-13
Not creditable foreign taxes	-7	-3	-7	-3
Tax charge	**-1 746**	**-1 486**	**-1 433**	**-1 152**
Average effective tax rate	26%	27%	25%	26%

Deferred tax

	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	-68	-83	-3	-2
Deferred tax due to change of tax rate	0	50	0	-13
Income tax expense, net	**-68**	**-33**	**-3**	**-15**
Deferred tax assets				
Deferred tax assets due to temporary differences	155	217	155	217
Offset against tax liabilities	-155	-217	-	-
Total	**0**	**0**	**155**	**217**
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences	-887	-958	-	-
Offset against tax liabilities	155	217	-	-
Total	**-732**	**-741**	**-**	**-**
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets/liabilities in loans and advances to the public	-872	-900	-	49
Deferred tax assets/liabilities in property and equipment	71	92	80	100
Deferred tax assets/liabilities in retirement benefit assets	5	5	5	5
Deferred tax assets/liabilities in other provisions	68	32	68	32
Deferred tax assets/liabilities, other	-4	30	2	31
Deferred tax assets/liabilities, net	**-732**	**-741**	**155**	**217**

Note 11
Income tax expense *(cont.)*

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Movements in deferred tax liabilities, net are as follows:				
Deferred tax relating to items recognised directly in equity	-	13	-	13
Change due to new tax rules[1]	-	-	-	940
Deferred tax in the income statement	-68	-33	-3	-15
At end of year	**-68**	**-20**	**-3**	**938**

[1] In 2005 all taxes earlier booked in the parent company was moved to the respective subsidiaries.

Deferred tax recognised directly in equity				
Deferred tax relating to changed accounting policies	-	13	-	953
Deferred tax relating to available-for-sale investments	-	-	-	-
Deferred tax relating to cash flow hedges	-	-	-	-
Deferred tax relating to revaluation of tangible assets	-	-	-	-
Total	**-**	**13**	**-**	**953**
Unrecognised deferred tax assets				
Unused tax losses	-	-	-	-
Unused tax credits	-	-	-	-
Other deductible temporary differences	-	-	-	-
Total	**-**	**-**	**-**	**-**

There is no deferred tax relating to temporary differences associated with investments in group undertakings and associated undertakings.

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related benefit is probable.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax income taxes related to the same fiscal authority.

Note 12
Commitments with the Board of Directors and the Executive Management

Loans to and charges or guarantees issued and related security established for the members of:

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Loans etc				
The Executive Management	1	1	1	0
The Board of Directors	0	0	0	0
Security				
The Executive Management	0	0	0	0
The Board of Directors	-	-	-	-

Loans to members of the bank's Board of Directors and Executive Management consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on usual customer terms, and at the end of 2006 interest on the loans was payable at the rate of 6.3% and 2.9239% per year, respectively. Loans to related parties of members of the Board of Directors and Executive Management are granted on the same terms, and interest on the loans is payable at a rate of 4.75% per year.

Note 13
Loans and receivables to credit institutions

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Loans and receivables, not impaired[1]	117 775	136 999	132 064	143 527
Impaired loans and receivables:	-	-	-	-
- Performing	-	-	-	-
- Non-performing	-	-	-	-
Loans and receivables before allowances	**117 775**	**136 999**	**132 064**	**143 527**
Allowances for individually assessed impaired loans	-	-	-	-
Allowances for collectively assessed impaired loans	-10	-12	-10	-12
Allowances	**-10**	**-12**	**-10**	**-12**
Loans and receivables, book value	**117 765**	**136 987**	**132 054**	**143 515**
Maturity information				
Remaining maturity (book value)				
Payable on demand	16 600	26 100	30 900	39 000
Maximum 3 months	99 700	108 300	99 700	101 900
3–12 months	300	1 700	300	1 700
1–5 years	800	600	800	600
More than 5 years	300	300	300	300
Total	**117 700**	**137 000**	**132 000**	**143 500**

[1] Includes also collectively assessed impaired loans.

Reconciliation of allowance accounts for loan losses[1]

DKKm	Group: Allowances for individually assessed impaired loans	Group: Allowances for collectively assessed impaired loans	Group: Total	Parent company: Allowances for individually assessed impaired loans	Parent company: Allowances for collectively assessed impaired loans	Parent company: Total
Balance at beginning of year, at 1 Jan 2006	**-**	**-12**	**-12**	**-**	**-12**	**-12**
Provisions	-	-	-	-	-	-
Reversals	-	2	2	-	2	2
Changes through the income statement	**-**	**2**	**2**	**-**	**2**	**2**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Balance at end of year, at 31 Dec 2006	**-**	**-10**	**-10**	**-**	**-10**	**-10**
Balance at beginning of year, at 1 Jan 2005	**-**	**-7**	**-7**	**-**	**-7**	**-7**
Provisions	-	-7	-7	-	-7	-7
Reversals	-	2	2	-	2	2
Changes through the income statement	**-**	**-5**	**-5**	**-**	**-5**	**-5**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Balance at end of year, at 31 Dec 2005	**-**	**-12**	**-12**	**-**	**-12**	**-12**

[1] See note 10 Loan losses.

Note 14
Loans and receivables to the public[1]

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Loans and receivables, not impaired[2]	482 162	416 905	267 195	226 104
Impaired loans and receivables:	4 047	6 292	3 920	6 116
- Performing	2 831	4 915	2 704	4 739
- Non-performing	1 216	1 377	1 216	1 377
Loans and receivables before allowances	**486 209**	**423 198**	**271 115**	**232 220**
Allowances for individually assessed impaired loans	-2 131	-3 297	-1 933	-3 122
Allowances for collectively assessed impaired loans	-285	-	-285	-
Allowances	**-2 416**	**-3 297**	**-2 218**	**-3 122**
Loans and receivables, book value	**483 794**	**419 901**	**268 897**	**229 098**
Maturity information				
Remaining maturity (book value)				
Payable on demand	60 800	62 500	73 700	73 600
Maximum 3 months	75 200	68 500	75 100	68 500
3–12 months	12 300	7 500	10 300	5 200
1–5 years	41 400	39 500	34 300	28 300
More than 5 years	294 100	241 900	75 600	53 400
Total	**483 800**	**419 900**	**269 000**	**229 000**

1 Finance leases, where the Nordea Group is a lessor, are includeded in Loans and receivables to the public, see note 24 Leasing.
2 Includes also collectively assessed impaired loans.

Reconciliation of allowance accounts for loan losses[1]

DKKm	Group: Allowances for individually assessed impaired loans	Group: Allowances for collectively assessed impaired loans	Group: Total	Parent company: Allowances for individually assessed impaired loans	Parent company: Allowances for collectively assessed impaired loans	Parent company: Total
Balance at beginning of the year, at 1 Jan 2006	**-3 297**	**-**	**-3 297**	**-3 122**	**-**	**-3 122**
Provisions	-1 179	-285	-1 464	-1 016	-285	-1 301
Reversals	2 027	-	2 027	1 943	-	1 943
Changes through the income statement	**848**	**-285**	**563**	**927**	**-285**	**642**
Allowances used to cover write-offs	314	-	314	257	-	257
Currency translation differences	5	-	5	5	-	5
Balance at end of the year, at 31 Dec 2006	**-2 131**	**-285**	**-2 416**	**-1 933**	**-285**	**-2 218**
Balance at beginning of the year, at 1 Jan 2005	**-4 075**	**-**	**-4 075**	**-3 888**	**-**	**-3 888**
Provisions	-1 085	-	-1 085	-968	-	-968
Reversals	1 376	-	1 376	1 302	-	1 302
Changes through the income statement	**292**	**-**	**292**	**333**	**-**	**333**
Allowances used to cover write-offs	496	-	496	444	-	444
Currency translation differences	-10	-	-10	-10	-	-10
Balance at end of the year, at 31 Dec 2005	**-3 297**	**-**	**-3 297**	**-3 122**	**-**	**-3 122**

1 See note 10 Loan losses.

Note 15
Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Issued by public bodies	26 918	34 132	26 918	34 132
Issued by other borrowers	94 648	96 090	135 767	117 483
Total	**121 566**	**130 222**	**162 685**	**151 615**
Listed securities	121 465	128 899	162 584	150 292
Unlisted securities	101	1 323	101	1 323
Total	**121 566**	**130 222**	**162 685**	**151 615**
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	24 800	32 100	33 100	37 400
More than 1 year	96 800	98 100	129 200	114 200
Total	**121 600**	**130 200**	**162 300**	**151 600**
Of which financial instruments pledged as collateral (note 16)	-76 877	-108 985	-79 038	-111 107
Total	**44 689**	**21 237**	**83 647**	**40 508**

Note 16
Financial instruments pledged as collateral

Financial instruments pledged as collateral
In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterpart receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to the item Financial instruments pledged as collateral.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Repurchase agreements	76 877	108 985	79 038	111 107
Securities lending agreements	207	-	207	-
Total	**77 084**	**108 985**	**79 245**	**111 107**

Transferred assets that are still recognised in the balance sheet and associated liabilities
The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since Nordea is still exposed to changes in the fair value of the assets. The assets related to Securitisations have been transferred to SPEs which according to SIC 12 have been consolidated into Nordea (for further information see Note 1). Therefore, these assets and its associated liabilities are included in the tables below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Repurchase agreements				
Interest-bearing securities	76 877	108 985	79 038	111 107
Shares	-	-	-	-
Other	-	-	-	-
Securities lending agreements				
Interest-bearing securities	-	-	-	-
Shares	207	-	207	-
Other	-	-	-	-
Securitisations				
Interest-bearing securities	4 554	3 488	-	-
Other	-	-	-	-
Total	**81 638**	**112 473**	**79 245**	**111 107**

Note 16
Financial instruments pledged as collateral *(cont.)*

Liabilities associated with the assets

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Repurchase agreements				
Deposits by credit institutions	62 067	89 046	64 247	91 169
Deposits and borrowings from the public	17 363	21 896	17 363	21 896
Other	-	-	-	-
Securities lending agreements				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Other	-	-	-	-
Securitisations				
Debt securities in issue	4 514	3 443	-	-
Other	-	-	-	-
Total	**83 944**	**114 385**	**81 610**	**113 065**

Note 17
Shares

Shares held for trading	17 814	15 939	17 807	15 933
Total	**17 814**	**15 939**	**17 807**	**15 933**
Listed shares	16 388	14 673	16 388	14 673
Unlisted shares	1 426	1 266	1 419	1 260
Total	**17 814**	**15 939**	**17 807**	**15 933**
Of which financial instruments pledged as collateral (note 16)	-207	-	-207	-
Total	**17 607**	**15 939**	**17 600**	**15 933**
Of which expected to be settled within 12 months	16 581	14 948	16 574	15 010

