Nordea

Annual Report 2007
Nordea Bank Norge

Nordea Bank Norge is part of the Nordea Group. Nordea's vision is to be the leading Nordic Bank, acknowledged for its people, creating superior value for customers and shareholders. 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 around 10 million customers, more than 1,200 branch offices and a leading netbanking position with 4.8 million e-customers. The Nordea share is listed on the OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Contents

The following is a translation of the Norwegian original document. The original Norwegian text shall be the governing text for all purposes and in the case of any descrepancy the Norwegian wording shall be applicable.

Nordea Bank Norge Group – Five-year overview

Income statements

NOKm	2007	2006	2005	2004 [2]	2003 [1]
Net interest income	6,146	5,327	5,031	4,758	5,215
Net fee and commission income	1,615	1,602	1,572	1,406	1,140
Net gains/losses on items at fair value	289	571	850	535	555
Equity method	13	54	37	50	63
Other income	74	89	168	62	220
Total operating income	**8,137**	**7,643**	**7,658**	**6,811**	**7,193**
General administrative expenses:					
Staff costs	-2,615	-2,504	-2,386	-2,213	-2,609
Other expenses	-1,773	-1,624	-1,476	-1,433	-1,375
Depreciation of tangible and intangible assets	-108	-136	-152	-197	-267
Total operating expenses	**-4,496**	**-4,264**	**-4,014**	**-3,843**	**-4,251**
Loan losses	105	760	1,030	11	-2,371
Disposals of tangible and intangible assets	20	18	36	325	
Operating profit	**3,766**	**4,157**	**4,710**	**3,304**	**571**
Income tax expense	-930	-1,075	-1,362	-906	-59
Net profit for the year	**2,836**	**3,082**	**3,348**	**2,398**	**512**

Ratios and key figures

	2007	2006	2005	2004 [2]	2003 [1]
Earnings per share (EPS), NOK	5.14	5.59	6.07	4.35	0.93
Equity per share, NOK	41.33	38.00	35.64	33.85	31.16
Shares outstanding[3], million	551	551	551	551	551
Return on equity, %	13.2	15.7	18.2	13.7	3.0
Cost/income ratio, %	55	56	52	56	59
Tier 1 capital ratio, %	6.6	6.8	7.6	8.1	8.3
Total capital ratio, %	8.9	9.4	9.9	9.6	10.0
Tier 1 capital, NOKm	21,638	19,724	17,934	16,510	16,342
Risk-weighted assets, NOKbn	330	289	237	204	197
Number of employees (full-time equivalents)	3,254	3,055	3,102	3,237	3,586

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

[2] Restated to IFRS except for IAS 39

[3] See footnotes to Equity, Note 34

Nordea Bank Norge
Directors' report

Through out this report the terms "Nordea Bank Norge" and "NBN" refer to Nordea Bank Norge ASA and its subsidiaries. The term "Nordea" refer to Nordea Bank AB (publ). Nordea Bank Norge ASA is a wholly owned subsidiary of Nordea Bank AB (publ), the parent company in the Nordea Group.

Nordea Bank Norge ASA is domiciled in Oslo and its business registration number is 911 044 110.

Group organisation

In 2007 Nordea started implementing a new operating model and organisation focusing on cross-organisational transparency, teamwork and efficiency. Nordic Banking, Private Banking and Institutional & International Banking are in the new operating model responsible for sales and customer relationship processes. The product and service delivery chain is organised into two product areas; Banking & Capital Market Products and Savings & Life Products. The service and group functions are Group Services & Technology, People & Identity, Group Corporate Centre, Group Credit and Risk Control and Group Legal.

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

Legal structure

Nordea aims at continuous simplification of its legal structure and with regards to the Nordic banks the aim is that Nordea Bank AB (publ) will be converted into a European company, a "Societas Europaea"("SE"), in accordance with the European Company Statute.

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

Following a review made by the EU Commission on the issues relating to the operation of deposit guarantee schemes in the EU and EEA countries Nordea has established a dialogue with the legislators and supervisory authorities in the Nordic countries with the purpose to diminish the obstacles in the current set up. The final conversion process in itself is estimated to take up to one year from start to execution.

Subsidiaries and foreign branches

NBN has subsidiaries and branches in Norway and abroad. The most significant subsidiaries are Norgeskreditt AS and Nordea Finans Norge AS. Norgeskreditt AS, working in co-operation with Nordea, offers a broad range of financial services to commercial property clients throughout Norway. Nordea Finans Norge AS has business area responsibility for the financing products in Norway. The company's main products are leasing, car financing, factoring and consumer credits. NBN has one minor branch in the US and has no foreign representative offices.

In December 2007 NBN acquired 67% of the real estate agency Privatmegleren AS. The company was consolidated as a subsidiary of NBN pr 31 December 2007.

Business development in 2007

2007 was characterized by continued strong volume growth. The lending margins have decreased due to strong competition and increases in the interest rates. The growth in volumes and increase in deposit margins compensated for the decrease in lending margins and total income has improved by 6% to NOK 8,137m. Staff costs and other costs increased, while loan losses were positive also in 2007. Profit before taxes amounted to NOK 3,766m (2006: 4,157). Net profit was NOK 2,836m (3,082), resulting in a return on equity of 13.2% (15.7).

Comments on the Income statement

Income

Total operating income was NOK 8,137m (7,643).

Net interest income increased by 15% to NOK 6,146m (5,327). The increase is mainly driven by strong lending and deposit growth and increased deposit margins. Lending volumes increased by 17% to NOK 360bn compared to last year, compensating for the margin pressure during the year. Volume growth was strong in all segments despite strong competition. Deposit volumes increased by 22%, driven by increase in both the household and corporate segments. In particular, inflow into savings accounts was strong. This is reflecting customers demand for low-risk products and supported by Nordea's strategy to offer market competitive interest rates.

Mortgage lending to households increased by 28% (18) to NOK 140bn (109) at the end of the year.

Deposits from customers were NOK 218bn, an increase of 22%. Income from deposits accounted for approx. 20% (16) of NBN's total income in 2007.

Net fee and commission income increased by 1% to NOK 1,615m. Savings commission income increased by 4% to NOK 376m mainly due to increased income from sale of cash management products and commissions related to Custody. Commissions from payments and e-services increased by 13% to NOK 1,146m, mainly driven by card which increased by 24% to NOK 681m. However net contribution from these products ended at an increase of 6% due to increased commission expenses, mainly related to cards up 21%. The number of payment transactions increased by 14%.

Net gains/losses on items at fair value decreased by 49% to NOK 289m mainly due to increased internal funding cost of Markets' activities as well as lower income from fixed income and FX related products the last quarters.

Profit from companies accounted for under the equity method was NOK 13m (54) and is the contribution from the associated company Eksportfinans AS. Included in this figure is an income of NOK 49m related to implementation of IFRS.

Other operating income was NOK 74m (89) and is mainly income from property and IT-services invoiced other Nordea companies outside NBN Group.

Expenses
Total operating expenses increased by 5% to NOK 4,496m (4,264).

Staff costs increased by 4% to NOK 2,615m (2,504). The pension cost for 2007 was reduced compared to 2006. The reduction is mainly due to changed assumptions, see Note 32 “Retirement benefit obligations”. Excluding this effect the increase of staff costs would have been 7.6% due to general increase in salaries as well as increased reservation for variable salaries and increased FTEs. The number of full-time equivalents (FTE) at year-end increased by 6.5% to 3,254, supported by the growth ambitions within Nordic Banking and Banking & Capital Market Products. The average number of full time equivalent positions in 2007 was 3,189 and the general wage inflation was approx. 4.84% during the year. Within the Group, the shift in the personnel structure, with increased number of advisory and sales related employees in Business Areas and a falling number of FTEs in processing and staff units, continues.

Other expenses were NOK 1,773m, up 9% compared to last year. Higher business volumes have resulted in an increase in transaction and sales-related expenses. Also costs for rents and premises have increased.

Depreciation of tangible and intangible assets decreased by 21% to NOK 108m.

The cost/income ratio was 55% (56).

Loan losses
Net loan losses were positive at NOK 105m (760) reflecting low new provisions in addition to recoveries and reversals of group-wise provisions. The quality of the credit portfolio remains strong.

Disposals of tangible and intangible assets amounted to NOK 20m (18).

Taxes
Income tax expense was NOK 930m. The effective tax rate amounted to 24.7% compared to 25.9% in 2006.

“Fritaksmetoden”, leading to tax-free gains/losses on shares and dividends, and the taxation regulation of interest rate deduction in Norway, are the main reasons why the tax rate was lower than 28% both in 2007 and 2006.

Net profit
Net profit for the year amounted to NOK 2,836m (3,082), a decrease of 8% compared to 2006. The return on equity was 13.2% (15.7%).

Comments on the Balance Sheet - Financial structure

Total assets increased by NOK 71bn or 19% to NOK 442bn during 2007.

The increased balance sheet reflects higher business volumes. The growth has been financed through a variety of sources, of which deposits from customers and financial institutions are the most significant. Nordea has a strong capital position and diversified funding base, reflecting an overall sound financial structure.

Assets
The growth in the balance sheet was mainly driven by a strong increase in *loans and receivables to the public* with a 17% increase, or NOK 53bn, to NOK 360bn. Mortgage lending to households increased by 28% (18) to NOK 140bn (109). Lending and receivables to credit institutions were reduced by NOK 1.2bn to NOK 19.3bn, while cash and receivables with Central Bank increased by NOK 13.4bn to NOK 15.2bn.

Interest-bearing securities increased by NOK 3bn to NOK 29.3bn compared to the end of 2006. The main part of the increase has been in Treasury where the portfolio had a value of NOK 23bn at year-end.

Shares increased by NOK 1.2bn to NOK 2.1bn, mainly due to higher activity in Markets’ trading portfolio of shares.

Liabilities and funding activities
Total liabilities amounted to NOK 419bn (350) at year-end. The increase in loans was mainly financed by a strong growth in deposits and borrowings from the public, which increased by NOK 39bn to NOK 218bn, as well as increased deposits by credit institutions by NOK 29bn to NOK 162bn. Loans and receivables from credit institutions are mainly from other banks in the Nordea group.

Debt securities in issue decreased by NOK 3,4bn and have partly been replaced by funding from other companies in the Nordea group.

Other liabilities amounted to NOK 32bn (27).

Equity
Shareholders’ equity amounted to NOK 21bn at the end of 2006. The net profit for the year was NOK 2,836m. After deducting the net effect of items booked directly against equity and paid out dividend during 2007, the equity amounted to NOK 22.8bn at year-end.

Equity in NBN ASA restated according to IFRS amounted to NOK 19.2bn at the end of 2006. The net profit for the year was NOK 2,516m. After deducting the net effect of items booked directly against the equity and dividend paid out in 2007, the equity amounted to NOK 20.8bn at year-end.

Appropriation of net profit for the year
The net profit of the parent company for the year amounted to NOK 2,516m. According to IFRS distribution of group contribution and dividends will not be booked before formal decision is made in the General Assembly. All net profit as of 31 December 2007 will therefore be distributed to retained earnings in the balance sheet as of 31 December 2007.

For the General Assembly 3 March 2008 it will be proposed that the net profit for 2007 will be distributed by way of:

- An allocation of group contribution to Livsforsikringsselskapet Nordea Liv Norge AS (LNLN) of NOK 1,600m
- Received group contribution from Nordea Liv Holding Norge AS (NLH) of NOK 1,152m

- Received group contribution from Norgeskreditt AS of NOK 265m

The group contribution to LNLN and from NLH is called a “circular group contribution” and is completed to offset Nordea’s tax positions. In NBN this causes a reduction of current tax payable by NOK 448m. This does not affect NBN’s result, equity or Tier 1 capital.

To support growth ambitions in NBN and capital adequacy position, it has been proposed not to pay dividend for 2007. For 2006 it was paid a dividend of NOK 1,000m, which was equivalent to 1.81 per share.

Off-balance sheet commitments

The bank’s business operations include a considerable proportion of off-balance sheet items, mainly guarantees, and credit commitments.

Total exposure regarding these items, see note 36 and 37.

Rating, December 2007	Short	Long
Moody’s	P-1	Aa3
S&P	A-1+	AA-
Fitch-IBCA	F1+	AA-

Capital position and capital management

Following the approval of the internal-rating based (IRB) models in June 2007, Nordea reports risk-weighted assets according to EU’s Capital Requirements Directive (Basel II).

Nordea uses the IRB approach for credit risk in the corporate and institutions portfolios, which covers approx. 56% of Nordea Bank Norges’s credit portfolios, and standardised methods for the other credit exposure classes i.e. Household and Sovereign. Nordea uses internal VaR models for the larger part of the portfolio to measure Market Risk and the standardised approach for Operational Risk.

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%.

At year-end, NBN Group’s risk weighted assets (RWA) were NOK 330bn calculated according to Basel II including transition rules, which allows for a maximum of 5% reduction of RWA in 2007 compared to calculations according to Basel I rules. According to Basel II, before transition rules, RWA were approximately NOK 242bn. The Group’s total capital ratio was 8.9% (9.4) and the Tier 1 capital ratio 6.6% (6.8). The corresponding figures for the parent company were 9.0% (9.3) and 6.6% (6.7). According to Basel I rules, the RWA would have been NOK 347bn for NBN Group and NOK 314bn for the parent company.

Nordea’s Pillar 3 Report will be published on www.nordea.com in connection with the publishing of Nordea Group Annual Report.

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

The Board of Directors considers solidity as at 31 December 2007 to be good.

Risk, Liquidity and Capital management

Risk, liquidity and capital management are key success factors in the financial services industry. Exposure to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to loans and receivables. The maintaining risk awareness in the organisation is incorporated in Nordea's business strategies. Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types and for the capital structure.

Management principles and control

Board of Directors

The Board of Directors of Nordea has ultimate responsibility for limiting and monitoring the Group’s risk exposure. The Board of Directors also has ultimate responsibility for setting the targets for the capital ratios. Risk in Nordea is measured and reported according to common principles and policies approved by the Board of Directors. The Board of Directors decides on policies for credit, market, liquidity, operational risk management and the internal capital adequacy assessment process. All policies are reviewed at least annually.
In the credit instructions, the Board of Directors decides on powers-to-act for credit committees at different levels within the customer areas in Nordea. These authorizations vary for different decision-making levels, mainly in terms of size of limits, and are also dependent on the internal rating of customers. The Board of Directors also decides on the limits for the market and liquidity risk in the Group.

The Board of Directors in Nordea Bank Norge ASA is ultimately responsible for limiting and monitoring the risk in Nordea Bank Norge Group.

Board Credit Committee

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

CEO and GEM

The Chief Executive Officer (CEO) has overall responsibility for developing and maintaining effective risk, liquidity and capital management principles and control in Nordea. The Group CEO in Group Executive Management (GEM) of Nordea Group decides on the targets for the Group's risk management regarding Structural Interest Income Risk (SIIR). CEO in GEM 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 customer areas and product areas as well as the investment return targets for the investment portfolio. The limits for the customer areas are set in accordance with the business strategies and are as a minimum reviewed annually. The heads of the customer areas allocate the respective limits within the customer area and may introduce more detailed limits and other risk mitigating techniques such as stop-loss rules.

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

- The Asset and Liability Management Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning the Group's financial operations, financial risks as well as capital management for decision by the CEO in GEM.
- Capital Planning Forum, chaired by the CFO, monitors the development of the required (internal and regulatory) capital and the capital base and decides also upon capital planning activities within the Group.
- The Risk Committee, chaired by the Chief Risk Officer (CRO) monitors developments of risks on an aggregated level.
- The Executive Credit Committee (ECC) and Group Credit Committee (GCC), chaired by the CRO, decide on major credit risk limits and industry policies for the Group. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

The CRO, who is head of Group Credit and Risk Control, has the authority to issue supplementary guidelines and limits, where it is deemed necessary.

CRO and CFO

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

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

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

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

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

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

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

Monitoring and reporting

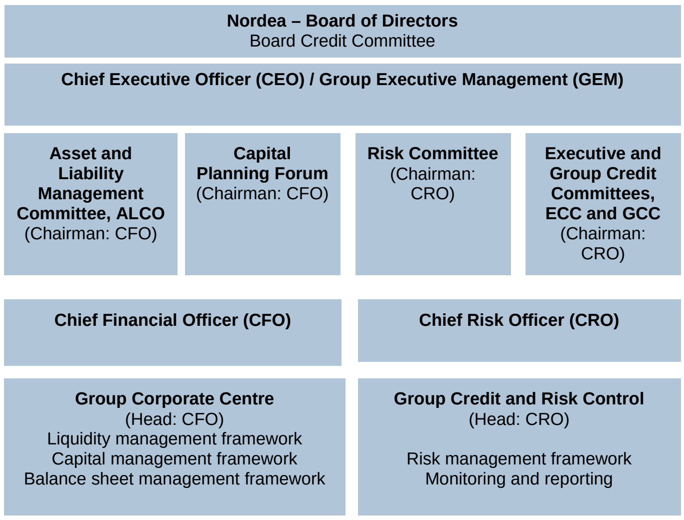
The control environment in Nordea is based on the principles for separation of duties and independence. Monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, on a monthly and quarterly basis for credit risk and on a quarterly basis for operational risk.

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

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

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

Risk, Liquidity and Capital Management

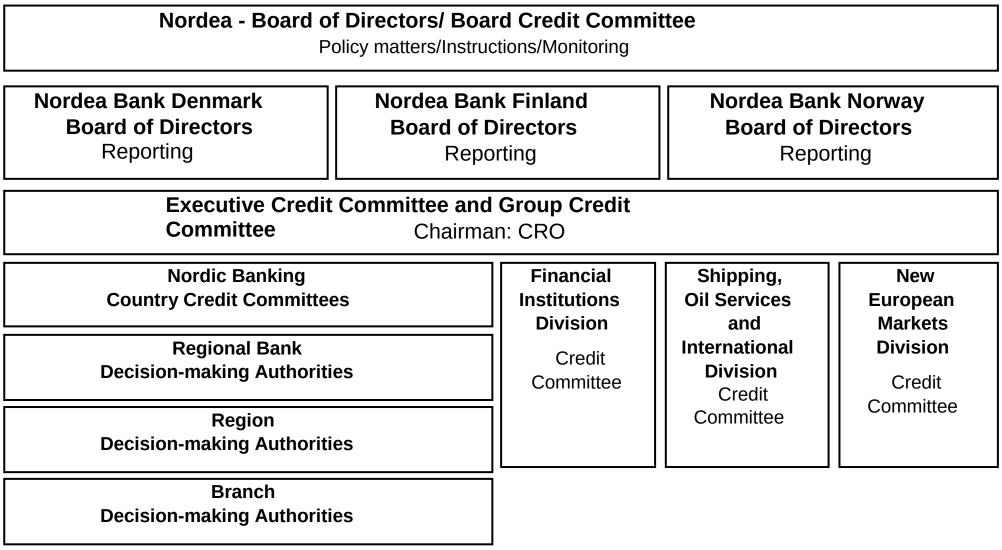


Risk management

Group Credit and Risk Control is responsible for the risk management framework, consisting of policies, instructions and guidelines for the Group.
Each customer area and product area is primarily responsible for managing the risks in its operations, including identification, control and reporting, while Group Credit and Risk Control consolidates and monitors the risks on Group level and on other organisational levels.

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

Credit decision-making structure



Credit risk

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

Credit risk identification and definitions

The credit risks in Nordea stem mainly from various forms of lending to the public (corporate and personal customers) and also from guarantees and documentary credits, such as letters of credit. Furthermore, credit risk includes counterparty risk, transfer risk and settlement risk. NBN does not have documentary credits in its own books, but sell these products on behalf of Nordea Bank Finland Plc. The credit risk from guarantees and documentary credits arises from the potential claims on customers, for which Nordea has issued guarantees or documentary credits.

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

Risks in specific industries are managed through industry policies setting requirements and limits on the overall industry exposure and these risks are monitored by industry monitoring groups. Corporate customers' environmental risks are taken into account in the overall risk assessment through the Environmental Risk Assessment Tool (ERAT). This tool is being extended to also include social and political risk during 2008. For larger project finance transactions, Nordea has adopted the Equator Principles, which is a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. The Equator Principles are based on the policies and guidelines of the World Bank and International Finance Corporation (IFC).

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

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

Based on past due reports with late payments and other available information, the customer responsible unit must also assess whether the exposure is impaired indicating that the customer's repayment ability is threatened.
If it is considered unlikely that the customer will be able to repay its debt obligations (principal, interest, or fees) in full, and the situation cannot be satisfactorily remedied, the exposure is regarded as default. Exposures that have been past due more than 90 days are automatically regarded as defaulted.

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

Individual and collective assessment of impairment

In the process to identify indication of impairment, Nordea works with a continuous process to review the economic financial status of the credit exposures. Weak and impaired exposures are closely and continuously monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for provisions.

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

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

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

Measurement methods

Quantification of credit risk was initially developed in Nordea as part of the Economic Capital framework. The internal quantification of credit risk are being aligned with the external requirements following Nordea's roll-out of Basel II.

Rating and scoring

Rating and scoring are key components in the risk management framework for credit risk. The common denominator of the rating and scoring models is the ability to predict defaults and rank the customers. While the rating models are used for corporate customers and bank 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. The repayment capacity of each rating grade is quantified by the one year Probability of Default (PD) which is used as an input to the Economic Profit framework, including performance measurement, capital allocation and pricing, as well as calculation of the Regulatory Capital.

The internal rating scale for corporate rating models consists of 18 grades for non-defaulted customers. It is a descending scale with grade 6+ representing the highest repayment capacity and rating grade 1– representing the lowest repayment capacity. Rating grade 4– and better are comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grade 2+ to 1– are considered as weak, and require special attention. In addition, there are three rating grades (0+, 0, 0-) for counterparts fulfilling Nordea's internal definition of default.

Ratings are normally assigned in conjunction with limit/credit proposals or the annual review of the customers, and approved by the credit committees. The consistency and transparency of the ratings are ensured by the use of rating models. A rating model is a set of specified and distinct rating criteria which given a set of a customer's characteristics produces a rating. It is based on the fact that it is possible to predict the future performance of customers on the basis of their characteristics.

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

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 includes both a quantitative and a qualitative validation.

Scoring models are pure statistical methods to predict the probability of customer default. The models are mainly used in the personal customer segment as well as for small corporate customers. Nordea utilises bespoke behavioural scoring models developed on internal data to support both the credit approval process, 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 a supplement to the behavioural scoring models Nordea also utilises bureau information in the credit process. The internal behaviour scoring models are used in the Economic Capital framework to identify the probability of default (PD) of the scored customer portfolio.

Nordea has established an internal validation process in accordance with the Basel II requirements with the purpose of ensuring and improving the performance of Nordea's rating models internal behaviour scoring models, procedures and systems as well as the internal behaviour scoring models. The annual validation includes both a quantitative and a qualitative validation. The internal behaviour scoring models are used in the Economic Capital framework to identify the probability of default (PD) of the scored customer portfolio.

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

Definition of Expected Loss (EL):

The EL is 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.

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

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

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

Credit risk analysis
Credit risk exposure is measured and presented as the principle amount (at amortised cost) of on-balance-sheet claims or off-balance-sheet potential claims on customers and counterparts, net after allowances. The total credit risk exposure has increased by 15% to NOK 579bn during 2007 (504).