Note 18
Derivatives

31 Dec 2006, DKKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	63	114	45 594	63	114	45 594
FRAs	37	34	35 600	37	34	35 600
Interest rate futures	928	670	512 324	928	670	512 324
Options written	-	105	119 440	-	105	119 440
Options bought	146	-	171 170	146	-	171 170
Other	-	-	-	-	-	-
Total	**1 173**	**923**	**884 128**	**1 173**	**923**	**884 128**
Equity derivatives						
Futures and forwards	84	303	14 046	84	303	14 046
Options written	-	13	1 256	-	13	1 256
Options bought	28	-	3 623	28	-	3 623
Other	-	-	-	-	-	-
Total	**112**	**316**	**18 925**	**112**	**316**	**18 925**
Foreign exchange derivatives						
Currency and interest rate swaps	11	9	3 559	11	9	3 559
Currency forwards	213	-	3 271	213	-	3 271
Options written	-	-	112	-	-	112
Options bought	5	-	1 118	5	-	1 118
Other	-	-	-	-	-	-
Total	**229**	**9**	**8 060**	**229**	**9**	**8 060**
Other derivatives						
Futures and forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	228	156	30 383	228	156	30 383
Total	**228**	**156**	**30 383**	**228**	**156**	**30 383**
Total derivatives held for trading	**1 743**	**1 404**	**941 496**	**1 743**	**1 404**	**941 496**

Note 18
Derivatives *(cont.)*

31 Dec 2006, DKKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	251	497	88 090	251	497	88 090
FRAs	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**251**	**497**	**88 090**	**251**	**497**	**88 090**
Equity derivatives						
Futures and forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	-	7	291	-	7	291
Currency forwards	59	38	37 696	59	38	37 696
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**59**	**45**	**37 987**	**59**	**45**	**37 987**
Other derivatives						
Futures and forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total derivatives used for hedge accounting	**310**	**542**	**126 077**	**310**	**542**	**126 077**

Note 18
Derivatives *(cont.)*

31 Dec 2005, DKKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	835	258	191 734	835	258	191 734
FRAs	13	37	50 384	13	37	50 384
Interest rate futures	218	638	574 689	218	638	574 544
Options written	-	131	140 577	-	131	140 577
Options bought	166	-	172 144	166	-	172 144
Other	-	-	-	-	-	-
Total	**1 233**	**1 065**	**1 129 528**	**1 233**	**1 065**	**1 129 383**
Equity derivatives						
Futures and forwards	100	122	12 327	100	122	12 327
Options written	-	165	16 736	-	165	16 736
Options bought	168	-	17 424	168	-	17 424
Other	-	-	-	-	-	-
Total	**267**	**287**	**46 487**	**267**	**287**	**46 487**
Foreign exchange derivatives						
Currency and interest rate swaps	52	319	12 860	52	319	12 860
Currency forwards	286	49	15 027	286	49	15 027
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**338**	**368**	**27 887**	**338**	**368**	**27 887**
Other derivatives						
Futures and forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	54	28	30 402	54	32	30 402
Total	**54**	**28**	**30 402**	**54**	**32**	**30 402**
Total derivatives held for trading	**1 892**	**1 747**	**1 234 304**	**1 892**	**1 751**	**1 234 159**

Note 18
Derivatives *(cont.)*

31 Dec 2005, DKKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	331	686	45 995	331	686	45 995
FRAs	-	-	-	-	-	-
Interest rate futures	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**331**	**686**	**45 995**	**331**	**686**	**45 995**
Equity derivatives						
Futures and forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Foreign exchange derivatives						
Currency and interest rate swaps	5	9	151	5	9	151
Currency forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**5**	**9**	**151**	**5**	**9**	**151**
Other derivatives						
Futures and forwards	-	-	-	-	-	-
Options written	-	-	-	-	-	-
Options bought	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total derivatives used for hedge accounting	**337**	**695**	**46 146**	**337**	**695**	**46 146**

Note 18
Derivatives *(cont.)*

Group

DKKm	31 Dec 2006 Positive	31 Dec 2006 Negative	31 Dec 2005 Positive	31 Dec 2005 Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	1 350	1 081	1 547	1 140
3-12 months	141	117	225	414
1-5 years	407	526	309	510
More than 5 years	155	222	148	379
Total	**2 053**	**1 946**	**2 229**	**2 443**

Parent company

DKKm	31 Dec 2006 Positive	31 Dec 2006 Negative	31 Dec 2005 Positive	31 Dec 2005 Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	1 350	1 081	1 547	1 144
3-12 months	141	117	225	414
1-5 years	407	526	309	510
More than 5 years	155	222	148	379
Total	**2 053**	**1 946**	**2 229**	**2 446**

Note 19
Fair value changes of the hedged items in portfolio hedge of interest rate risk

DKKm	Group 2006	Group 2005	Parent company 2006	Parent company 2005
Assets				
Book value at beginning of year	455	-	455	-
Changes during the year:				
Change in accounting principles	-	691	-	691
Revaluation of hedged items	-386	-236	-386	-236
Book value at end of year	**69**	**455**	**69**	**455**
Liabilities				
Book value at beginning of year	-90	63	-90	63
Changes during the year:				
Change in accounting principles	-	-	-	-
Revaluation of hedged items	-299	-153	-299	-153
Book value at end of year	**-389**	**-90**	**-389**	**-90**
Net book value at end of year	**458**	**545**	**458**	**545**

Note 20
Investments in associated undertakings

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Acquisition value at beginning of year	422	527	170	326
Acquisitions during the year	97	15	97	15
Sales during the year	-27	-4	-12	-1
Share in earnings (specifications below)	321	116	-	-
Dividend received	-290	-232	-	-
Adjustment to equity lower of cost	-	-	32	-169
Reclassifications	-	-	-	-
Acquisition value at end of year	**522**	**422**	**288**	**170**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**522**	**422**	**288**	**170**
Reclassified to other liabilities	-	85	-	85
Total	**522**	**507**	**288**	**255**
Of which, listed shares	-	-	-	-

The total amount is expected to be settled after more than twelve months.

Note 20
Investments in associated undertakings *(cont.)*

DKKm	Group 31 Dec 2006	31 Dec 2005
Share in earnings		
Profit from companies accounted for under the equity method, before tax	297	239
Income tax expense	24	-123
Total	**321**	**116**
The associated undertakings' aggregated balance sheets and income can be summarised as follows:		
Total assets	4 244	6 016
Total liabilities	2 682	4 298
Operating income	430	393
Operating profit	237	306

Nordeas' share of contingent liabilities in associated undertakings amounts to DKK 444m (DKK 467m).

31 Dec 2006	Registration number	Domicile	Book value DKKm	Voting power of holding %
Credit institutions				
LR-realkredit	26045304	Copenhagen	79	39
Total			**79**	
Other				
Inv. Selskabet af 23.3.2001	20310545	Copenhagen	90	50
Fleggaard Busleasing	134650777	Harrislee	1	39
KFU-AX II A/S	25894286	Frederiksberg	23	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	65	33
Axcel IKU Invest A/S	24981800	Billund	42	33
Industrikapital 1989 IV	LP3742	St. Helier	0	29
PBS Holding A/S	67007719	Ballerup	173	28
Multidata Holding A/S	27226027	Ballerup	21	28
KIFU-AX II A/S	25893662	Frederiksberg	26	26
Conair a/s i likvidation	33551215	Copenhagen	0	25
AG Holding af 2001 A/S	21831670	Copenhagen	0	23
Realkreditnettet Holding A/S	21270776	Copenhagen	1	20
Nordea Fleet (NF-fleet A/S)	29185263	Copenhagen	1	20
KW Invest	21593702	Copenhagen	1	20
Total			**443**	
Total			**522**	

The statutory information is available on request from Nordea Investor Relations.

Note 21
Investments in group undertakings

Parent company

DKKm	31 Dec 2006	31 Dec 2005
Acquisition value at beginning of year	6 830	6 202
Acquisitions during the year	1 240	814
Mergers during the year	-304	0
Adjustment to equity lower of cost	182	-186
Reclassifications	-	-
Translation differences	-	-
Acquisition value at end of year	**7 947**	**6 830**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Through mergers	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**7 947**	**6 830**
Shares in Nordea Bank AB, Stockholm	211	155
Total	**8 158**	**6 985**
Of which, listed shares	211	155

The total amount is expected to be settled after more than twelve months.

Group companies

31 Dec 2006	Number of shares	Book value DKKm	Voting power of holding %	Domicile	Registration number
Nordea Bank Danmark A/S					
Subsidiary undertakings					
Nordea Finans Danmark A/S	20 006	483	100	Høje-Taastrup	89805910
Ulos AS	100	-	100	Oslo	981966783
Oxenøen AS	1 000	-	100	Oslo	883526732
Nordea Kredit Realkreditaktieselskab	14 382 500	7 428	100	Copenhagen	15134275
Danbolig A/S	1	4	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	2	100	Copenhagen	24606910
Nordea Finance Ltd.	2	24	100	London	1654761
Hermes Mortgage Ltd.	5 000	-	100	London	1620201
Nordea Nominees Ltd.	20 002	-	100	London	1096657
Unidanmark Asset Company Ltd.	20 000	-	100	London	984871
Nordea Trade Services Ltd.	2	0	100	Hong-Kong	0454861400310059
NPS2 A/S	500	5	100	Copenhagen	29926352
Collateralized Mortgage Obligations Denmark A/S	6 000	0	0	Copenhagen	24260631
Kalmar Structured Finance A/S	5 000	0	0	Copenhagen	18618931
RPI Investering A/S	5 000	0	0	Copenhagen	19121682
Færøsk Kommune Investering A/S	5 000	0	0	Copenhagen	25655222
Viking Asset Securitisation Limited	15 000	0	0	St. Helier	75376
Total		**7 947**			

Note 22
Intangible assets

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Goodwill[1]				
Acquisition value at beginning of year	15	10	15	10
Acquisitions during the year	-	4	-	4
Through mergers	-	-	-	-
Sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**15**	**15**	**15**	**15**
Accumulated amortisation at beginning of year	-15	-10	-15	-10
Through mergers	-	-	-	-
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Amortisation according to plan for the year	-	-4	-	-4
Translation differences	-	-	-	-
Accumulated amortisation at end of the year	**-15**	**-15**	**-15**	**-15**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**-**
Other intangible assets[2]				
Acquisition value at beginning of the year	140	83	119	80
Acquisitions during the year	30	57	16	39
Through mergers	-	-	-	-
Sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of the year	**170**	**140**	**135**	**119**
Accumulated amortisation at beginning of the year	-47	-39	-47	-39
Through mergers	-	-	-	-
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Amortisation according to plan for the year	-8	-8	-8	-8
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-55**	**-47**	**-55**	**-47**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**115**	**93**	**80**	**72**

1 Excluding goodwill in associated undertakings.
2 Refers to computer licences and internally developed software.

The total amount is expected to be settled after more than twelve months.

Note 23
Property and equipment

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Property and equipment	195	231	174	145
Of which buildings for own use	15	69	15	15
Total	**195**	**231**	**174**	**145**
Taken over for protection of claims				
Land and buildings	-	-	-	-
Other	-	-	-	-
Total	-	-	-	-
Equipment				
Acquisition value at beginning of year	753	711	631	563
Acquisitions during the year	154	100	140	85
Through mergers	-	-	-	-
Sales/disposals during the year	-36	-60	-29	-17
Reclassifications	-	1	-	1
Translation differences	-	-	-	-
Acquisition value at end of year	**872**	**753**	**742**	**631**
Accumulated depreciation at beginning of year	-590	-549	-502	-452
Through mergers	-	-	-	-
Reclassifications	-	-	-	-
Accumulated depreciation on sales/disposals during the year	22	56	21	17
Depreciations according to plan for the year	-123	-97	-102	-67
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-691**	**-590**	**-583**	**-502**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Hedge effects, IAS 39	**-**	**-**	**-**	**-**
Total	**181**	**162**	**159**	**129**
Land and buildings				
Acquisition value at beginning of year	106	119	22	34
Through mergers	-	-	-	-
Acquisitions during the year	-	1	-	1
Sales/disposals during the year	-54	-14	-	-14
Reclassifications	1	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**53**	**106**	**22**	**22**
Accumulated depreciation at beginning of year	-38	-37	-7	-7
Through mergers	-	-	-	-
Reclassifaciations	-	-	-	-
Accumulated depreciation on sales/disposals during the year	-	1	-	1
Depreciation according to plan for the year	-1	-2	-	-1
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-39**	**-38**	**-7**	**-7**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**15**	**69**	**15**	**15**

The total amount is expected to be settled after more than twelve months.

Note 24
Leasing

Nordea as a lessor

Finance leases

The Nordea Bank Danmark Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans and receivables to the public" (see note 14) at an amount equal to the net investment in the lease. The leased assets mainly comprise vehicles, machinery and other equipment.

Reconciliation of gross investments and present value of future minimum lease payments

	Group	
DKKm	31 Dec 2006	31 Dec 2005
Gross investments	9 053	9 309
Less unearned finance income	-398	-409
Net investments in finance leases	**8 655**	**8 900**
Less unguaranteed residual values accruing to the benefit of the lessor	-	-
Present value of future minimum lease payments receivable	**8 655**	**8 900**
Accumulated allowance for uncollectible minimum lease payments receivable	**-**	**-**

As of 31 December 2006 the gross investment at remaining maturity was distributed as follows:

DKKm	Group 31 Dec 2006
Distribution of gross investment at remaining maturity	
2007	2 182
2008	1 715
2009	1 416
2010	1 137
2011	968
Later years	1 636
Total gross investment	**9 053**
Less unearned future finance income on finance leases	-398
Net investment in finance leases	**8 655**

Operating leases

Nordea Bank Danmark has not entered into operating lease agreements.

Note 24
Leasing *(cont.)*

Nordea as a lessee

Finance leases

Nordea Bank Danmark has not entered into finance lease agreements.

Operating leases

Nordea Bank Danmark has entered into operating lease agreements for premises and office equipment.

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Leasing expenses during the year	438	491	443	479
Of which:				
minimum lease payments	425	480	430	469
contingent rents	13	11	13	10
Leasing income during the year regarding sublease payments	3	2	3	1

Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:

	Group 31 Dec 2006	Parent company 31 Dec 2006
2007	313	313
2008	313	313
2009	310	310
2010	310	310
2011	303	303
Later years	1 582	1 582
Total	**3 131**	**3 131**

The future minimum lease payments relate primarily to a contractual liability for rent of premises. The remaining periods to termination extend to 21 years and 6 months.

Note 25
Investment property

Movement in investment property

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Book value amount at beginning of year	490	579	25	25
Acquisitions	-	-	-	-
Capitalised subsequent expenditure	-	-	-	-
Disposals	-409	-84	-24	-
Impairment losses and impairment losses reversed	-	-	-	-
Net gains or losses from fair value adjustments	-8	-8	-	-
Transfers/reclassifications during the year	-	-	-	-
Translation differences	-2	3	-	-
Book value at end of year	**71**	**490**	**1**	**25**

Amounts recognised in the income statement

DKKm	2006	2005	2006	2005
Rental income	30	31	-	-
Direct operating expenses that generate rental income	-	-	-	-
Direct operating expenses that did not generate rental income	-	-	-	-
Total	**30**	**31**	**-**	**-**

For the investment property the lessee has an option to purchase the property according to the lease agreement entered into. The duration of the option is 6 months.

Note 26
Other assets

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Retirement benefit assets[1]	132	126	132	126
Claims on securities settlement proceeds[2]	51 481	47 428	63 178	56 135
Other	1 658	2 730	1 571	2 770
Total	**53 271**	**50 284**	**64 881**	**59 031**

[1] See furthermore Defined benefit plans (note 34).
[2] The amount reflects trade date accounting and primarily relates to receivables on sold bonds at year-end.

Note 27
Prepaid expenses and accrued income

Accrued interest income	2 389	2 502	3 111	2 533
Other accrued income	-	-	-	-
Prepaid expenses	347	252	295	191
Total	**2 736**	**2 754**	**3 406**	**2 724**

Note 28
Deposits by credit institutions

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Central banks	9 635	10 612	9 635	10 612
Other banks	203 957	180 403	203 851	180 293
Other credit institutions	9 596	16 933	12 395	20 623
Total	**223 188**	**207 947**	**225 881**	**211 528**
Maturity information				
Remaining maturity (book value)				
Payable on demand	106 800	91 100	100 200	115 500
Maximum 3 months	102 900	105 700	120 700	94 700
3–12 months	9 600	8 000	4 500	1 300
1–5 years	3 600	2 600	300	0
More than 5 years	300	500	100	0
Total	**223 200**	**207 900**	**225 800**	**211 500**

Note 29
Deposits and borrowings from the public

Deposits from the public	235 389	220 238	238 002	221 000
Borrowings from the public	17 988	22 186	17 992	22 186
Total	**253 377**	**242 424**	**255 994**	**243 186**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of DKK 31,368m (DKK 28,927m) are also included in Deposits.

Maturity information, Deposits				
Remaining maturity (book value)				
Payable on demand	164 600	151 300	167 200	152 100
Maximum 3 months	23 400	24 100	23 400	24 100
3–12 months	1 700	1 300	1 700	1 300
1–5 years	1 100	1 200	1 100	1 200
More than 5 years	44 600	42 300	44 600	42 300
Total	**235 400**	**220 200**	**238 000**	**221 000**
Maturity information, Borrowings				
Remaining maturity (book value)				
Payable on demand	-	-	-	-
Maximum 3 months	18 000	22 200	18 000	22 200
3–12 months	-	-	-	-
1–5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**18 000**	**22 200**	**18 000**	**22 200**

Note 30
Debt securities in issue

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Certificates of deposit	-	-	-	-
Commercial papers	-	-	-	-
Bond loans	183 020	190 112	-	353
Other	-	-	-	-
Total	**183 020**	**190 112**	**-**	**353**
Maturity information, Debt securities in issue				
Remaining maturity (book value)				
Maximum 1 year	20 200	30 400	-	200
More than 1 year	162 800	159 700	-	100
Total	**183 000**	**190 100**	**-**	**300**
Maturity information, Other				
Remaining maturity (book value)				
Payable on demand	-	-	-	-
Maximum 3 months	-	-	-	-
3–12 months	-	-	-	-
1–5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 31
Other liabilities

Liabilities on securities settlement proceeds[1]	37 171	36 991	84 175	82 934
Sold, not held, securities	51 455	35 467	51 455	35 467
Other	11 381	9 683	10 628	9 218
Total	**100 007**	**82 141**	**146 258**	**127 619**

[1] The amount reflects trade date accounting and primarily relates to payables on purchased bonds at year-end.

Note 32
Accrued expenses and prepaid income

Accrued interest	3 401	4 129	1 247	1 042
Other accrued expenses	19	-	13	-
Prepaid income	25	10	18	-
Total	**3 446**	**4 139**	**1 277**	**1 042**

Note 33
Provisions

Reserve for restructuring costs	-	-	-	-
Transfer risks, guarantees	93	57	93	57
Off-balance-sheet	105	214	176	214
Other	13	1	4	1
Total	**211**	**272**	**273**	**271**

Note 33
Provisions *(cont.)*

Movement in the balance sheet

DKKm	Restructuring	Transfer risks	Off balance sheet	Other	Total
Group					
At beginning of year	-	57	214	1	272
New provisions made	-	96	-	12	48
Provisions utilised	-	-	-	-	-
Reversals	-	-60	-109	-	-109
Translation differences	-	-	-	-	-
At end of year	**-**	**93**	**105**	**13**	**211**
Of which expected to be settled within 12 months	-	-	-	13	13
Parent company					
At beginning of year	-	57	214	1	271
New provisions made	-	96	-	3	39
Provisions utilised	-	-	-	-	-
Reversals	-	-60	-38	-	-38
Translation differences	-	-	-	-	-
At end of year	**-**	**93**	**176**	**4**	**273**
Of which expected to be settled within 12 months	-	-	-	4	4

Provision for Transfer risk reserve is depending on the volume of business with different countries which might change over years. The total provision for transfer risk is not expected to decrease during 2007.

Provision for Off-balance sheet refers mainly to doubtful guarantees that are not expected to decrease during 2007. The remaining other provision includes claims which are expected to be settled within the next year.

Note 34
Retirement benefit obligations

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Pension plans	79	82	79	82
Total	**79**	**82**	**79**	**82**

Defined benefit plans

IAS 19 secures that the market based value of pension obligations net of assets backing these obligations will be reflected on the balance sheet. Some plans are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes

2006	
Members	64
Average member age	70
2005	
Members	67
Average member age	71

Note 34
Retirement benefit obligations *(cont.)*

IAS 19 pension calculations and assumptions
Calculations on major plans are performed by external liability calculators and are based on the actuarial assumptions fixed for each of the Group's pension plans.