The largest credit risk exposure is loans and receivables to the public (lending), which in 2007 increased by 17% to NOK 360bn (307). Lending to corporate customers was NOK 212bn (174), an increase by 22%, and lending to personal customers was NOK 147bn (132), an increase by 11%. The portion of total lending portfolio to corporate customers was 59% (57) and to personal customers 41% (43).

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to NOK 19bn at the end of 2007 (20). Of these loans, less than 10% was to credit institutions outside OECD.

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

Real estate management remains the largest industry sector in NBN's lending portfolio, with NOK 69bn (52). The portfolio predominantly comprises relatively large and financially strong companies. There is a high level of collateral coverage, especially for exposures which fall into lower rating grades (3+ or lower).

The shipping exposure increased, despite the effect of the weakened US Dollar. The portfolio is diversified by type of vessel, has a focus on large industrial players and has an even distribution between Nordic and non-Nordic customers. Shipping is an industry for which Nordea operates a global customer strategy. The shipping portfolio exhibits continued volume growth and strengthening of credit quality.

The distribution of loans and receivables to corporates by size of loans shows a high degree of diversification where approx. 72% of the corporate volume is for lending on a scale up to NOK 400m for each customer.

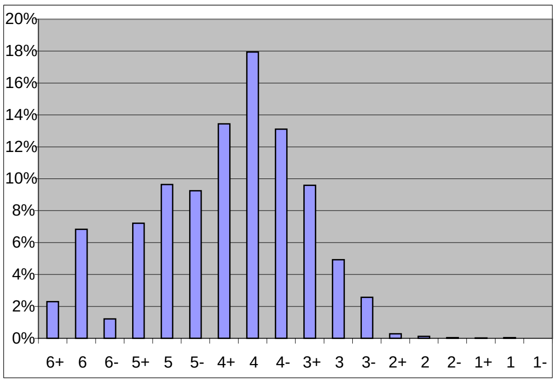
One important credit risk mitigation technique is pledging of collateral. This is particularly important in lending to medium-sized and smaller corporates. In the case of larger corporates, pledged collateral is used to a lesser extent. In corporate exposures, the main collateral types are real estate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

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

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

The graph shows that the rating distribution for medium and large corporate customers is concentrated within rating grades 5 to 3–. About 81% of the exposure is rated 4– or higher.

Exposure to corporate and institutional customers (rated customers)*, distributed by rating grades



*Exposure to rated corporate customers totals NOK 308bn

Loans and receivables to personal customers
In 2007, mortgage loans increased by 28% while consumer loans decreased by 66%. The portion of mortgage loans was 95% (83). 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 95% (93). Other EU countries and Asia represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited. Nordea has insignificant direct and indirect exposure to the US sub-prime market.

Transfer risk

The transfer risk exposure is dominated by a few countries and is trade-related and primarily short-term. The largest exposure is to Asia. To recognise the risk related to lending to developing countries, Nordea carries transfer risk allowance and provisions for non-investment grade rated countries. The total transfer risk allowance and provisions at the end of 2007 was NOK 2m (58).

Impaired loans

Impaired loans, gross, have decreased to NOK 958m in 2007 from NOK 1,243m in 2006. Allowances for individually assessed loans including guarantees decreased to NOK 473m from NOK 551m. The ratio of allowances to cover impaired loans, gross, was 49.4% (44.3). In addition, allowances for collectively assessed exposures including guarantees were NOK 397m (517), giving a total cover ratio of 0.2% of impaired loans.

The net effect in the profit and loss account from credit risk impairments was in 2007 positive net loan losses of NOK 105m (positive with NOK 760m), of which NOK 166m relates to corporate customers and NOK - 62m to personal customers. NBN has realised net impairment losses of NOK 155m and recognised new allowances of NOK 168m and reversals and recoveries of allowances of NOK 389m. Recoveries on realised loan losses from previous years were NOK 39m.

Settlement risk

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

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

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

Credit risk exposure

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

NOKm	31 Dec 2007	31 Dec 2006
Loans and receivables to credit institutions	19,284	20,497
Loans and receivables to the public	360,219	307,023
Unutilised credit commitments etc	147,959	109,970
Guarantees and documentary credits	19,743	38,108
Credit risk exposure in derivatives [1]	1,274	2,263
Interest-bearing securities issued by public bodies	859	2,016
Other interest-bearing securitites	29,671	24,300
Total credit risk exposure in the banking operations	**579,009**	**504,177**

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

Lending

Loans and receivables to the public, by customer category

NOKm	31 Dec 2007	%	31 Dec 2006	%
Corporate customers	212,036	58.9	174,407	56.8
Personal customers	147,282	40.9	131,548	42.8
Public sector	901	0.2	1,068	0.4
Total	**360,219**	**100.0**	**307,023**	**100.0**

Loans and receivables to corporate customers, by industry

NOKm	31 Dec 2007	%	31 Dec 2006	%
Real estate management	68,620	32.4	52,210	29.8
Construction	4,520	2.1	3,233	1.9
Agriculture and fishing	9,208	4.3	8,985	5.2
Transport	5,454	2.6	3,990	2.3
Shipping [1]	30,884	14.6	29,107	16.7
Trade and services	11,532	5.4	10,233	5.9
Manufacturing	30,458	14.4	21,027	12.1
Financial operations	4,868	2.3	1,314	0.8
Renting, consulting and other company services	41,936	19.8	39,764	22.7
Other	4,556	2.1	4,544	2.6
Total	**212,036**	**100.0**	**174,407**	**100.0**

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

Lending to corporate customers, by size of loan

NOKm	31 Dec 2007	%	31 Dec 2006	%
0-80	71,483	33.7	71,573	41.0
80-400	81,959	38.7	67,129	38.5
400-800	28,220	13.3	23,828	13.7
800-2000	22,878	10.8	9,281	5.3
2000-4000	7,496	3.5	2,596	1.5
4000-	0	0.0	0	0.0
Total	**212,036**	**100.0**	**174,407**	**100.0**

Lending to personal customers, by type of loan

NOKm	31 Dec 2007	%	31 Dec 2006	%
Mortgage loans	139,507	94.7	108,819	82.7
Consumer loans	7,775	5.3	22,729	17.3
Total	**147,282**	**100.0**	**131,548**	**100.0**

Lending to the public, by geographical area

NOKm	31 Dec 2007	%	31 Dec 2006	%
Nordic countries	341,751	94.8	285,630	93.0
of which Denmark	610	0.2	664	0.2
of which Finland	70	0.0	73	0.0
of which Norway	338,054	93.8	282,077	91.9
of which Sweden	3,017	0.8	2,816	0.9
Baltic countries	23	0.0	6	0.0
Poland	113	0.0	113	0.0
EU countries other	5,822	1.6	6,409	2.1
USA	971	0.3	1,032	0.3
Asia	6,030	1.7	5,106	1.7
Latin America	2,022	0.6	4,553	1.5
OECD other	394	0.1	586	0.2
Non-OECD other	3,093	0.9	3,588	1.2
Total	**360,219**	**100.0**	**307,023**	**100.0**

Impaired loans and guarantees

NOKm 31 Dec 2007	Corporate customers	Personal customers	Total
Impaired loans, gross, individually assessed	587	371	958
Allowances for individually assessed loans	286	187	473
Impaired loans, net, individually assessed	301	184	485
Allowances/impaired loans, gross, individually assessed (%)	48.7	50.4	49.4
Impaired loans, gross/ lending, individually assessed loans (%)	0.3	0.3	0.3
Allowances for collectively assessed loans	170	227	397
Total allowances (individually and collectively)/lending (%)	0.2	0.3	0.2

NOKm 31 Dec 2006	Corporate customers	Personal customers	Total
Impaired loans, gross, individually assessed	809	434	1,243
Allowances for individually assessed loans	371	180	551
Impaired loans, net, individually assessed	438	254	692
Allowances/impaired loans, gross, individually assessed (%)	45.9	41.5	44.3
Impaired loans, gross/ lending, individually assessed loans (%)	0.5	0.3	0.4
Allowances for collectively assessed loans	313	204	517
Total allowances (individually and collectively)/lending (%)	0.4	0.3	0.3

Impaired loans and guarantees to corporate customers gross, by industry

NOKm	31 Dec 2007	% of lending to the industry	31 Dec 2006	% of lending to the industry
Real estate management	66	0.1	142	0.3
Construction	72	1.6	24	0.7
Agriculture and fishing	54	0.6	103	1.1
Transport	15	0.3	20	0.5
Shipping	6	0.0	116	0.4
Trade and services	103	0.9	60	0.6
Manufacturing	81	0.3	57	0.3
Financial operations	0	0.0	0	0.0
Renting, consulting and other company services	154	0.4	122	0.3
Other	36	0.8	165	4.7
Total	**587**	**0.3**	**809**	**0.5**

Distribution of allowances to corporate customers, by industry

	31 Dec 2007				31 Dec 2006			
NOKm	Individually assessed loans	%	Collectively assessed loans	%	Individually assessed loans	%	Collectively assessed loans	%
Real estate management	18	6.3	49	28.8	61	16.4	71	22.7
Construction	26	9.1	0	0.0	20	5.4	0	0.0
Agriculture and fishing	32	11.2	27	15.9	69	18.6	68	21.7
Transport	5	1.7	0	0.0	8	2.2	7	2.2
Shipping	6	2.1	0	0.0	45	12.1	0	0.0
Trade and services	57	19.9	0	0.0	41	11.1	0	0.0
Manufacturing	30	10.5	3	1.8	30	8.1	0	0.0
Financial operations	0	0.0	0	0.0	6	1.6	0	0.0
Renting, consulting and other company services	85	29.8	0	0.0	79	21.3	0	0.0
Other	27	9.4	91	53.5	12	3.2	167	53.4
Total	**286**	**100.0**	**170**	**100.0**	**371**	**100.0**	**313**	**100.0**

Transfer risk exposure [1]

NOKm	31 Dec 2007	31 Dec 2006
Asia	432	187
Latin America	319	185
Eastern Europe and CIS	0	44
Middle East and Africa	540	68

[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.

NOKm	2007	2006
Total transfer risk allowance, incl. off-balance items	**2**	**58**

Credit risk exposure in derivatives [1]

		31 Dec 2007			31 Dec 2006	
NOKm	Current exposure	Potential future exposure	Total credit risk	Current exposure	Potential future exposure	Total credit risk
Total	**185**	**1,628**	**1,274**	**322**	**2,740**	**2,263**

[1] After closeout netting and collateral agreements

Assets taken over for protection of claims

NOKm	31 Dec 2007	31 Dec 2006
Current assets, book value:		
Land and buildings	1	1
Other assets	6	4
Total	**7**	**5**

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

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

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

Counterparty risk
Counterparty risk is the risk that Nordea's counterpart in the contract defaults prior to maturity of the contract and that Nordea at that time has a contractural claim on the counterpart under the contract. The counterparty risk is treated in the same way as other types of credit risk exposure and is included in the risk that is subject to customer limits.

Nordea uses the transaction-based model to calculate the counterparty risk, i.e. the sum of current exposure and potential future exposure. The potential future exposure is an estimate, which reflects possible changes in market values during the remaining tenor of the individual contract and is measured as the notional amount multiplied by a risk weight. The size of the risk weight depends on the contract's remaining tenor and the volatility of the underlying asset. The total counterparty risk exposure end 2007 was NOK 1 272m, of which the current exposure represents NOK 185m.

To reduce the exposure towards single counterparts, risk mitigation techniques are widely used in Nordea. The most common is the use of closeout netting agreements, which allow the bank to net positive and negative replacement values of contracts under the agreement in the event of default of the counterpart. Nordea also mitigates the exposure towards large banks, hedge funds and institutional counterparts by an increasing use of collateral management arrangements, where collateral is placed or received to cover the current exposure. The collateral is to large extent cash (EUR, USD, DKK, SEK, NOK), but also government bonds and to a lesser extent mortgage bonds are accepted. The effects of closeout netting agreements and collateral arrangements are considerable, as most of the current exposure (gross) was eliminated by the use of these risk mitigation techniques.