Assumptions

2006	
Discount rate	4.0%
Salary increase	3.0%
Inflation	2.0%
Expected return on assets before taxes	5.0%
2005	
Discount rate	4.0%
Salary increase	3.0%
Inflation	2.0%
Expected return on assets before taxes	5.0%

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

Asset composition
The combined return on assets in 2006 was 2.7% (7.1%). At the end of the year, the equity exposure in pension funds/foundations represented 12% (15%) of total assets.

	2006	2005
Funded schemes		
Equity	12%	15%
Bonds	71%	69%
Other	17%	16%
Of which		
- Nordea Bank AB shares	0%	0%

Defined benefit plans - balance sheet items
Retirement benefit assets reported in the balance sheet as at year-end amounted to DKK 132m (DKK 126m), whereas retirement benefit obligations totalled DKK 79m (DKK 82m).

Amounts recognised in the balance sheet at 31 December

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
PBO	799	824	799	824
Assets	841	843	841	843
Total surplus/deficit(-)	**42**	**20**	**42**	**20**
Of which unrecognised actuarial gains/losses(-)	10	25	10	25
Of which recognised in the balance sheet	**-52**	**-45**	**-52**	**-45**
Of which				
retirement benefit assets[1]	132	126	132	126
retirement benefit obligations	79	82	79	82
related to unfunded plans (PBO)	79	82	79	82

[1] See note 26 Other assets.

Note 34
Retirement benefit obligations *(cont.)*

Overview of surplus or deficit in the plans[1]

DKKm	Total 2006	Total 2005	Total 2004
PBO	799	824	779
Plan assets	841	843	773
Funded status - surplus/deficit(-)	**42**	**20**	**-5**

[1] Information for 2002 and 2003 not available. The 5-year trend information will therefore be built up over time.

The development in the PBO, the actuarial gains and losses as well as the value of assets is highlighted below.

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Changes in the PBO				
PBO at 1 Jan	824	779	824	779
Service cost	13	14	13	14
Interest cost	26	27	26	27
Pensions paid	-45	-37	-45	-37
Curtailments and settlements	-	12	-	12
Past service cost	-	-	-	-
Actuarial gains(-)/losses	-18	29	-18	29
Effect of exchange rate changes	-	-	-	-
PBO at 31 Dec	**799**	**824**	**799**	**824**
Changes in the fair value of assets				
Assets at 1 Jan	843	773	843	773
Expected return on assets	34	33	34	33
Pensions paid	-38	-40	-38	-40
Contributions	14	53	14	53
Actuarial gains/losses(-)	-11	22	-11	22
Effect of exchange rate changes	-	-	-	-
Assets at 31 Dec	**841**	**843**	**841**	**843**
Actual return on plan assets	**23**	**55**	**23**	**55**

DKKm	Total 2006
Overview of actuarial gains/losses[1]	
Effects of changes in actuarial assumptions	0
Experience adjustments	-7
Of which:	
- on plan assets	11
- on plan liabilities	-18
Actuarial gains/losses	**-7**

[1] The 5-year trend information will be built up over time.

Defined benefit pension cost
The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is DKK 13m (DKK 28m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in note 7).

Note 34
Retirement benefit obligations *(cont.)*

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Recognised net defined benefit cost				
Service cost	-13	-14	-13	-14
Interest cost	-25	-27	-25	-27
Expected return on assets	33	33	33	33
Recognised actuarial gains(-)/losses	-8	-5	-8	-5
Recognised past service cost	-	-12	-	-12
Curtailments and settlements	-	-	-	-
Cost related to AMBI on contribution to pension funds	-1	-4	-1	-4
Pension cost on defined benefit plans	**-13**	**-28**	**-13**	**-28**

The net pension cost on defined benefit plans is expected to change to DKK 8m in 2007.
The Group expects to contribute DKK 6m to its defined benefit plans in 2007.

Key management personnel
The Group's total pension obligations towards present and former members of the Executive Management amounted to DKK 72m (DKK 70m) at the end of the year. These obligations are covered with assets of DKK 0m (DKK 0m). The bank has no pensions obligations related to the Board of Directors.

Note 35
Subordinated liabilities

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	-	-	-	-
Hybrid capital loans	-	-	-	-
Other subordinated loans	10 401	10 034	10 401	10 034
Total	**10 401**	**10 034**	**10 401**	**10 034**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans and hybrid capital loans. Within each respective category, the loans entitle lenders to equal payment rights.

At 31 December 2006 6 loans - with terms specified below - were outstanding.

Issued by	Year of issue / maturity	Nom. value EURm	Book value DKKm	Interest rate (coupon)
Nordea Bank Danmark[1]	2003/2010	300	2 237	Floating rate
Nordea Bank Danmark[2]	2003/2010	120	895	Floating rate
Nordea Bank Danmark[3]	2004/2012	275	2 050	Floating rate
Nordea Bank Danmark[4]	2004/2012	200	1 491	Floating rate
Nordea Bank Danmark[5]	2005/2013	200	1 491	Floating rate
Nordea Bank Danmark[6]	2006/2014	300	2 237	Floating rate

[1] Call date on 27 September 2007
[2] Call date on 23 December 2007
[3] Call date on 26 May 2009
[4] Call date on 17 December 2009
[5] Call date on 24 June 2010
[6] Call date on 26 May 2011

Note 36
Equity

Group

DKKm	Share capital[2]	Share premium account	Other reserves	Retained earnings	Total	Minority interest	Total equity
	Attributable to the shareholders of Nordea Bank Danmark A/S[1]						
Balance at end of year, at 31 December 2005	**5 000**	**-**	**9**	**18 867**	**23 876**	**46**	**23 922**
Available-for-sale-investments:							
- Fair value gains	-	-	-10	-	-10	-	-10
- Tax on Fair value gains	-	-	3	-	3	-	3
Currency translation differences	-	-	1	-	1	-	1
Net income recognised directly in equity	-	-	*-6*	-	*-6*	-	*-6*
Net profit for the year	-	-	-	4 876	4 876	-	4 876
Total recognised income and expense in equity	-	-	*-6*	*4 876*	*4 870*	-	*4 870*
Dividend for 2005	-	-	-	-1 800	-1 800	-	-1 800
Other changes	-	-	-	-	-	-7	-7
Balance at 31 Dec 2006	**5 000**	**-**	**2**	**21 943**	**26 945**	**39**	**26 984**
Balance at end of year, at 31 Dec 2004	**5 000**	**4 864**	**-**	**12 999**	**22 864**	**47**	**22 911**
Change in accounting policies:							
- IAS 39 Financial instruments	-	-	-	220	220	-	220
- IAS 39 Groupwise provisions[3]	-	-	-	328	328	-	328
Balance at beginning of year, at 1 Jan 2005	**5 000**	**4 864**	**-**	**13 547**	**23 412**	**47**	**23 459**
Available-for-sale investments:							
- Fair value gains	-	-	13	-	13	-	13
- Tax on Fair value gains	-	-	-4	-	-4	-	-4
Currency translation differences	-	-	-1	-	-1	0	-1
Net income recognised directly in equity	-	-	*9*	-	*8*	*0*	*8*
Net profit for the year	-	-	-	3 956	3 956	-	3 956
Total recognised income and expense in equity	-	-	*9*	*3 956*	*3 964*	-	*3 964*
Dividend for 2004	-	-	-	-3 500	-3 500	-	-3 500
Transfer for share premium account and reserve for subsidiaries	-	-4 864	-	4 864	-	-	-
Balance at 31 December 2005	**5 000**	**-**	**9**	**18 867**	**23 876**	**46**	**23 922**

[1] Restricted capital was at 31 Dec 2006 DKK 5,000m (31 Dec 2005: DKK 5,000m). Unrestricted capital was 31 Dec 2006 DKK 21,984m (31 Dec 2005: 18,922m).

[2] The share capital of Nordea Bank Danmark A/S consists of 50 million shares of DKK 100 each (31 Dec 2005: 50m shares of DKK 100 each), all fully owned by Nordea Bank AB, Stockholm, Sweden. All issued shares are fully paid. All shares are of the same class and hold equal rights. The annual report for Nordea Bank AB is available on www.nordea.com.

[3] Adjustment for prior period error, see Directors' report on page 8.

Note 36
Equity *(cont.)*

Parent

DKKm	Share capital	Share premium account	Other reserves	Retained earnings	Total	Total equity
Balance at end of year, at 31 December 2005	**5 000**	**-**	**9**	**14 740**	**19 749**	**19 749**
Available-for-sale investments:						
- Tax on Fair value gains	-	-	-10	-	-10	-10
- Fair value gains	-	-	3	-	3	3
Currency translation differences	-	-	0	-	0	0
Net income recognised directly in equity	-	-	*-7*	-	*-7*	*-7*
Net profit for the year	-	-	-	4 270	4 270	4 270
Total recognised income and expense in equity	-	-	*-7*	*4 270*	*4 263*	*4 263*
Dividend for 2005	-	-	-	-1 800	-1 800	-1 800
Other changes	-	-	-	0	0	0
Balance at 31 Dec 2006	**5 000**	**-**	**2**	**17 209**	**22 211**	**22 211**
Balance at end of year, at 31 December 2004	**5 000**	**1 534**	**-**	**12 093**	**18 626**	**18 626**
Change in accounting policies:						
- IAS 39 Financial instruments	-	-	-	220	220	220
- IAS 39 Groupwise provisions[1]	-	-	-	328	328	328
Balance at beginning of year, at 1 Jan 2005	**5 000**	**1 534**	**-**	**12 641**	**19 174**	**19 174**
Available-for-sale investments:						
- Fair value gains	-	-	13	-	13	13
- Tax on fair value gains	-	-	-4	-	-4	4
Currency translation differences	-	-	-	-	0	0
Change due to new tax rules	-	-	-	940	940	940
Adjustment to equity lower of cost in Nordea Finans due to new tax rules	-	-	-	-180	-180	-180
Net income recognised directly in equity	-	-	*9*	*760*	*769*	*769*
Net profit for the year	-	-	-	3 305	3 305	3 305
Total recognised income and expense in equity	-	-	*9*	*4 065*	*4 074*	*4 074*
Dividend for 2004	-	-	-	-3 500	-3 500	-3 500
Transfer of share premium account	-	-1 534	-	1 534	-	-
Other changes	-	-	-	-	-	-
Balance at 31 December 2005	**5 000**	**-**	**9**	**14 740**	**19 749**	**19 749**

[1] Adjustment for prior period error, see Directors' report on page 8.

Description of items in the equity is included in Note 1 Accounting policies.

Dividends per share

Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 14 March 2007, a dividend in respect of 2006 of DKK 0.30 per share (2005 actual dividend DKK 0.36 per share) amounting to a total of DKK 1,500m (2005 actual DKK 1,800m) is to be proposed. The financial statements for the year ended 31 December 2006 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2007.