Finally, Nordea also uses a risk mitigation technique based upon agreements that give Nordea the option to terminate contracts at a specific point of time or upon the occurrence of credit-related events. Nordea is using credit derivatives to hedge positions in traded corporate bonds and basket credit derivatives. Nordea does not actively use credit derivatives in connection with own credit portfolio.

Market risk

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

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

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

Structural Interest Income Risk (SIIR) is the risk of a decrease in the net interest income if market rates rise or fall. SIIR measures the net interest income sensitivity of the whole balance sheet (including lending, funding and deposits) over a one-year horizon. The basic principle is that SIIR is reduced by matching assets, liabilities and off-balance-sheet items in order to keep the risk within the decided targets and limits.

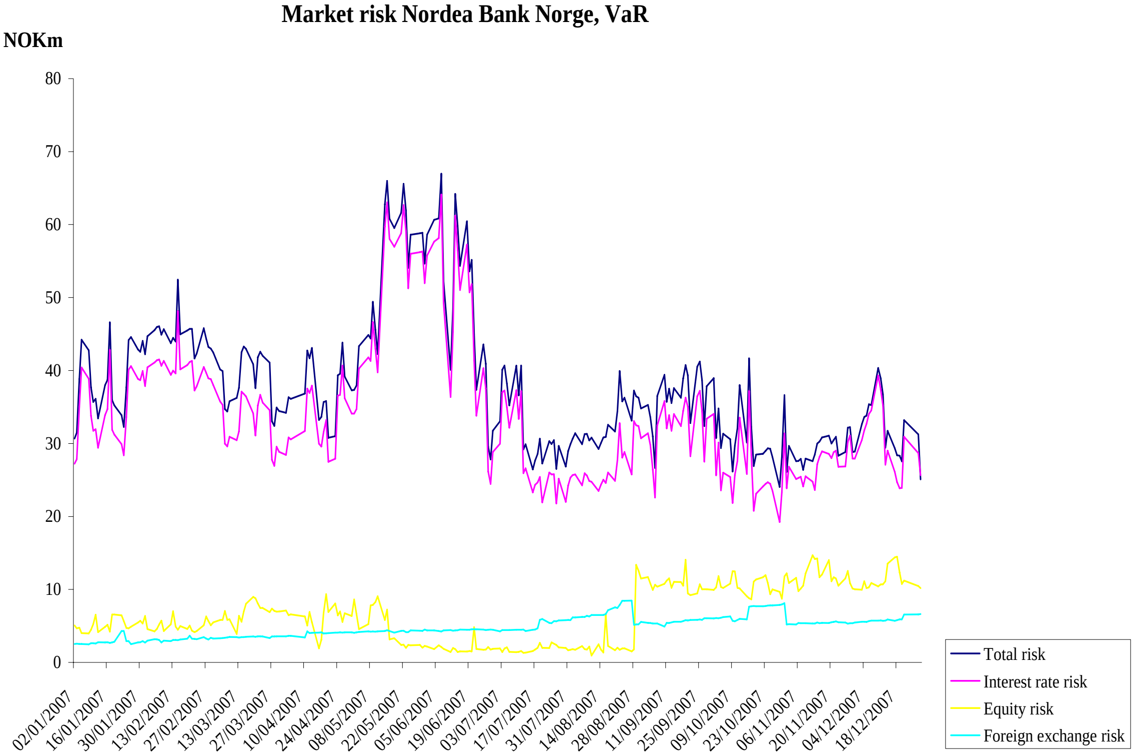
Structural foreign exchange risk arises primarily from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding. Furthermore, structural foreign exchange risk arises from earnings and cost streams generated in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

Market risk

NOKm

Value-at-risk	Measure	31 Dec 2007	2007 high	2007 low	2007 average	31 Dec 2006
Total Risk	VaR	25.1	66.1	24.8	37.7	30.4
Interest Rate Risk	VaR	25.6	63.3	19.9	33.7	26.8
Equity Risk	VaR	10.2	14.9	1.0	6.6	4.4
Foreign Exchange Risk	VaR	6.6	8.5	2.4	4.8	2.6
Diversification effect	Percent of total VaR	40.8				10.0
Other Commodity Opt. Risk	Simulation	5.7	12.9	0.0	7.7	6.5

Market risk Nordea Bank Norge, VaR



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

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

Measurement methods
As there is no single risk measure that captures all aspects of market risk, Nordea Bank Norge on a daily basis uses several risk measures including Value-at-Risk (VaR) models, stress testing, 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, equity and foreign exchange risks. A VaR measure across these risk categories, allowing for diversification among them, is also used. The VaR figures include both linear positions and options.

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

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

Nordea's VaR model is the basis for calculating the capital requirement for general market risk from equities, interest rates and foreign exchange in the trading book.

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

Back-tests of the VaR-model are performed daily in accordance with the guidelines laid down by the Basel Committee on Banking Supervision in order to test the reliability of the VaR and simulation models. The models have shown reliable statistical characteristics throughout 2007.

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

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

Total risk
The total VaR was NOK 25m (30) at the end of 2007 demonstrating a considerable diversification effect between interest rate, equity and foreign risk, as the total VaR is lower than the sum of the risk in the three categories.

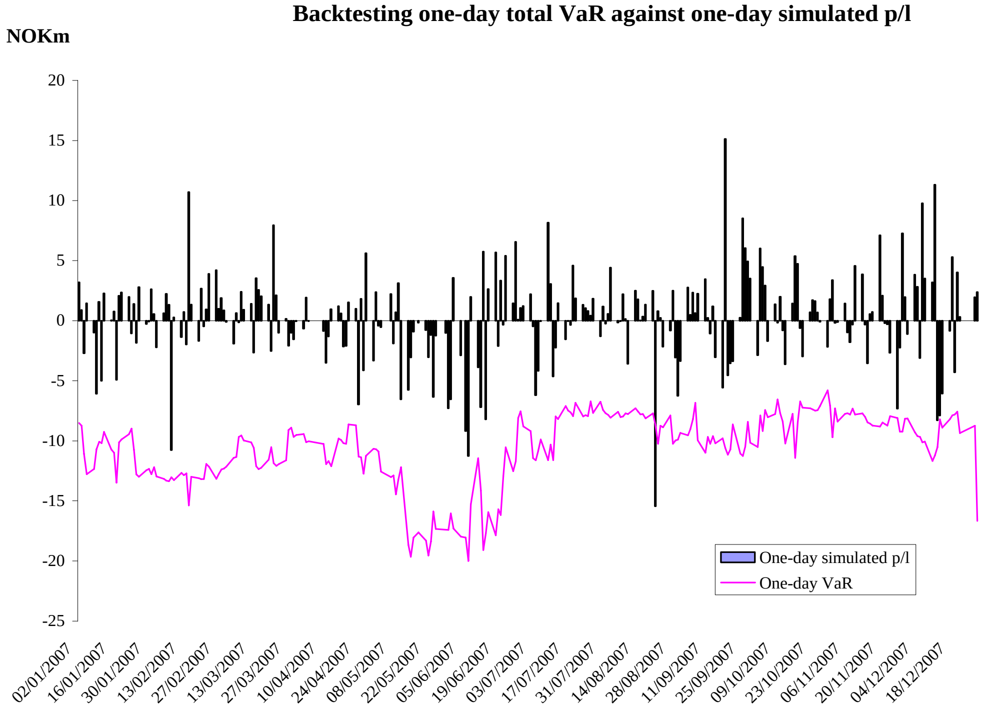
Interest rate risk
The total interest rate VaR ended 2007 at NOK 26m (27). The total gross sensitivity to a 1-percentagepoint parallel shift, which measures the development in the market value of NBN's interest rate sensitive positions if all interest rates were to move adversely for NBN, was NOK 66m at the end of 2007 (60). The largest part of NBN's interest rate sensitivity stemmed from interest rate positions in EUR and NOK.

Equity risk
At the end of 2007, NBN’s equity VaR stood at NOK 10m (4). The largest equity exposure was to the energy sector. NBN's equity portfolio is well diversified.

Foreign exchange risk
NBN’s foreign exchange VaR of NOK 7m (3) at year-end is relatively low compared to the interest rate and equity risk exposure.

Commodity risk
NBN’s exposure to commodity risk is solely related to client-driven activities. The commodity option risk was NOK 6m (7).

Backtesting one-day total VaR against one-day simulated p/l



Operational risk
In the Group’s Policy for Internal Control and Risk Management, operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, from people and systems, or from external events. Compliance risk is defined as the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics, thereby jeopardising customers’ best interest, other stakeholders trust or resulting in regulatory sanctions, financial loss or damage to the reputation and confidence in the Group. Legal and Compliance risks as well as Crime risk and Process risks, including IT risk and project risk, constitute the main sub-categories to Operational risk.

Operational risks are inherent in all activities within the organisation, in outsourced activities and in all interaction with external parties.
Solid internal control and quality management, consisting of a risk management framework, leadership and skilled personnel, is the key to successful operational risk management. An annual report on the quality of Internal Control in the Group is submitted to the Board, incorporating all main issues on financial and operational risks.

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

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

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

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

The techniques and processes for managing operational risks are structured around the risk sources as described in the definition of operational risk. This approach improves the comparability of risk profiles in different 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.

Liquidity management

Management principles and control

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

The Asset and Liability Management Committee (ALCO), chaired by the Group CFO, prepares issues of major importance concerning the Group's financial operations and financial risks for decision by CEO in GEM. Group Treasury operationalises the targets and limits and develops the liquidity risk and SIIR management frameworks, which consists of policies, instructions and guidelines for the whole Group.

Liquidity risk management

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

Nordea's liquidity management is based on policy statements resulting in different liquidity risk measures, limits and organisational procedures. Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors in order to manage the market access.

Broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and the variety of Funding programmes. Special focus is given for the composition of the Investor base in the terms of geographical range and rating sensitivity. Nordea additionally publishes adequate information on the liquidity situation of the Group to remain trustworthy at all times.

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

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

Liquidity risk measurement methods

The liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. In order to measure the exposure on both horizons, a number of liquidity risk measures have been developed covering all material sources of liquidity risk.
In order to avoid short-term funding pressures, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Cash flows from both on-balance sheet and off-balance sheet items are included. Funding gap risk is measured and limited as a total figure for all currencies combined.

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

The structural liquidity risk of Nordea is measured and limited by the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and committed facilities.

Liquidity risk analysis

The short-term liquidity risk has been held at moderate levels throughout 2007. The average funding gap risk, i.e. the average expected need for raising liquidity in the course of the next 14 days, has been NOK 6bn (1).

Nordea's liquidity buffer has been in the range NOK13bn- 26bn (12-16) throughout 2007 with an average of NOK19bn (14). 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 yearly average for the net balance of stable funding was NOK 2,5bn (-1).

Liquidity risk, contractual maturity analysis for financial liabilities

Contractual cash flows

NOKm	31 Dec 07				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	**260,437**	**126,332**	**6,261**	**249**	**393,279**

NOKm	31 Dec 06				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	**224,325**	**94,033**	**11,090**	**0**	**329,448**

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

SIIR reflects the mismatch in the balance sheet items and the off-balance sheet items when the interest rate repricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly. Nordea's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures.

Policy statements focus on optimising financial structure, balanced risk taking and reliable earnings growth, as well as identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information. Group Treasury has the responsibility for the operational management of SIIR and for complying with Group wide targets.