Note 36
Equity *(cont.)*

Reporting to the Danish Financial Supervisory Authority at 31 December 2006 (DKKm)

Equity	Group	Parent
Annual report 2006	26 984	22 211
Adjustments:		
- Minority interests[1]	1 230	-
- Fair value adjustment of owner occupied property	17	17
- Difference between cost and net assets value in subsidiaries and associates	-	4 734
Reported to the Danish FSA	28 231	26 962

[1] Minority interest relate primarily to a special reserve in an associated undertaking.

Result	Group	Parent
Annual report 2006	4 876	4 270
Adjustments:		
- Financial assets available for sale	-7	-7
- Difference between profit from companies accounted for under the equity method and dividends	-	606
Reported to the Danish FSA	4 869	4 869

Note 37
Assets pledged as security for own liabilities

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Assets pledged for own liabilities				
Lease agreements	-	-	-	-
Securities, etc[1]	77 084	108 985	79 245	111 107
Other pledged assets[2]	4 448	11 248	4 448	11 248
Total	**81 532**	**120 233**	**83 693**	**122 355**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	62 067	89 046	64 247	91 169
Deposits and borrowings from the public	17 363	21 896	17 363	21 896
Debt securities in issue	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	**79 430**	**110 943**	**81 610**	**113 065**

[1] Assets pledged for own liabilities contain securities pledged as security in repurchase agreements and in securities borrowing. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.

[2] Other pledged assets relating to bonds at a market value of DKK 4,448m (DKK 11,248m) had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

Note 38
Other assets pledged

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Other assets pledged[1]				
Lease agreements	-	-	-	-
Securities etc	-	-	-	-
Other assets pledged	-	-	-	-
Total	-	-	-	-
The above pledges pertain to the following liability and commitment items[2]				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Debt securities in issue	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	-	-	-	-

1 Collaterals pledged on behalf of other items other than the company's own liabilities, eg, on behalf of a third party or on behalf of the company's own contingent liabilities are accounted for under this item.
2 For undertakings of the company itself or for a third party.

Note 39
Contingent liabilities

DKKm	Group 31 Dec 2006	Group 31 Dec 2005	Parent company 31 Dec 2006	Parent company 31 Dec 2005
Guarantees				
Loan guarantees	10 731	8 322	84 289	74 285
Other guarantees	37 309	19 988	37 444	20 313
Documentary credits				
Unutilised irrevocable import documentary credits and confirmed export documentary credits	3 360	2 520	3 360	2 520
Other contingent liabilities	104	-	104	-
Total	**51 504**	**30 830**	**125 197**	**97 118**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered as off-balance-sheet items, unless there is a need for a provision to cover a probable loan loss.

As from the accounting period 2005 Nordea Bank Danmark A/S is taxed jointly with the Danish companies, branches etc of the Nordea Group, according to the new rules for joint taxation for 2005, and is liable for that part of the tax of the jointly taxed income concerning the company until payment to Nordea Bank Danmark has taken place. For 2004 and previous years Nordea Bank Danmark A/S was taxed jointly with the majority of the company's subsidiary undertakings, and Nordea Bank Danmark A/S and these companies were jointly and severally liable for corporation tax.

A limited number of employees are employed under terms, which grant them, if they are dismissed before reaching their normal retirement age, an extraordinary severance and/or pension payment in excess of what they would have been entitled to under ordinary terms of employment.

The companies of the Nordea Bank Danmark Group are involved in various legal disputes and proceedings. The expected outcome of these proceedings will not materially effect the financial position of the Nordea Bank Danmark Group.

A writ has been served on Nordea Bank Denmark A/S on 31 January 2006 based on an avoidance claim of USD 61.2m by SAirGroup in Nachlassliquidation filed with the Commercial Court of Zürich. Nordea believes that the claim lacks merit and is contesting the claim.

Note 39
Contingent liabilities *(cont.)*

In terms of payroll tax and VAT, Nordea Bank Danmark A/S is registered jointly with Nordea, Branch of Nordea Bank AB, Sweden, the Danish PE agency of Nordea Bank Finland and with the majority of the Danish subsidiary undertakings in the Nordea Bank AB Group and these companies are jointly and severally liable for such taxes.

Note 40
Commitments

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Credit commitments	23 255	15 645	23 255	15 645
Unutilised portion of approved overdraft facilities	135 116	115 824	135 116	115 824
Other commitments	-	-	-	-
Total	**158 371**	**131 469**	**158 371**	**131 469**

Note 41
Capital adequacy

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Calculation of total capital base				
Equity	28 214	25 139	26 945	23 876
Proposed/actual dividend	-1 500	-1 800	-1 500	-1 800
Hybrid capital loans	-	-	-	-
Deferred tax assets	-	-	-155	-217
Goodwill	-	-	-	-
Other items, net	-119	-94	-80	-72
Tier 1 capital	**26 594**	**23 245**	**25 210**	**21 787**
- of which hybrid capital	-	-	-	-
Tier 2 capital	**10 417**	**10 052**	**10 417**	**10 052**
- of which perpetual subordinated loans	-	-	-	-
Deduction[1]	-338	-370	-338	-370
Total capital base	**36 674**	**32 927**	**35 289**	**31 469**
Risk-weighted assets for credit and market risks				
Credit risks as specified below	340 269	289 865	306 792	255 648
Market risks as specified below	35 437	39 872	38 754	44 497
Total risk-weighted assets	**375 706**	**329 737**	**345 547**	**300 145**

[1] Deduction for investments in other financial institutes outside the financial group of undertakings.

Tier 1 capital ratio, %	7.1	7.0	7.3	7.3
Total capital ratio, %	9.8	10.0	10.2	10.5

The capital requirement pursuant to section 124(1) of the Danish Financial Business Act is 8%.

The equity of the Group for 2006 includes the Group's share of a special reserve in an associated undertaking of DKK 1,269m, which is consolidated proportionately when determining the capital base pursuant to the Danish Financial Business Act.

Note 41
Capital adequacy *(cont.)*

Specification of risk-weighted assets, credit risks

Group

	Items in the balance sheet		Off-balance-sheet items			
DKKm, end of 2006	Reported	Risk-weighted	Nominal	Adjusted	Risk-weighted	Total risk-weighted assets
A 0%	53 372	-	23 664	-	-	-
B 10% 20%	37 641	7 528	4 476	-	439	7 967
C 50%	206 790	103 395	67	-	33	103 429
D 100% 125% 200%	200 521	200 542	46 448	-	28 332	228 874
Total	**498 324**	**311 465**	**74 656**	**-**	**28 804**	**340 269**
DKKm, end of 2005						
A 0%	64 993	-	9 268	-	-	-
B 10% 20%	23 838	4 730	4 536	-	453	5 183
C 50%	179 394	89 697	132	-	66	89 763
D 100% 125% 200%	174 713	174 770	32 742	-	20 150	194 920
Total	**442 938**	**269 197**	**46 678**	**-**	**20 669**	**289 865**

Parent company

DKKm, end of 2006						
A 0%	53 061	-	23 690	-	-	-
B 10% 20%	51 712	10 342	4 476	-	439	10 781
C 50%	16 912	8 456	67	-	33	8 490
D 100% 125% 200%	185 589	185 589	120 115	-	101 932	287 521
Total	**307 275**	**204 388**	**148 348**	**-**	**102 404**	**306 792**
DKKm, end of 2005						
A 0%	38 183	-	9 525	-	-	-
B 10% 20%	34 104	6 821	4 463	-	446	7 267
C 50%	11 647	5 823	132	-	66	5 889
D 100% 125% 200%	160 060	160 060	95 262	-	82 432	242 492
Total	**243 994**	**172 704**	**109 382**	**-**	**82 944**	**255 648**

Risk categories include (according to FSA executive order on capital adequacy):
A Claim on, or guarantee/collateral by a government/central bank within the OECD or Danish local government.
B Claim on, or guarantee/collateral by banks/financial institutions within the OECD.
C Claim backed by mortgages on residential property.
D Other assets.

Note 41
Capital adequacy *(cont.)*

Specification of risk-weighted assets, market risks

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Interest rate risks				
of which for specific risk	12 289	11 954	16 462	17 426
of which for general risk	8 393	19 742	7 940	19 251
Share price risks				
of which for specific risk	2 210	1 843	2 111	1 768
of which for general risk	2 483	3 307	2 284	3 158
Exceeding large exposures				
Settlement risks	61	8	61	8
Counterparty risks and other risks	2 060	1 934	2 001	1 798
Exchange rate risks	736	1 085	690	1 088
Risks according to VAR calculation	7 204	-	7 204	-
Commodity risks	-	-	-	-
Total	**35 437**	**39 872**	**38 754**	**44 497**

The total capital ratio and tier 1 ratio are calculated quarterly in accordance with the regulations given by the Danish Financial Supervisory Authority. The regulation is based on EU directives and the international standard Basel I.

The basic objectives of the capital requirements are to secure that the financial institute at any time operates with a capital base sufficient to cover the risk-weighted assets divided into market risks and credit risks. The Danish Financial Supervisory Authority regulates the definitions and basis for calculation of capital base and risk-weighted assets and also requires quarterly reports regarding capital adequacy.

Capital management is handled by Group Corporate Centre (GCC). A special committee, Capital Planning Forum is formed to assess capital related issues on an ongoing basis. The committee is headed by the Group CFO and with representatives from relevant units within GCC. Capital Planning Forum monitors and analyses the effects on the forecasted need and prepare supporting documentation for further decision in GEM and the Board regarding capitalisation of the group, including subordinated debt and dividend. Important inputs are the effects from current and future (Basel II) capital adequacy regulations as well as the internal frameworks Economic Capital and the Rolling Financial Forecast.

In December 2006, all the Nordic financial supervisory authorities approved Nordea's market risk (Value a Risk, i.e. VaR) models for the calculation of the capital requirement for market risk in the Trading Book. This implies that Nordea is allowed to base its capital requirement for market risk on its own best estimate of the actual market risk exposure instead of the authorities' standard method.

Nordea's market risk models have been approved for the calculation of the capital requirement for (i) general market risk on interest rate and foreign exchange exposures and linear equity exposures and for (ii) specific market risk on linear equity exposures and interest rate exposures in the major portfolios.

Basing the capital requirement at year-end 2006 on Nordea's VaR models instead of the standard method for the above mentioned exposures lead to a reduction in the risk-weighted assets for market risk of approximately DKK 3bn.