SIIR measurement methods
The basic measures for SIIR are the two re-pricing gaps measuring the effect on Nordea's net interest income for a 12 months period of a one percentage point increase, respectively decrease, in all interest rates. The repricing 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 NOK -324m (NOK -288m) and the SIIR for increasing rates was NOK 324m (NOK 288m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

SIIR, Gap analysis 31 Dec 2007

Re-pricing gap for increasing interest rates
NOKm

Interest Rate Fixing Period	Group bs	Within 3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 year	Non Repricing	Total
Assets									
Interest bearing assets	425 285	380 571	28 208	6 088	2 409	4 232	3 130	647	425 285
Non interest bearing assets	16 315	0	0	0	0	0	0	16 315	16 315
Total assets	441 600	**380 571**	**28 208**	**6 088**	**2 409**	**4 232**	**3 130**	**16 962**	**441 600**
Liabilities and equity									
Interest bearing liabilities	394 831	357 973	20 425	13 689	576	2 080	88	0	394 831
Non interest bearing liabilities	46 769	0	0	0	0	0	0	46 769	46 769
Total liabilities and equity	441 600	**357 973**	**20 425**	**13 689**	**576**	**2 080**	**88**	**46 769**	**441 600**
Off-balance sheet items net	0	**17 917**	**- 12 456**	**1 072**	**- 3 068**	**- 1 870**	**- 1 595**	**0**	**0**
Exposure		**40 515**	**- 4 673**	**- 6 529**	**- 1 235**	**282**	**1 447**	**- 29 807**	**0**
Cumulative exposure			**35 842**	**29 313**	**28 078**	**28 360**	**29 807**	**0**	**0**

Capital management

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

Capital governance
The Board of Directors decides ultimately on the targets for capital ratios in Nordea. Nordea's ability to meet targets and to maintain minimum capital requirements is reviewed regularly within the ALCO and the Capital Planning Forum (CPF). The CPF, headed by the CFO, is the forum responsible for coordinating capital planning activities within the Group, including regulatory, internal and available capital. Additionally, the CPF and its members review future capital requirements in the assessment of annual dividends, share repurchases, external and internal debt and capital injection decisions. The CPF considers information on key regulatory developments, market trends for subordinated debt and hybrid instruments and reviews the capital situation in

the Nordea Group and in key legal entities including NBN ASA. In the CPF the CFO decides, within the mandate given by the Group Board, on issuance of subordinated debt and hybrid capital instruments. Meetings are held at least quarterly and upon request by the CFO.

Nordea Bank Norge was approved in June 2007 by the financial supervisory authorities to use the foundation internal ratings based (IRB) approach for credit corporate and institution credit portfolios. Nordea aims to gradually implement the IRB approach for the retail portfolio and other portfolios before end 2009. However, the standardised approach will continue to be used for smaller portfolios and new portfolios for which approved internal models are not yet in place. Nordea is approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for the major parts of the market risk in the trading books.

ICAAP (Strategies and policies for maintaining the capital adequacy)

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

The purpose of the ICAAP is for each bank to review the management, mitigation and measurement of material risks to assess the adequacy of internal capital and to determine an internal capital requirement reflecting the risk appetite of the institution. The purpose of the SRP is to ensure that institutions have adequate capital to support all the risks in their businesses and to encourage institutions to develop and use better risk management techniques in monitoring and measuring risks.

In 2007, Nordea's tier 1 capital and capital base exceed the regulatory minimum requirements outlined in the EU Capital Requirements Directive (CRD). Considering results of capital adequacy stress testing, capital forecasting and growth expectations, Nordea Bank Norge's capital target is 6.5% for tier 1 capital. In addition to Nordea's internal capital requirements, ongoing dialogues with third parties affect Nordea's capital requirements, in particular views of the external rating agencies.

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

Capital structure –- policy

Nordea aims at a tier 1 capital ratio above 6.5%. Nordea maintains the target capital in its legal entities via its dividend policy, subordinated debt and group contributions.

Dividends

For 2007 there has not been a proposed dividend from NBN; the net profit will be distributed to retained earnings in order to increase the capital base and better comply with the internally set targets.

Capital ratios

The table "Capital requirements and RWA" shows that the regulatory transition rules comprise a floor on Nordea's capital requirement when compared to Basel II (Pillar 1) minimum requirements. This difference will fluctuate through the transition period as the floor gradually decreases and Nordea receives approval for IRB models for its retail and other portfolios. At present, this difference is NOK 87bn expressed as RWA and NOK 7bn expressed as regulatory capital requirement.

At the end of 2007 Nordea Bank Norge's tier 1 capital ratio was 6.6%, compared to 6.8% at the end of 2006. The capital ratio was 8.9% at the end of 2007 and 9.4% 2006. The corresponding figures for the parent bank are 6.6% for tier 1 capital ratio (6.7) and 9.0% total capital ratio (9.3). For further information, please see Note 38 "Capital adequacy".

Capital requirement in the Basel II Framework

The table below shows an overview of the Pillar 1 capital requirements at the end of 2007 divided on the risk types. The credit risk comprises more than 90% of the regulatory capital requirement in Nordea. Out of the total capital requirement for credit risk 61% relates to IRB exposures and 39% to standardised exposures. In the IRB approach, 94.3% relates to the corporate exposure class, which under the foundation approach has an RWA average of 53 % compared with 100% under Basel I.

Operational risk, calculated with the standardised approach, makes up 5% of the capital requirements in Nordea. The low capital requirement for market risk is due to use of internal models to assess risk and the capturing of counterparty credit risk in the credit risk figures under Basel II.

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

Capital requirements 31 Dec 2007

		Group	
	31 Dec 07	31 Dec 07	31 Dec 06
	Capital requirement	Basel II RWA	Basel I RWA
Credit risk	**17,977**	**224,714**	**281,577**
IRB foundation	10,963	137,036	
- of which corporate	10,337	129,212	
- of which institutions	553	6,913	
- of which other	73	911	
Standardised	7,014	87,678	
- of which retail	5,182	64,775	
- of which sovereign	28	348	
- of which other	1,804	22,555	
Basel I reporting entities			
Market risk	**418**	**5,223**	**7,737**
- of which trading book, VaR	64	805	
- of which trading book, non-VaR	353	4,410	
- of which FX, non-VaR	1	8	
Operational risk	**993**	**12,413**	
Standardised	993	12,413	
Sub total	**19,388**	**242,350**	**289,314**
Adjustment for floor rules			
Additional capital requirement according to floor rules	6,996	87,474	
Total	**26,384**	**329,824**	**289,314**

Capital requirements for credit risk

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

Minimum capital requirements = Risk weighted assets * 8%

Risk Weighted Assets = Risk weight * Exposure at default

The principles for the calculation of minimum capital requirements for credit risk differ between exposure classes, which serve as the basis for the reporting of capital requirements.

The definitions of exposure classes in the standardised approach differ from the classification in accordance with the IRB approach. Some exposure classes are derived from the type of counterparty while others are based on the asset type, product type, collateral type and exposure size.

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

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

Capital requirements for market risk (risks in the trading book)
All of the NOK 5bn in market risk RWA is due to the trading book in Markets. Trading book VaR figures comprise general and specific interest rate risk, equity risk and foreign exchange risk for positions in those portfolios approved by the financial supervisors, for which Nordea is allowed to use its own internal Value-at-Risk (VaR) models.

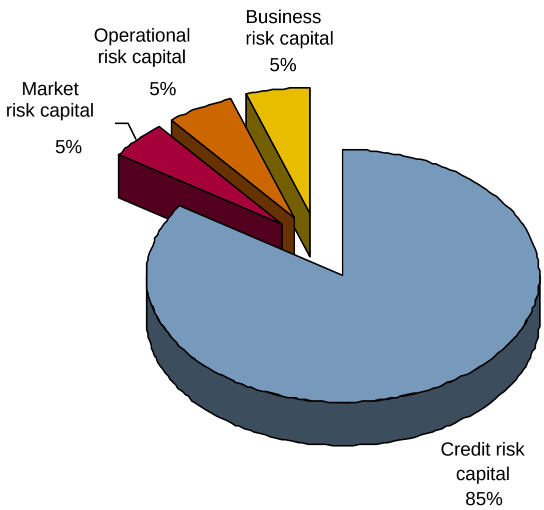
Portfolios not reported with VaR models are reported according to the standardised approach (non-VaR figures in the table above).

Capital requirements for operational risk
The capital requirements for operational risk are calculated using the standardised approach, in which all of the bank's activities are divided into eight business lines: corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management and retail brokerage.
The total capital requirement for operational risk is calculated as the simple sum of the capital requirements for each of the business lines within each group and legal entity. The risk for each business line is the beta coefficient times gross income. The beta coefficients differ between business lines and are in the range from 12% to 18%.

The capital requirement for operational risk is specified in the Note 38 "Capital Adequacy".

Economic Capital (EC)
Nordea has calculated internal capital requirements using the EC framework since 2001. Pillar 1 of the CRD closes the gap between regulatory capital and EC by improving the risk sensitivity of regulatory capital measurement.

The figure below shows the composition of Economic Capital per risk type as of end year 2007. Total Economic Capital at 31 December 2007 is calculated to NOK 13bn.



Nordea calculates EC for the following major risk types: credit risk, market risk, operational risk, business risk and life insurance risk. Additionally, the EC models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's internal defined benefit plans, real estate risk and concentration risk. Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into EC:

Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality categories. The factors have been estimated using a portfolio model, where probability of default, loss given default and exposure at default are inputs, and are reviewed and updated annually. This model is also used to consider Nordea's portfolio concentration and counterparty risk in Nordea's trading book. The parameter estimation framework used for EC is the foundation for the Basel II framework for IRB models for Nordea's credit exposures.

Market risk for the banking business is based on scenario simulation and Value-at-Risk (VaR) models scaled to the time horizon and confidence interval in place for EC. Additionally, Nordea uses VaR and simulation modelling to determine EC for interest rate risk in the banking book, market risk in investment portfolios, risk in Nordea's internal defined benefit plans and real estate risk.
Operational risk reflects the risk of direct or indirect loss resulting from inadequate or failed internal processes. It is calculated according to the standardised approach within Basel II.

Business risk represents the earnings volatility inherent in all businesses due to the uncertainty of revenues and costs due to changes in the economic and competitive environment. The main risk drivers are reputation risk, strategic risk, liquidity risk and indirect effects as structural interest income risk. Business risk is calculated based on the residual volatility in historical profit and loss time series after adjustments for market, operational and credit risk.

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

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

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

Economic Profit (EP)
Nordea uses EP as one of its key financial performance indicator. EP is calculated as risk-adjusted profit less cost of equity.

Risk-adjusted profit and EP are measures for shareholder value creation. In investment decisions and customer relationships, EP drives and supports the right behaviour with a balanced focus on income, costs and risk. The EP model also captures both growth and return. Economic Capital and expected losses are used in the economic profit framework.

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

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

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

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

Nordea's calculation of capital base is in line with the EU directive (2006/48 and 49) and Norwegian regulations. The differences between expected loss (EL) and provision made for the related exposures are adjusted for in the capital base. The negative difference (EL is larger than provision) is known as the "shortfall". According to the Basel II rules the shortfall is deducted from the capital base. For the purpose of Basel II transitional rules, the shortfall is also deducted from the RWA to be neutral from a Basel I perspective.

Internal processes for capital transfer within Nordea are well-established and include the options of dividend and group contribution, subordinated and perpetual debt instruments and capital injections. In theory, there are further tools available to strengthen the capital (i.e. issuance of shares) but Nordea's capital situation has been and continues to be strong in relation to the risk profile and is assumed to be so in the foreseeable future.

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

As of end year 2007, NBN Group holds NOK 4.8bn in dated subordinated debenture loans and NOK 2.6bn in undated subordinated debenture loans.