Note 42
Classification of financial instruments

Group

DKKm, 31 Dec 2006	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	2 708	-	-	-	-	-	-	2 708
Treasury bills and other eligible bills	-	-	-	-	-	-	-	-
Loans and receivables to credit institutions	62 157	-	55 608	-	-	-	-	117 765
Loans and receivables to the public	195 884	-	63 777	215 478	-	-	8 655	483 794
Interest-bearing securities	-	-	44 351	-	-	338	-	44 689
Financial instruments pledged as collateral	-	-	77 084	-	-	-	-	77 084
Shares	-	-	17 607	-	-	-	-	17 607
Derivatives	-	-	1 743	-	310	-	-	2 053
Fair value changes of the hedged items in portfolio hedge of interest rate risk	458	-	-	-	-	-	-	458
Investments in associated undertakings	-	-	-	-	-	-	522	522
Investments in group undertakings	-	-	-	-	-	-	211	211
Intangible assets	-	-	-	-	-	-	115	115
Property and equipment	-	-	-	-	-	-	195	195
Investment property	-	-	-	-	-	-	71	71
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	112	112
Other assets	53 271	-	-	-	-	-	-	53 271
Prepaid expenses and accrued income	2 736	-	-	-	-	-	-	2 736
Total	**317 214**	**-**	**260 170**	**215 478**	**310**	**338**	**9 881**	**803 391**

DKKm, 31 Dec 2006	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	62 067	-	-	161 121	-	223 188
Deposits and borrowings from the public	17 363	-	-	236 014	-	253 377
Debt securities in issue	-	178 506	-	4 514	-	183 020
Derivatives	1 404	-	542	-	-	1 946
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Other liabilities	51 455	-	-	48 040	512	100 007
Accrued expenses and prepaid income	-	-	-	3 427	19	3 446
Deferred tax liabilities	-	-	-	-	732	732
Provisions	-	-	-	-	211	211
Retirement benefit obligations	-	-	-	-	79	79
Subordinated liabilities	-	-	-	10 401	-	10 401
Total	**132 289**	**178 506**	**542**	**463 517**	**1 553**	**776 407**

Note 42
Classification of financial instruments *(cont.)*

Group

DKKm, 31 Dec 2005	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3 686	-	-	-	-	-	-	3 686
Treasury bills and other eligible bills	-	-	-	-	-	-	-	-
Loans and receivables to credit institutions	61 312	-	75 675	-	-	-	-	136 987
Loans and receivables to the public	160 169	-	60 788	190 044	-	-	8 900	419 901
Interest-bearing securities	-	-	129 875	-	-	347	-	130 222
Financial instruments pledged as collateral	-	-	-	-	-	-	-	-
Shares	-	-	15 939	-	-	-	-	15 939
Derivatives	-	-	1 892	-	337	-	-	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	545	-	-	-	-	-	-	545
Investments in associated undertakings	-	-	-	-	-	-	507	507
Investments in group undertakings	-	-	-	-	-	-	155	155
Intangible assets	-	-	-	-	-	-	93	93
Property and equipment	-	-	-	-	-	-	231	231
Investment property	-	-	-	-	-	-	490	490
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	236	236
Other assets	50 284	-	-	-	-	-	-	50 284
Prepaid expenses and accrued income	2 754	-	-	-	-	-	-	2 754
Total	**278 750**	**-**	**284 169**	**190 044**	**337**	**347**	**10 612**	**764 257**

DKKm, 31 Dec 2005	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	89 046	-	-	118 901	-	207 947
Deposits and borrowings from the public	21 896	-	-	220 528	-	242 424
Debt securities in issue	-	186 316	-	3 796	-	190 112
Derivatives	1 748	-	695	-	-	2 443
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Other liabilities	35 467	-	-	46 063	611	82 141
Accrued expenses and prepaid income	-	-	-	4 139	-	4 139
Deferred tax liabilities	-	-	-	-	741	741
Provisions	-	-	-	-	272	272
Retirement benefit obligations	-	-	-	-	82	82
Subordinated liabilities	-	-	-	10 034	-	10 034
Total	**148 157**	**186 316**	**695**	**403 461**	**1 706**	**740 335**

Note 42
Classification of financial instruments *(cont.)*

Parent company

DKKm, 31 Dec 2006	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	2 708	-	-	-	-	-	-	2 708
Treasury bills and other eligible bills	-	-	-	-	-	-	-	-
Loans and receivables to credit institutions	62 119	-	69 935	-	-	-	-	132 054
Loans and receivables to the public	205 120	-	63 777	-	-	-	-	268 897
Interest-bearing securities	-	-	83 309	-	-	338	-	83 647
Financial instruments pledged as collateral	-	-	79 245	-	-	-	-	79 245
Shares	-	-	17 600	-	-	-	-	17 600
Derivatives	-	-	1 743	-	310	-	-	2 053
Fair value changes of the hedged items in portfolio hedge of interest rate risk	458	-	-	-	-	-	-	458
Investments in associated undertakings	-	-	-	-	-	-	288	288
Investments in group undertakings	-	-	-	-	-	-	8 158	8 158
Intangible assets	-	-	-	-	-	-	80	80
Property and equipment	-	-	-	-	-	-	174	174
Investment property	-	-	-	-	-	-	1	1
Deferred tax assets	-	-	-	-	-	-	155	155
Current tax assets	-	-	-	-	-	-	515	515
Other assets	64 838	-	-	-	-	-	43	64 881
Prepaid expenses and accrued income	3 397	-	-	-	-	-	9	3 406
Total	**338 640**	**-**	**315 609**	**-**	**310**	**338**	**9 423**	**664 320**

DKKm, 31 Dec 2006	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	64 247	-	-	161 634	-	225 881
Deposits and borrowings from the public	17 363	-	-	238 631	-	255 994
Debt securities in issue	-	-	-	-	-	-
Derivatives	1 404	-	542	-	-	1 947
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Other liabilities	51 455	-	-	94 280	523	146 258
Accrued expenses and prepaid income	-	-	-	1 264	13	1 277
Deferred tax liabilities	-	-		-	-	-
Provisions	-	-	-	-	273	273
Retirement benefit obligations	-	-	-	-	79	79
Subordinated liabilities	-	-	-	10 401	-	10 401
Total	**134 469**	**-**	**542**	**506 210**	**888**	**642 109**

Note 42
Classification of financial instruments *(cont.)*

Parent company

DKKm, 31 Dec 2005	Loans and receivables	Held to maturity	Held for trading	Assets at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	3 686	-	-	-	-	-	-	3 686
Treasury bills and other eligible bills	-	-	-	-	-	-	-	-
Loans and receivables to credit institutions	57 071	-	86 444	-	-	-	-	143 515
Loans and receivables to the public	168 310	-	60 788	-	-	-	-	229 098
Interest-bearing securities	-	-	151 268	-	-	347	-	151 615
Financial instruments pledged as collateral	-	-	-	-	-	-	-	-
Shares	-	-	15 933	-	-	-	-	15 933
Derivatives	-	-	1 892	-	337	-	-	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	545	-	-	-	-	-	-	545
Investments in associated undertakings	-	-	-	-	-	-	255	255
Investments in group undertakings	-	-	-	-	-	-	6 985	6 985
Intangible assets	-	-	-	-	-	-	72	72
Property and equipment	-	-	-	-	-	-	145	145
Investment property	-	-	-	-	-	-	25	25
Deferred tax assets	-	-	-	-	-	-	217	217
Current tax assets	-	-	-	-	-	-	236	236
Other assets	59 031	-	-	-	-	-	-	59 031
Prepaid expenses and accrued income	2 724	-	-	-	-	-	-	2 724
Total	**291 367**	**-**	**316 325**	**-**	**337**	**347**	**7 934**	**616 310**

DKKm, 31 Dec 2005	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	91 169	-	-	120 359	-	211 528
Deposits and borrowings from the public	21 896	-	-	221 290	-	243 186
Debt securities in issue	-	-	-	353	-	353
Derivatives	1 751	-	695	-	-	2 446
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	-	-
Current tax liabilities	-	-	-	-	-	-
Other liabilities	35 467	-	-	91 567	585	127 619
Accrued expenses and prepaid income	-	-	-	1 042	-	1 042
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	271	271
Retirement benefit obligations	-	-	-	-	82	82
Subordinated liabilities	-	-	-	10 034	-	10 034
Total	**150 283**	**-**	**695**	**444 645**	**938**	**596 561**

Note 42
Classification of financial instruments *(cont.)*

Loans and receivables designated at fair value through profit or loss

	Group		Parent company	
DKKm	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Book value	215 478	190 044	-	-
Maximum exposure to credit risk	215 478	190 044	-	-
Book value of credit derivatives used to mitigate the credit risk	-	-	-	-

Financial liabilities designated at fair value through profit or loss

Changes in fair value attributable to changes in credit risk
Issued mortgage bonds in the fully owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. The amount of change in the fair value that is attributable to changes in credit risk of the liability is for 2006 DKK 0m (2005 DKK 0m). The cumulative change since designation is DKK 0m (2005 DKK 0m). The method used is to calculate the fair value changes that are attributable to changes in market conditions based on relevant benchmark interest rates.

The amount of change in the fair value of loans in Nordea Kredit Realkreditaktieselskab that is attributable to changes in credit risk is for 2006 DKK 5m (2005 DKK 1m). The cumulative change since designation is DKK 8m (2005 DKK 4m).

Comparison of carrying amount and contractual amount to be paid at maturity

	Group		Parent company	
DKKm, 31 Dec 2006	Book value	Amount to be paid at maturity	Book value	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	**178 506**	**195 318**	**-**	**-**
DKKm, 31 Dec 2005				
Financial liabilities at fair value through profit or loss	**186 316**	**188 053**	**-**	**-**

Note 43
Assets and liabilities at fair value

Group

DKKm	31 Dec 2006 Book value	31 Dec 2006 Fair value	31 Dec 2005 Book value	31 Dec 2005 Fair value
Assets				
Cash and balances with central banks	2 708	2 708	3 686	3 686
Loans and receivables to credit institutions	117 765	117 765	136 987	136 987
Loans and receivables to the public	483 794	483 794	419 901	419 901
Interest-bearing securities	44 689	44 689	21 237	21 237
Financial instruments pledged as collateral	77 084	77 084	108 985	108 985
Shares	17 607	17 607	15 939	15 939
Derivatives	2 053	2 053	2 229	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	458	458	545	545
Investments in associated undertakings	522	522	507	507
Investments in group undertakings	211	211	155	155
Intangible assets	115	115	93	93
Property and equipment	195	212	231	249
Investment property	71	71	490	490
Deferred tax assets	-	-	-	-
Current tax assets	112	112	236	236
Other assets	53 271	53 271	50 284	50 284
Prepaid expenses and accrued income	2 736	2 736	2 754	2 754
Total assets	**803 391**	**803 408**	**764 257**	**764 275**
Liabilities				
Deposits by credit institutions	223 188	223 188	207 947	207 947
Deposits and borrowings from the public	253 377	253 377	242 424	242 424
Debt securities in issue	183 020	183 020	190 112	190 112
Derivatives	1 946	1 946	2 443	2 443
Current tax liabilities	-	-	-	-
Other liabilities	100 007	100 007	82 141	82 141
Accrued expenses and prepaid income	3 446	3 446	4 139	4 139
Deferred tax liabilities	732	732	741	741
Provisions	211	211	272	272
Retirement benefit obligations	79	79	82	82
Subordinated liabilities	10 401	10 401	10 034	10 034
Total liabilities	**776 407**	**776 407**	**740 335**	**740 335**

Note 43
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm	31 Dec 2006 Book value	31 Dec 2006 Fair value	31 Dec 2005 Book value	31 Dec 2005 Fair value
Assets				
Cash and balances with central banks	2 708	2 708	3 686	3 686
Loans and receivables to credit institutions	132 054	132 054	143 515	143 515
Loans and receivables to the public	268 897	268 897	229 098	229 098
Interest-bearing securities	83 647	83 647	40 508	40 508
Financial instruments pledged as collateral	79 245	79 245	111 107	111 107
Shares	17 600	17 600	15 933	15 933
Derivatives	2 053	2 053	2 229	2 229
Fair value changes of the hedged items in portfolio hedge of interest rate risk	458	458	545	545
Investments in associated undertakings	288	288	255	255
Investments in group undertakings	8 158	8 158	6 985	6 985
Intangible assets	80	80	72	72
Property and equipment	174	191	145	163
Investment property	1	1	25	25
Deferred tax assets	155	155	217	217
Current tax assets	515	515	236	236
Other assets	64 881	64 881	59 031	59 031
Prepaid expenses and accrued income	3 406	3 406	2 724	2 724
Total assets	**664 320**	**664 337**	**616 310**	**616 328**
Liabilities				
Deposits by credit institutions	225 881	225 881	211 528	211 528
Deposits and borrowings from the public	255 994	255 994	243 186	243 186
Debt securities in issue	-	-	353	353
Derivatives	1 946	1 946	2 446	2 446
Current tax liabilities	-	-	-	-
Other liabilities	146 258	146 258	127 619	127 619
Accrued expenses and prepaid income	1 277	1 277	1 042	1 042
Deferred tax liabilities	-	-	-	-
Provisions	273	273	271	271
Retirement benefit obligations	79	79	82	82
Subordinated liabilities	10 401	10 401	10 034	10 034
Total liabilities	**642 109**	**642 109**	**596 561**	**596 561**

Estimation of fair value for financial instruments
Financial assets and financial liabilities in the balance sheet are generally measured at fair value, with the exception of loans and receivables, deposits and borrowing and issued securities.

The book values on loans and receivables, deposits and borrowing and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term.

Fair value is estimated to be equal to the book value for short-term financial assets and financial liabilities.

Fair value is set to book value, in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for the line items investments in associated undertakings. investments in group undertakings, intangible assets, property and equipment and provisions.

For further information about valuation of items normally measured at fair value, see note 1.

Effect on fair value of financial assets and financial liabilities measured using valuation techniques based on assumptions not fully supported by observable market data
The total effect on the income statement from financial assets and financial liabilities that are measured using valuation techniques based on assumptions not fully supported by observable market data amounted to DKK 0m in Nordea Bank Danmark. The effect in the parent company was DKK 0m.

Note 43
Assets and liabilities at fair value *(cont.)*

Difference between transaction price and fair value according to valuation techniques not yet recognised in the income statement

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2006	2005	2006	2005
Amount at beginning of year	-	-	-	-
Changed accounting policies	-	-	-	-
Transactions during the year	-	-	-	-
Recognised in the income statement during the year	-	-	-	-
Amount at end of year	**-**	**-**	**-**	**-**

Note 44
Assets and liabilities in foreign currencies

Group

DKKbn, 31 Dec 2006	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	14	23	79	0	1	1	118
Loans and receivables to the public	34	49	367	1	14	19	484
Interest-bearing securities[1]	38	45	30	0	3	1	117
Other assets	3	2	74	0	4	1	84
Total assets	**89**	**119**	**550**	**1**	**22**	**22**	**803**
Liabilities and equity							
Deposits by credit institutions	60	56	75	1	26	5	223
Deposits and borrowings from the public	19	13	207	1	11	2	253
Debt securities in issue	9	0	174	-	-	-	183
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	2	35	92	0	5		134
Total liabilities and equity	**100**	**104**	**548**	**2**	**42**	**7**	**803**
Position not reported in the balance sheet	**12**	**-15**	**-3**	**1**	**20**	**-15**	**0**
Net position, currencies	**1**	**0**	**-1**	**0**	**0**	**0**	**0**

DKKbn, 31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	-	-	-	-	-	-	-
Loans and receivables to credit institutions	16	44	74	1	2	1	137
Loans and receivables to the public	30	45	319	1	10	15	419
Interest-bearing securities[1]	32	27	63	0	6	2	130
Other assets	1	3	68	0	5	1	78
Total assets	**79**	**119**	**522**	**2**	**23**	**18**	**764**
Liabilities and equity							
Deposits by credit institutions	54	56	77	0	17	3	208
Deposits and borrowings from the public	13	21	194	2	10	3	242
Debt securities in issue	7	0	182	0	0	0	190
Provisions	-	-	0	-	-	-	0
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	2	31	75	0	5	1	114
Total liabilities and equity	**86**	**107**	**528**	**2**	**33**	**7**	**764**
Position not reported in the balance sheet	**-6**	**11**	**-6**	**0**	**-10**	**11**	**0**
Net position, currencies	**-1**	**0**	**0**	**0**	**0**	**0**	**0**

[1] Including financial instruments pledged as collateral.

Note 44
Assets and liabilities in foreign currencies *(cont.)*

Parent company

DKKbn, 31 Dec 2006	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	13	23	94	0	1	1	132
Loans and receivables to the public	26	49	160	1	13	20	269
Interest-bearing securities[1]	38	45	76	0	3	1	163
Other assets	3	2	91	0	4	0	100
Total assets	**80**	**119**	**421**	**1**	**21**	**22**	**664**
Liabilities and equity							
Deposits by credit institutions	60	56	78	1	26	5	226
Deposits and borrowings from the public	19	13	209	1	11	3	256
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	1	35	131	0	5	0	172
Total liabilities and equity	**90**	**104**	**418**	**2**	**42**	**8**	**664**
Position not reported in the balance sheet	**11**	**-15**	**-4**	**1**	**21**	**-14**	**0**
Net position, currencies	**1**	**0**	**-1**	**0**	**0**	**0**	**0**

DKKbn, 31 Dec 2005	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	-	-	-	-	-	-	-
Loans and receivables to credit institutions	15	44	81	1	2	1	144
Loans and receivables to the public	23	45	134	1	10	15	228
Interest-bearing securities[1]	32	27	84	0	6	2	152
Other assets	1	3	83	0	5	1	93
Total assets	**71**	**119**	**383**	**2**	**23**	**18**	**616**
Liabilities and equity							
Deposits by credit institutions	54	56	81	0	17	3	212
Deposits and borrowings from the public	13	21	195	2	10	3	243
Debt securities in issue	-	-	-	-	0	0	0
Provisions	-	-	0	-	-	-	0
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	1	31	113	0	5	1	151
Total liabilities and equity	**78**	**108**	**389**	**2**	**33**	**7**	**616**
Position not reported in the balance sheet	**-6**	**11**	**-6**	**0**	**-10**	**11**	**0**
Net position, currencies	**-1**	**0**	**0**	**0**	**0**	**0**	**0**

[1] Including financial instruments pledged as collateral.

Note 45
Obtained collaterals which are permitted to be sold or repledged

Nordea Bank Danmark obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged.

	Group		Parent company	
DKKm	2006	2005	2006	2005
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	119 385	136 463	133 712	147 232
of which repledged or sold	51 455	35 467	51 455	35 467
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
of which repledged or sold	-	-	-	-
Total	**119 385**	**136 463**	**133 712**	**147 232**

Note 46
Investments, customer bearing the risk

Nordea Bank Danmark A/S's liabilities include customers' portfolio schemes, the return on which correlates directly with the assets financed by these portfolio schemes. Since the assets legally belong to Nordea Bank Danmark, these assets and liabilities are included in the Group's balance sheet. A breakdown is shown below:

	Group	
	31 Dec	31 Dec
DKKm	2006	2005
Assets		
Loans and recievables to credit institutions	-	-
Interest-bearing securities	15 135	13 393
Shares	14 383	13 271
Other assets	3 124	6 587
Total assets	**32 642**	**33 251**
Liabilities		
Deposits and borrowings from the public	31 368	28 927
Debt securities in issue	-	-
Other liabilities	1 274	4 324
Total liabilities	**32 642**	**33 251**
Return to participants in portfolio schemes	1 071	4 121

Note 47
Related-party transactions

The information below is presented from a Bank Group and NBD perspective, meaning that the information shows the effect from related party transactions on the Bank Group and NBD figures.

Group

DKKm	Shareholders with significant influence 31 Dec 2006	Shareholders with significant influence 31 Dec 2005	Other Nordea Group Companies 31 Dec 2006	Other Nordea Group Companies 31 Dec 2005	Associated undertakings 31 Dec 2006	Associated undertakings 31 Dec 2005	Other related parties 31 Dec 2006	Other related parties 31 Dec 2005
Assets								
Loans and receivables	3 438	5 942	7 023	1 713	654	55	-	-
Interest-bearing securities	-	-	5 790	10 641	-	-	-	
Shares	-	-	-	-	-	-	-	-
Derivatives	8	1	840	505	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Total assets	**3 446**	**5 943**	**13 653**	**12 859**	**654**	**55**	**-**	**-**
Liabilities								
Deposits	25 167	22 925	132 848	89 673	57	365	26	31
Debt securities in issue	-	-	-	-	-	-	-	-
Derivatives	6	7	510	1 428	-	-	-	-
Subordinated liabilities	5 033	5 036	5 368	3 133	-	-	-	-
Total liabilities	**30 206**	**27 968**	**138 727**	**94 234**	**57**	**365**	**26**	**31**
Off balance								
Contingent liabilities	-	-	-	-	10	17	-	-

DKKm	Shareholders with significant influence 31 Dec 2006	Other Nordea Group Companies 31 Dec 2006	Associated undertakings 31 Dec 2006	Other related parties 31 Dec 2006
Net interest income				
Interest income	105	89	6	-
Interest expenses	922	4 027	1	0
Net interest income	**-817**	**-3 938**	**5**	**0**