Pillar 3 disclosure - Capital adequacy
The full disclosure in accordance with the Pillar 3 requirements in the Basel II framework is presented on www.nordea.com.

Summary of items included in capital base

NOKm	31 Dec 2007
Calculation of total capital base	
Equity	**22,787**
Proposed/actual dividend	-
Deferred tax assets	-1,131
Intangible assets	-263
IRB provisions shortfall (-)	-207
Deduction for investment in credit institutions	-13
Actuarial loss on pensions liabilities booked against equity	465
Other items, net	-
Tier 1 capital	**21,638**
Tier 2 capital	**7,808**
- of which perpetual subordinated loans	2,609
IRB provisions shortfall (-)	-207
Deduction for investment in credit institusions	-13
Other items, net	-
Total capital base	**29,226**

Human resources

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

It's all about people

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

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

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

Nordea conducted an extensive cultural survey by the end of 2006. Based among other things on that, revised values were defined and rolled out during 2007. One of the three new values is 'It's all about people'. This value will strengthen the focus on people and leadership to enable Nordea to reach its growth targets.

Revised HR strategy

In order to remain in the lead, the right competencies need to be in place to exceed our customers' expectations, adjust to changes, and to perform - today and in the future. This is reflected in a new HR strategy, developed in 2007.

The revised HR strategy is addressing four focus areas:

- Employer branding
- Leadership
- Recruitment and
- Developing talent.

Nordea as an attractive employer

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

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

A comprehensive survey, Employer Satisfaction Index (ESI) - covering attitudes and satisfaction is carried out every year. It shows the employees' perception of the leadership in Nordea, of their workplace and of the company in general. The results are an important tool used by managers in their ongoing individual dialogues with their teams in order to continuously improve.

Great leadership

The employees perceptions of their immediate manager performance remain in this year's ESI survey at a high 76 (out of 100), compared to the Nordic financial labour market in general (72). The most important drivers for employees to be satisfied and motivated are the content of their daily work and opportunities for competence development.

A new set of leadership competencies based on the new values have been rolled out highlighting how managers should act in Nordea. The professional leadership training programmes are tailor-made to go hand in hand with implementing the business strategies covering all from potential managers to top executives.

Recruiting the right people

We acknowledge the strengths of diversity in terms of gender, age, education and different cultural background. We also acknowledge that employees have different key personal drivers and career aspirations. Some employees get the energy and drive by taking on new challenges and finding new customers. Others are triggered by building and maintaining strong and long lasting relations to the customers and get things to work. Both groups are needed to build a strong team.

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 programme has proven to be a true success and it has been shown that 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.

Increased number of female managers

To increase the number of females in managerial positions is a priority throughout Nordea. Both genders should be represented among the final three candidates when recruiting for managerial and executive positions.

During 2007 NBN has continued the mentor programme for female managers who have ambitions for higher management positions. The programme last for 18 months and the participants will be registered in an internal talent pool. The intention is that the talent pool will make it easier to find female candidates to leading positions.

The Norwegian Financial Services Association has developed a programme for female talents, FUTURA, where Nordea had participants in 2007, and will continue to do so in 2008.

Equal opportunities

47% (47) of the employees of Nordea Bank Norge are women. The share of females with personnel responsibility is 34% (33). To increase the number of females in managerial and especially executive positions is a priority throughout Nordea. As a result of the activities the percentage of females in managerial positions has increased somewhat during the last years.

Taken into account that NBN has nearly the same numbers of female and male employees, the basis for recruiting employees to leading and other key positions should be good for both genders.

Average salary for women and men was NOK 423,300 (392,400) and NOK 523,500 (496,700), respectively, and reflects a higher number of men in leading and key positions in the Bank.

83% (86) of part time employees were women. Only 21% of part time employees were younger than 40 years. 40% (38) of new employees in 2007 were women.

Equal opportunities issues are an integrated part of the development of the organisation and employees. Nordea's "Corporate Citizenship Principles" includes the following overall provision: "We do not discriminate based on gender, ethnic background, religion or any other ground." The equal opportunities issue is included in the various personnel policies, for example career planning and appointments to higher management positions.

Number of employees
There has been an increase in the number of employees since 2007 as a result of Nordea's growth ambitions. The NBN Group had 3,560 (3,367) employees at the end of 2007. This represents 3,254 fulltime equivalent positions as compared to 3,055 fulltime equivalent positions at the year-end of 2006. The increase is mainly due to growth ambitions within Nordic Banking and Banking & Capital Markets Products. The average number of fulltime equivalents positions was 3,189 (3,084) in 2007.

Sick leave
Sick leave amounted to 33,905 days in 2007 (37,141), equivalent to 4.52% (5.12), adjusted for holidays and leave of absence. The decrease must be seen in connection with the systematically reviews of the physical and psychosocial working environment performed by HR Health & Work Environment, particularly in those areas where sick leave is most frequent. Further, the employees on sick leave are followed-up more closely in accordance with the agreement on Including Work Life (IA).

Five injuries to human beings have been reported due to accidents or other incidents in NBN in 2007.

The working environment is considered to be good in the Bank. It has not been necessary to carry out any specific measures.

Compensation and profit sharing
All employees participate in a unified profit sharing programme. Performance criteria for allocation are determined by the Board of Directors of Nordea Bank AB (publ) early each year and reflect internal goals as well as benchmarking with competitors.
Nordea's long-term incentive programme (LTIP 2007) was introduced in May 2007, targeting up to 400 managers and key employees identified as essential to the future development of the total Nordea Group. The LTIP 2007 replaced an Executive Incentive Programme which had been in place from 2003.

More information on the incentive programme is described in the Note 8 "Staff costs and remuneration to senior executives" and in Nordea Bank AB (publ)'s Annual Report 2007.

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

The Nordea Group has adopted an environmental policy that provide guidance on how the group entities manage and control environmental issues in their own operations.

Nordea Bank Norge's direct impact on the external environment is limited to the use of material and energy as well as the production of services necessary for the Group's business. NBN's strong focus on general reduction of costs supports a reduced use of resources and energy.

A majority of the Bank's offices have systems for energy conserving heating and for turning the lightening down after working hours. Waste is as far as possible sorted according to their source material and contributes to recycling of resources. The Bank has implemented guidelines for its traveling activities i.e. video- and telephone conferences replace physical meetings.
An increasingly number of the Group's financial services and daily operations are handled electronically, thus contributing to a lower use of resources.
Indirect influence on the environment takes place via business activities such as the granting of credits and asset management. Environmental consideration is included in the credit policy and environmental issues thus form a part of the risk analysis.

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.

17 March 2006, the Oslo Court of Law passed judgement in the case against Ernst & Young auditors regarding compensation for the loss of NOK 200m in connection with Sponsorservice AS. NBN was granted NOK 100m plus interest. Both parties appealed the verdict and the case was brought to the next level of court, Borgarting Lagmannsrett in December 2007. However, as of 11 February 2008, no ruling has been made and the money received in 2006 has not been booked as income in NBN's financial statements 2007.

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

Outlook 2008

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

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

Following the strong performance from growth initiatives, Nordea Group will continue with investments in growth areas, in the Nordic countries and in New European Markets. These investments and increased wage inflation is expected to lead to a somewhat higher cost increase in 2008, compared with 2007. The increase in cost base for Nordea Group, resulting from growth initiatives, is in 2008 expected to be approx. NOK 110m, or approx. 2.5 %-points of the cost increase.

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

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

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

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

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

Nordea Bank Norge ASA
Oslo, 11 February 2008

Christian Claussen	Arne Liljedahl	Anne Karin Kvam
Chairman of the Board	Deputy chairman of the Board	

Steinar Nickelsen	Hege Marie Norheim

Nordea Bank Norge

Income statements

NOKm	Note	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Operating income					
Interest income	3	21,125	14,316	20,367	13,473
Interest expense	3	-14,979	-8,989	-14,896	-8,690
Net interest income	3	**6,146**	**5,327**	**5,471**	**4,783**
Fee and commission income	4	2,259	2,160	2,263	2,163
Fee and commission expense	4	-644	-558	-642	-555
Net fee and commission income	4	**1,615**	**1,602**	**1,621**	**1,608**
Net gains/losses on items at fair value	5	289	571	280	582
Profit from companies accounted for under the equity method	20	13	54	0	0
Dividends	6	19	16	70	46
Other operating income	7	55	73	83	103
Total operating income		**8,137**	**7,643**	**7,525**	**7,122**
Operating expenses					
General administrative expenses:					
Staff costs	8	-2,615	-2,504	-2,488	-2,382
Other expenses	9	-1,773	-1,624	-1,738	-1,601
Depreciation of tangible and intangible assets	10,21,22	-108	-136	-100	-131
Total operating expenses		**-4,496**	**-4,264**	**-4,326**	**-4,114**
Loan losses	11	105	760	117	812
Disposals of tangible and intangible assets		20	18	0	0
Operating profit		**3,766**	**4,157**	**3,316**	**3,820**
Income tax expense	12	-930	-1,075	-800	-989
Net profit for the year		**2,836**	**3,082**	**2,516**	**2,831**
Attributable to:					
Shareholder of Nordea Bank Norge ASA		2,836	3,082	2,516	2,831
Minority interests		0	0	0	0
Total		**2,836**	**3,082**	**2,516**	**2,831**
Earnings per share, NOK		5.14	5.59	4.56	5.13

Balance sheets

NOKm	Note	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Assets					
Cash and balances with central banks		15,204	1,794	15,204	1,794
Loans and receivables to credit institutions	13	19,284	20,497	48,354	42,433
Loans and receivables to the public	13	360,219	307,023	325,580	279,772
Interest-bearing securities	14	29,322	26,306	29,272	26,859
Financial instruments pledged as collateral	15	1,218	10	1,218	10
Shares	16	2,086	898	2,085	897
Derivatives	17	668	1,730	532	1,588
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	72	352	119	312
Investments in group undertakings	19	0	0	2,233	2,184
Investments in associated undertakings	20	616	653	139	139
Intangible assets	21	263	145	205	133
Property and equipment	22,23	270	257	264	251
Deferred tax assets	12	1,131	911	1,207	933
Other assets	24	9,084	8,517	9,036	8,748
Prepaid expenses and accrued income	25	2,163	1,564	1,979	1,491
Total assets		**441,600**	**370,657**	**437,427**	**367,544**
Liabilities					
Deposits by credit institutions	26	161,790	132,572	161,457	132,551
Deposits and borrowings from the public	27	217,771	178,876	217,750	178,858
Debt securities in issue	28	7,744	11,179	6,544	10,320
Derivatives	17	2,145	2,695	2,062	2,563
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	121	129	86	66
Current tax liabilities	12	1,176	1,358	1,096	1,352
Other liabilities	29	16,443	11,861	16,337	11,800
Accrued expenses and prepaid income	30	2,034	1,573	1,817	1,392
Provisions	31	7	5	7	5
Retirement benefit obligations	32	2,160	2,318	2,093	2,256
Subordinated liabilities	33	7,422	7,140	7,421	7,139
Total liabilities		**418,813**	**349,706**	**416,670**	**348,302**
Equity	34				
Minority interest		1	0	0	0
Share capital		3,860	3,860	3,860	3,860
Other reserves		953	953	953	953
Retained earnings		17,973	16,138	15,944	14,429
Total equity		**22,787**	**20,951**	**20,757**	**19,242**
Total liabilities and equity		**441,600**	**370,657**	**437,427**	**367,544**
Assets pledged as security for own liabilities	35	36,307	18,854	36,307	18,854
Contingent liabilities	36	19,743	38,108	19,972	38,338
Commitments	37	386,878	381,529	384,993	383,890

Other notes

Note 1 Accounting policies
Note 2 Segment reporting
Note 38 Capital adequacy
Note 39 Classification of financial instruments
Note 40 Assets and liabilities at fair value
Note 41 Assets and liabilities in foreign currencies
Note 42 Obtained collaterals which are permitted to be sold or repledged
Note 43 Related-party transactions
Note 44 Acquisitions

Statement of recognised income and expense

	Group		Parent company	
NOKm	2007	2006	2007	2006
Currency translation differences during the year	-6	-1	-6	-1
Net income recognised directly in equity	**-6**	**-1**	**-6**	**-1**
Net profit for the year	2,836	3,082	2,516	2,831
Total recognised income and expense for the year	**2,830**	**3,081**	**2,510**	**2,830**
Attributable to:				
Shareholder of Nordea Bank Norge ASA	2,830	3,081	2,510	2,830
Minority interests	0	0	0	0
	2,830	**3,081**	**2,510**	**2,830**

Nordea Bank Norge ASA
Oslo, 11 February 2008

Christian Clausen
Chairman of the Board

Arne Liljedahl
Deputy chairman of the Board

Anne Karin Kvam

Steinar Nickelsen

Hege Marie Norheim

Cash Flow Statements

	Group		Parent company	
NOKm	2007	2006	2007	2006
Operating activities				
Operating profit	3,766	4,157	3,316	3,820
Adjustments for items not included in cash flow	267	-1,356	324	-1,680
Income taxes paid	-1,342	-947	-1,339	-797
Cash flow from operating activities before changes in operating assets and liabilities	**2,691**	**1,854**	**2,301**	**1,343**
Changes in operating assets				
Change in loans and receivables to credit institutions	6,886	-10,750	2,980	-14,145
Change in loans and receivables to the public	-53,130	-48,724	-45,729	-48,032
Change in interest-bearing securities	-3,303	-12,774	-2,700	-12,455
Change in financial assets pledged as collateral	-1,208	3,764	-1,208	3,764
Change in shares	-2,987	-36	-2,987	-36
Change in derivatives, net	2,326	1,690	2,332	982
Change in other assets	-567	-1,720	-288	-1,323
Changes in operating liabilities				
Change in deposits by credit institutions	29,218	37,053	28,906	37,289
Change in deposits and borrowings from the public	38,895	30,984	38,892	30,881
Change in debt securities in issue	-3,435	-16,364	-3,776	-13,203
Change in other liabilities	4,582	4,612	4,537	5,227
Cash flow from operating activities	**19,968**	**-10,411**	**23,260**	**-9,708**
Investing activities				
Acquisition of group undertakings	-48	0	-48	0
Sale of group undertakings	0	8	0	0
Merger of group undertakings	0	0	0	125
Dividend from associated undertakings	50	27	0	0
Acquisition of property and equipment	-85	-62	-83	-58
Sale of property and equipment	22	21	2	1
Acquisition of intangible assets	-106	-48	-102	-48
Sale of other financial fixed assets	0	9	0	9
Cash flow from investing activities	**-167**	**-45**	**-231**	**29**
Financing activities				
Issued subordinated liabilities	1,194	3,125	1,194	3,125
Amortised subordinated liabilities	-912	-1,284	-912	-1,284
Dividend paid	-1,000	-1,775	-1,000	-1,775
Cash flow from financing activities	**-718**	**66**	**-718**	**66**
Cash flow for the year	**19,083**	**-10,390**	**22,311**	**-9,613**
Cash and cash equivalents at the beginning of year	**5,501**	**15,891**	**9,492**	**19,105**
Cash and cash equivalents at the end of year	**24,584**	**5,501**	**31,803**	**9,492**
Change	**19,083**	**-10,390**	**22,311**	**-9,613**

Comments on the cash flow statement

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

Operating activities

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

	Group		Parent company	
NOKm	2007	2006	2007	2006
Depreciation	108	136	100	133
Equity method	-13	-54	0	0
Loan losses	-66	-675	-79	-731
Unrealised gains/losses	271	-724	309	-690
Capital gains/losses (net)	-20	-27	-1	1
Change in accruals and provisions	-13	-61	-2	-425
Other	0	49	-3	32
	267	**-1,356**	**324**	**-1,680**

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	
NOKm	2007	2006	2007	2006
Interest payments received	20,678	14,505	19,899	13,094
Interest expenses paid	14,677	9,297	14,589	8,463

Investing activities

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

	Group	
NOKm	2007	2006
Acquisition of group undertakings		
Cash and cash equivalents	2	0
Intangible assets	48	0
Property and equipment	1	0
Other assets	4	0
Total assets	**55**	**0**
Minority interest	1	0
Other liabilities and provisions	4	0
Total liabilities	**5**	**0**
Purchase price paid[1]	**50**	**0**
Cash and cash equivalents in acquired group undertakings	-2	0
Net effect on cash flow	**48**	**0**

[1] Including translation difference and allocated expenses, see also Note 44 Acquisitions.

NOKm	Group 2007	Group 2006
Sale of group undertakings		
Cash and cash equivalents	0	1
Loans and receivables	0	247
Other assets	0	2
Total assets	**0**	**250**
Deposits by credit institutions	0	249
Other liabilities and provisions	0	2
Total liabilities	**0**	**251**
Capital gain/loss on sold group undertakings	0	8
Purchase price received	**0**	**9**
Cash and cash equivalents in sold group undertakings	0	-1
Net effect on cash flow	**0**	**8**

NOKm	Parent company 2007	Parent company 2006 [1]
Merger of group undertakings		
Property & equipment and intangible assets	0	15
Total assets	**0**	**15**
Deposits by credit institutions	0	-107
Other liabilities and provisions	0	-3
Total liabilities	**0**	**-110**
Book value of merged group undertakings	**0**	**125**
Cash and cash equivalents in merged group undertakings	0	0
Net effect on cash flow	**0**	**125**

[1] Refers to the merger of Christiania Corporate AS, Rosenkrantz Tårn AS, Nordea Inkasso AS and AS Olav Trygvassonsgate 39/41.

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 liabilities.

Cash and cash equivalents

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

	Group		Parent company	
NOKm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Cash and balances with central banks	15,204	1,794	15,204	1,794
Loans and receivables to credit institutions, payable on demand	9,380	3,707	16,599	7,698
	24,584	**5,501**	**31,803**	**9,492**

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.

Note 1:
Accounting policies

Innhold

1. Basis for presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU.

Based on changes in regulation by The Ministry of Finance 30 March 2007, all banks and financial institutions that are part of a listed group, are now obliged to apply IFRS or simplified IFRS (IFRS "light") in the company accounts at the latest from the second quarter 2007 interim reporting. NBN ASA decided to prepare the company accounts according to full IFRS, starting from Q2 2007. The comparative figures were adjusted accordingly as from 1 January 2006.

Due to the implementation of IFRS, some accounting principles have been changed. See Note 1 Accounting policies in Annual Report 2005 for a full insight of the effects due to the IFRS implementation for NBN Group. NBN ASA implemented the new regulation regarding lending with effect from 1 January 2006 and pensions according to NRS 6A (which is in accordance with IAS 19) in 2005. As a result, these items did not change due to the full alignment between NGAAP and IFRS. In accordance with the option in IFRS 1 NBN ASA has decided to carry on with the booked values from the IFRS consolidated opening balance in NBN group without new measurement as of 1 January 2006.

The most important change when implementing IFRS was measurement of financial instruments, which to a higher degree are recognised at fair value according to IFRS. Further, according to IFRS financial instruments are to a higher extent presented gross. Items previously presented net, which do not comply with the stricter requirements for off-setting as regulated in IAS 32, are now recognised gross.

According to NGAAP investments in subsidiaries and associated companies were recognised using the equity method in NBN ASA. This has been changed to cost method according to IAS 27 for subsidiaries and IAS 28 for associated companies. An overview of the net profit and loss effects due to the implementation is presented in Note 19 and 20.

The effect on equity following the transition to IFRS is presented in Note 34 Equity for NBN ASA.

IASB has issued amendments to some standards during 2007. These amendments will come into effect 1 January 2009. It is, however, voluntary to adopt these amendments in 2007 or 2008. Nordea has chosen not to adopt any of these amendments earlier than 1 January 2009.

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

On 11 February 2008 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting 3 March 2008.

2. Comparative figures

The comparative figures for 2006 include effects of all changes described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation

The accounting policies and the basis for calculations are, in all material aspects, unchanged in comparison with the 2006 Annual Report, except for the amendments below and the implementation of IFRS as described in section 1. "Basis for presentation".

The following change in accounting policies has been made:

Application of Fair value option on certain assets and liabilities in Nordea Markets (Markets)

Balance sheet items, which are managed and measured on a fair value basis, may be reported at fair value, using the Fair value option (FVO) in IAS 39. Deposits made by Markets as well as the funding of Markets' operations are classified in the category "Fair value through profit or loss". The classification has been implemented prospectively on initial recognition as from Q3 2007.

The application of FVO is implemented to align the presentation of Markets' operations and to further increase the transparency. Accordingly, all interest income and interest expenses related to Markets are recognised in the same income line as revaluation effects from financial instruments at fair value, i.e. “Net gains/losses on items at fair value” rather than on the line “Net interest income”. Comparative figures have been adjusted accordingly.

The effects on the NBN Group Income Statement are presented below.

The application will not change the presentation in the reported balance sheet. The classification in the note for the year-end 2006 has not been adjusted due to specific requirements in the applicable accounting standard. For more information see section 12. “Financial instruments” .

Group "Reported"	Loans and receivables	Held for trading	Assets/ Liabilities at fair value	Derivatives used for hedging	Available for sale	Other financial liabilities	Total
Group "Reported"							
Assets							
Loans and receivables to credit institutions	17 396	3 101					20 497
Loans and receivables to the public	307 023						307 023
Liabilities							
Deposits by credit institutions		10				132 562	132 572
Deposits by customers						178 876	178 876
Interest-bearing securities						11 179	11 179
Group "Restated"							
Assets							
Loans and receivables to credit institutions	17 242	3 101	154				20 497
Loans and receivables to the public	306 887		136				307 023
Liabilities							
Deposits by credit institutions		10	11 866			120 696	132 572
Deposits by customers			1 107			177 769	178 876
Interest-bearing securities		57				11 122	11 122

NOKm, 31 Dec	2007 Reported	2007 Pre policy change	2006 Restated	2006 Reported in Q207
Interest income	21 125	21 125	14 316	14 316
Interest expense	14 979	15 514	8 989	9 341
Net interest income	6 146	5 611	5 327	4 975

4. Critical judgements and key sources of estimation uncertainty

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

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

These critical judgements and estimates are in particular associated with:

- The fair value measurement of certain financial instruments,
- The impairment testing of goodwill, loans and receivables,
- The actuarial calculations of pension liabilities, and
- Claims in civil lawsuits

Fair value measurement

Critical judgements are exercised when determining fair value of OTC Derivatives and other financial instruments that lack quoted prices or recently observed market prices in the following areas:

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

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. All such decisions are subject to approval by relevant Group functions. See also the separate section 10 "Determination of fair value of financial instruments".

Impairment testing

Goodwill

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

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

See also the separate section 15. "Intangible assets".

Loans and receivables

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

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

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

Actuarial calculations of pension liabilities

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate, which is fixed based on swap rates with a maturity matching the duration of the pension liabilities. Other parameters like assumptions on salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in note 32 "Retirement benefit obligation".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at market price at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in note 32. "Retirement benefit obligation".

See also the separate section 18. "Pensions".

Claims in civil lawsuits

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

5. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank Norge ASA, 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 as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

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

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.

Due to implementation of IFRS in 2007 in NBN ASA, investments in associated undertakings are accounted for according to cost method in accordance with IAS 28.

Special Purpose Entities (SPE)

Nordea sponsors the formation of Special Purpose Entities (SPEs) primarily to allow clients to hold investments in separate legal entities, to allow clients to jointly invest in alternative assets, for asset securitization transactions, and in some cases for buying or selling credit protection. NBN did not have any ownership in SPEs during 2007.