Note 47
Related-party transactions *(cont.)*

Parent company

DKKm	Group undertakings 31 Dec 2006	Group undertakings 31 Dec 2005	Other Nordea Group Companies[1] 31 Dec 2006	Other Nordea Group Companies[1] 31 Dec 2005	Associated undertakings 31 Dec 2006	Associated undertakings 31 Dec 2005	Other related parties 31 Dec 2006	Other related parties 31 Dec 2005
Assets								
Loans and receivables	29 438	24 537	9 852	7 062	654	55	-	-
Interest-bearing securities	27 952	37 724	5 790	10 641	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	-	-	848	506	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Investments in group undertakings	-	-	-	-	-	-	-	-
Total assets	**57 390**	**62 261**	**16 490**	**18 209**	**654**	**55**	**-**	**-**
Liabilities								
Deposits	5 415	4 452	158 014	112 598	57	365	26	31
Debt securities in issue	-	-	-	-	-	-	-	-
Derivatives	0	0	516	1 435	-	-	-	-
Subordinated liabilities	-	-	10 401	8 169	-	-	-	-
Total liabilities	**5 415**	**4 452**	**168 931**	**122 202**	**57**	**365**	**26**	**31**
Off balance[2]								
Contingent liabilities	74 311	66 680	-	-	10	17	-	-

DKKm	Group undertakings 31 Dec 2006	Other Nordea Group Companies[1] 31 Dec 2006	Associated undertakings 31 Dec 2006	Other related parties 31 Dec 2006
Net interest income				
Interest income	672	176	6	0
Interest expenses	624	4 732	1	0
Net interest income	**48**	**-4 556**	**5**	**0**

[1] Including figures for shareholders with significant influence.

[2] Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 55,033m at end 2006 (2005: DKK 48,391m).

Note 47
Related-party transactions *(cont.)*

Related-party transactions
Material contracts in existence or entered into in 2006 between Nordea Bank Danmark A/S and group companies include the following:

Nordea Bank Danmark has acquired the shares in Nordea IB Holding Danmark A/S from Nordea Bank AB at a price of DKK 235m, corresponding to the fair value.

A large part of Nordea Bank Danmark's portfolio of derivatives was transferred to Nordea Bank Finland Plc in 2003. At the same time an agreement has been entered into for the supply of various services, including sale, settlement and IT services.

Nordea Bank Danmark has entered into a total return swap contract with Nordea Bank Finland Plc in order to hedge market and credit risk on corporate bonds traded in Nordea Bank Danmark.

Nordea Bank Danmark has entered into an agreement for the supply of IT services to a number of other Danish Nordea companies.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea Group include lending, deposits, debt securities in issue, trading in securities, derivatives, guarantees etc as part of its normal banking business.

Transactions with key management personnel
Compensations and loans to key management personnel are presented in notes 7 and 12. Apart from compensations, loans, ordinary savings and regular day-to-day banking transactions that are transacted on arm´s length terms, there are no material transactions between Nordea and key management personnel. As at 31 December 2007 key management personnel held DKK 6m of deposits and DKK 1m of interest-bearing securities with Nordea.

Note 48
The Danish Financial Supervisory Authority's ratio system

%	2006	2005	2004	2003[1]	2002[1]
		Nordea Bank Danmark Group			
Capital ratios					
Total capital ratio	9.8	10.0	9.3	9.6	9.8
Tier 1 capital ratio	7.1	7.0	6.4	6.9	6.7
Earnings					
Pre-tax return on equity	26.1	23.0	20.5	23.5	20.6
Post-tax return on equity	19.2	16.7	14.3	17.2	14.6
Income/cost ratio (not %)	1.98	1.83	1.67	1.57	1.52
Market risk					
Interest rate risk/tier 1 capital	2.4	1.7	3.0	6.8	3.3
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	2.8	4.3	4.9	5.2	19.8
Indicator 2/tier 1 capital	0.0	0.0	0.0	0.1	0.1
Liquidity					
Excess cover relative to statutory liquidity requirements	116.8	128.4	165.8	196.3	97.1
Credit risk					
Total amount of large exposures/capital base	89.4	69.6	104.5	150.3	142.9
Impairment ratio	0.5	0.7	1.4	1.8	2.0
Impairment ratio for the year	-0.1	-0.1	-0.0	0.3	0.1
Growth in loans and receivables for the year/loans and receivables at beginning of year	15.4	18.9	13.7	4.6	6.8
Gearing of loans and receivables relative to equity at end of year (not %)	17.3	17.0	15.3	15.9	16.1

%	2006	2005	2004	2003[1]	2002[1]
		Nordea Bank Danmark A/S			
Capital ratios					
Total capital ratio	10.2	10.5	10.2	10.4	10.5
Tier 1 capital ratio	7.3	7.3	6.9	7.5	7.1
Earnings					
Pre-tax return on equity	27.2	22.9	21.0	23.5	20.6
Post-tax return on equity	20.4	17.0	14.0	17.2	14.6
Income/cost ratio (not %)	1.90	1.72	1.60	1.61	1.55
Market risk					
Interest rate risk/tier 1 capital	2.6	2.0	3.0	6.8	3.3
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	2.7	4.6	4.9	5.2	19.8
Indicator 2/tier 1 capital	0.0	0.0	0.1	0.1	0.1
Liquidity					
Loans and receivables+impairment charges/deposits	113.8	105.0	92.1	97.5	106.9
Excess cover relative to statutory liquidity requirements	145.6	152.6	219.8	204.5	125.2
Credit risk					
Total amount of large exposures/capital base	92.8	62.5	100.8	145.3	129.0
Impairment ratio	0.6	0.9	1.8	2.5	2.5
Impairment ratio for the year	-0.2	-0.1	-0.1	0.3	0.1
Growth in loans and receivables for the year/loans and receivables at beginning of year	17.7	18.2	13.0	-5.6	1.5
Gearing of loans and receivables relative to equity at end of year (not %)	10.0	9.7	10.2	8.7	9.7

[1] According to previous GAAP, not restated to IFRS.

Proposed distribution of earnings

According to the company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

DKKm	
Retained profit	12 939
Profit for the year	4 270
Total	17 209

The Board of Directors proposes that these earnings be distributed as follows:

DKKm	
Dividends paid to the shareholders	1 500
To be carried forward	15 709
Total	17 209

The Group's distributable earnings amount to DKK 17,209m. After the proposed distribution of earnings, the Group's unrestricted shareholders' equity amounts to DKK 15,709m.

Statement by the Board of Directors and the Executive Management

We have today presented the annual report of Nordea Bank Danmark A/S for 2006.

The annual report is presented in accordance with International Financial Reporting Standards endorsed by the EU and additional Danish disclosure requirements for annual reports of financial services companies. We consider the accounting policies applied appropriate so that the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities, financial position, cash flows and results.

We propose to the Annual General Meeting that the annual report should be adopted.

Stockholm, 27 February 2007

Board of Directors

Lars G Nordström (Chairman)
Markku Pohjola (Deputy Chairman)
Christian Clausen
Carl-Johan Granvik
Arne Liljedahl
Tom Ruud

Executive Management

Peter Schütze (Chairman)
Jørn Kristian Jensen
Peter Lybecker
Henrik Mogensen
Michael Rasmussen

The independent auditors' report

To the shareholders of Nordea Bank Danmark A/S
We have audited the annual report of Nordea Bank Danmark A/S for the financial year 1 January – 31 December 2006, which comprises the statement by the Board of Directors and the Executive Management on the annual report, management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the Group as well as the Parent Company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed financial institutions.

The Board of Directors' and the Executive Management's responsibility for the annual report
The Board of Directors and the Executive Management are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed financial institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Executive Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2006 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2006 in accordance with International Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed financial institutions.

Copenhagen, 27 February 2007

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L Meyer
State Authorised Public Accountant

Anders Duedahl-Olesen
State Authorised Public Accountant

Management

Board of Directors of Nordea Bank Danmark
Lars G Nordström (Chairman)
Markku Pohjola (Deputy Chairman)
Christian Clausen
Carl-Johan Granvik
Arne Liljedahl
Tom Ruud

Executive Management of Nordea Bank Danmark

Peter Schütze
Internal appointments
A member of Nordea Bank AB's Group Executive Management and Head of Nordea Retail Banking.
A member of the Board of Directors of Nordea Bank Finland Plc.
A member of the Board of Directors of Nordea Bank Norge ASA.

External appointments
Chairman of the Board of Directors of Danmarks Skibskredit A/S.
Chairman of the Board of Directors of ICC Danmark.
Chairman of the Board of Directors of the Danish Bankers Association.
A member of the Board of Directors of Nordea Danmark Fonden.
A member of the Boards of Directors of Karl Pedersen + Hustrus Industrifond, Danmark-Amerika Fondet and Tietgenfonden.

Jørn Kristian Jensen
Internal appointments
Chairman of the Board of Directors of DanBolig A/S.
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Chairman of the Board of Directors of the Pensionskassen for direktører i Sparekassen SDS (under afvikling)
A member of the Board of Directors of Nordea Pension Danmark, Livsforsikringsselskab A/S.

External appointments
Deputy Chairman of the Board of Directors of the Employers' Association for the Financial Sector.
Chairman of the Board of Directors of LR Realkredit A/S.
A member of the Boards of Directors of PBS A/S, PBS Holding A/S, Multidata Holding A/S, Multidata A/S, Ejendomsselskabet Lautrupbjerg A/S, FUHU (The Danish Society for the Advancement of Business Education and Research) and Niels Brock Copenhagen Business College.

Peter Lybecker
Internal appointments
Head of Nordea Group Transformation and Deputy Head of Group Processing & Technology.
A member of the Board of Directors of Nordea Kredit Realkreditaktieselskab.

External appointments
Deputy Chairman of the Boards of Directors of PBS Holding A/S, PBS A/S, Multidata Holding A/S, Multidata A/S and Ejendomsselskabet Lautrupbjerg A/S.
Chairman of the Board of Directors of the Copenhagen Institute for Futures Studies.
Chairman of the Board of Directors of Kunstindustrimuseets Venner.
A member of the Boards of Directors of the Danish Museum of Decorative Art, Insead International Council and the Danish Securities Council.

Henrik Mogensen
Internal appointments
Head of Nordea Corporate Banking Division.
A member of the Board of Directors of Nordea Bank Polska S.A.

External appointments
-

Michael Rasmussen
Internal appointments
A member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland OY.
A member of the Board of Directors of Nordea Pension Danmark, Livsforsikringsselskab A/S.
Deputy chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab

External appointments
Chairman of the Board of Directors of Dansk Ejendomsfond I A/S
Deputy Chairman of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets.
A member of the Board of Directors of LR Realkredit A/S

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