Principles of elimination

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

Currency translation of foreign entities

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

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

Changes in Group structure

Descriptions of changes in the Group structure during the year are included in note 19 "Investments in Group undertakings" and note 44 "Acquisitions".

6. Recognition of operating income and expense

Net interest income

Interest income and expenses 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 expenses related to all balance sheet items in Markets are recognised in the income statement on the income line "Net gains/losses on items at fair value". Interest income and expenses related to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income

Nordea earns commission income from different services provided to its customers. The recognition of commission income depends on the purpose of 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 on financial instruments measured at fair value, including net interest in Markets, are recognised in the item "Net gains/losses on items at fair value".

Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related Instruments
- Interest-bearing securities and other interest-related instruments
  Foreign exchange gains/losses

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.

Dividends

Dividends to the shareholders of Nordea Bank Norge ASA are recorded as a liability following the approval of the Annual General Meeting. Dividends from group undertakings are recognised on the separate income line "Dividends".

Other dividends received are recognised in the income statement as “Net gains/losses on items at fair value”.

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

7. Recognition and derecognition in the balance sheet

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

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

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

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

For further information, see sections “Securities borrowing and lending agreements” and “Repurchase and reverse repurchase agreements” within 12 “Financial instruments”, as well as note 42 “Obtained collaterals which are permitted to be sold or repledged”.

8. Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity is decided based upon the primary economic environment in which the entity operates.
Foreign currency is defined as any 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”.

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so called hedge accounting. Following the implementation of IAS 39 all derivatives are measured at fair value. Nordea applies the EU carve out version of IAS 39 for portfolio hedges of both assets and liabilities.
The hedge accounting policy within Nordea has been developed to fulfil the requirements set out in IAS 39. Nordea uses hedge accounting in the financial statement in order to have a symmetrical accounting treatment of the changes in fair value of the hedged item and changes in fair value of the hedging instruments. The overall purpose is to have a true and fair presentation of Nordea’s economical hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

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

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

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

Fair value hedge accounting
Fair value hedge accounting is used for derivatives that serve to hedge changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea’s financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item “Net gains/losses on items at fair value”.

Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item that are attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying value of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in “Fair value changes of the hedged items in portfolio hedge of interest rate risk” in accordance with IAS 39.

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

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

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

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

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

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

10. Determination of fair value of financial instruments

Financial assets and liabilities classified as financial assets/liabilities at fair value through profit or loss and derivative instruments are recorded at fair value on the balance sheet with changes in fair value recognised in the income statement in the item “Net gains/losses on items at fair value”.

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.
The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. Nordea is predominantly using published price quotations to establish fair value for items disclosed under the following balance sheet items:

- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)

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:

- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Derivatives (OTC-derivatives)

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

- Benchmarking of the model output (market values) against market information or against results from alternative models, where available, and
- Sensitivity calculations where unobservable parameters are varied to take other reasonable values.

For financial instruments, where fair value is estimated by a valuation technique, it is investigated whether the variables used in the valuation model are fully based on data from observable markets. By data from observable markets, Nordea considers data that can be collected from generally available external sources and where this data is judged to represent realistic market prices. If non-observable data is used, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the contract (see note 40 “Assets and liabilities at fair value”).

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

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, and
- The balance is readily available at any time

Cash and cash equivalents are financial instruments classified within the category “Loans and receivables”, see section 12 “Financial instruments”.

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

12. Financial instruments

Classification of financial instruments

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

Financial assets:

- Financial assets at fair value through profit or loss:
  - Held for trading
  - Financial assets upon initial recognition designated at fair value through profit or loss
- Loans and receivables
- Available for sale financial assets

Financial liabilities:

- Financial liabilities at fair value through profit or loss:
  - Held for trading
  - Financial liabilities upon initial recognition designated at fair value through profit or loss
- Other financial liabilities

The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value is recognised. In note 39 “Classification of financial instruments” the classification of the financial instruments in NBN’s balance sheet is presented.

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

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

The category consists of two sub-categories; Held for trading and Financial assets/financial liabilities upon initial recognition designated at fair value through profit or loss (Fair value option).

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

Nordea has also prospectively started to apply the Fair value option on certain financial assets and financial liabilities related to Markets during 2007, see section 3 “Changed accounting policies and presentation”.

Markets is managing and measuring most of its financial assets and liabilities at fair value. Consequently, all financial assets and financial liabilities in Markets are from the third quarter 2007 classified within this category.

On Group level, the classification mainly affects the balance sheet item “Deposits from Credit institutions”.

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”.

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 asset is disposed of, the accumulated fair value changes that previously have been recognised in equity are removed from equity and recognised in the income statement in the item “Net gains/losses on items at fair value”.
This category is used only to a very limited extent in Nordea. See further note 39 “Classification of financial instruments”.

Other financial liabilities

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

Hybrid (combined) financial instruments

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

Index-linked bonds issued by Group Treasury are considered to be part of the funding activities. The zero coupon bond, is measured at amortised cost. The embedded derivatives in those instruments are separated from the host contract and accounted for as 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”.

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. If the counterparty has the right to resell or repledge the securities, the securities are recognised on the balance sheet as “Financial instruments pledged as collateral”. Borrowed securities are recognised off balance sheet in the item “Assets pledged as security for own liabilities”.

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

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

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

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

Cash received under repurchase agreements 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”.

Additionally, the sale of securities received in reversed repurchase transactions triggers the recognition of a trading liability (short sale).

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

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

Financial guarantee contracts
Issued financial guarantee contracts are measured at the higher of either the received guarantee fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Provisions and changes in provisions are recognised in the income statement in the item “Loan losses”.

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

13. Loans and receivables
Loans and receivables not measured at fair value are measured at amortised cost (see also the separate section 7 “Recognition and derecognition in the balance sheet” as well as note 39 ”Classification of financial instruments”).

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

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

In the process to conclude whether there is objective evidence of impairment, an assessment is performed to estimate the most probable future cash flows generated by the customer. These cash flows are then discounted by the effective interest rate giving the net present value. Collaterals received to mitigate the credit risk will be assessed at fair value. If the book value of the loan is higher than the net present value of the estimated future cash flows, including the fair value of the collaterals, the loan is impaired.

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

Impairment test of loans attached to groups of customers
Groups of loans with similar risk characteristics are collectively assessed for impairment. These groups contain loans that are individually significant but not impaired, and not significant loans, which have not been tested for impairment on an individual basis. Nordea monitors its portfolio through the credit decision and annual review process supplemented by quarterly risk reviews.
Through these processes Nordea identifies loss events indicating incurred losses in a group. Common for the

customers in a group is that they have similar risk characteristics, i.e. exposed to similar loss events.

A group assessment is performed to estimate an impairment loss, based on the loss events occurred. Only loss events occurred up to the reporting date are included when performing the assessment.

The objective for the group assessment process is to evaluate if there is a need to make a provision due to the fact that a loss event has occurred, but has not yet affected the cash flow from the group of loans. This period between the date when the loss event occurred and the date when it is identified on individual basis is called "Emergence period". The impairment remains related to the group of loans until the losses have been possible to identify on an individual basis. The identification is made through a default of the engagement or by other indicators.

The methods used to perform the impairment tests differ somewhat depending on if the loans are significant or not. For groups of loans where the loans are significant, Nordea uses the existing rating system as a basis when assessing the credit risk. Nordea uses historical data on probability of default to estimate the risk for a default in a rating class. Significant loans are rated and grouped mostly based on type of industry and/or sensitivity to certain macro parameters, e.g. dependency to oil prices etc.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to an estimated increase in cash flows, this improvement will be netted against any loans that are down-rated due to an estimated decrease in cash flows. However, provisions for impairment losses on groups of loans are only made within rating classes where Nordea assesses that the customers' future cash flow is insufficient to serve the loan in full.

For groups of loans where the loans are not significant, the methods used are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management.

Impairment loss

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

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

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

Discount rate

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

Restructured loans

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

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquire an asset pledged for the conceded loans, shares issued by the obligor or other assets. Financial assets are accounted for as Available for sale, in accordance with IAS 39 (see section 12 "Financial instruments"), 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.

Nordea as lessee

Finance leases

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

Operating leases

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

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

The central district properties in Finland, Norway and Sweden that Nordea has divested, are leased back. The duration of the lease agreements were initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, no economic benefits from appreciation in value of the leased property, and are thus classified as operating leases. Another systematic basis than straight-line has been used in accounting for these rents. This basis is more representative of the time-pattern of Nordea's economic benefit and resembles better an ordinary lease rent.

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 the 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 for impairment annually and carried at cost less accumulated impairment losses.

Computer software

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

Depreciation is calculated on a straight-line basis over a period of 3 to 5 years.

Other intangible assets

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

Impairment

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

At each balance sheet date, all other intangible assets with definite useful lives are reviewed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the intangible asset is fully recoverable.

The recoverable amount is the higher of the net selling price and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the segments, presented in section 22 "Segment reporting". The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit.

The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing. If the recoverable amount is less than the book value, the value is written down.

16. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are reported at their acquisition values less any accumulated depreciation according to plan and any accumulated impairment losses.

The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use.

Depreciation is calculated on a straight-line basis as follows:

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

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

17. Taxes

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

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

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

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

18. Pensions

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

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

Pension costs
The pension calculations are carried out in accordance with IAS 19.

Actuarial calculations are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions (as disclosed in note 32). When the net cumulative unrecognised actuarial gain or loss exceeds a "corridor", equal to 10 percent of the greater of either the present value of the defined benefit obligation or the fair value of the plan assets, the surplus or deficit is recognised in the income statement over the shorter of 10 years and the expected average remaining employment period. The net cumulative unrecognised actuarial gain or loss is defined as the difference between the expected trends in the defined benefit obligation and the fair value of the plan assets, and the actual trends.

19. Equity

Minority interests
Minority interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Norge ASA.

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 accumulated undistributed profits including the earnings in associated companies, after the acquisition day.

Equity participation plans
Based on the approval by the Shareholders Annual Meeting, Nordea Bank AB (publ) issued a share based incentive programme in May 2007 for key personnel in Nordea Group. For more information see Note 8 "Staff costs" and Nordea Group Annual Report.

20. Earnings per share (EPS)

Earning per share is calculated as Net profit for the period divided by the weighted average outstanding number of ordinary shares. Dilution is not applicable.

21. Related party transactions

Nordea defines related parties as:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings
- Key management personnel
- Other related parties

Shareholders with significant influence
Nordea Bank AB (publ) owns 100% of the shares in Nordea Bank Norge ASA and has significant influence.

Group undertakings
For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the group undertakings included in the Nordea Bank Norge Group is found in note 19 "Investments in group undertakings".

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

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

Further information on the associated undertakings included in the Nordea Bank Norge Group is found in note 20 "Investments in associated undertakings".

Key management personnel
Key management personnel include the Board of Directors, the Chief Executive Officer (CEO), the Control Committee and the Board of Representatives. Information about compensation and pensions as well as loans to key management personnel, see note 8 "Staff costs". Information about other transactions between Nordea and key management personnel is found in note 43 "Related-party transactions"

Other related parties
Other related parties comprise companies significantly influenced by key management personnel in Nordea Bank Norge Group as well as close family members of these key management personnel and companies significantly influenced by them. Other related parties also include Nordea Norge Pensjonskasse.

Information about transactions between Nordea and other related parties is found in note 43 “Related-party transactions”.

22. Segment reporting

New Segment reporting structure
As a consequence of the new operating model and Nordea’s changed organisation as of 1 July 2007, the financial reporting structure has been adjusted accordingly.

Financial results are presented for the two main Customer areas, Nordic Banking and Institutional and International Banking. The Customer operations which are not included in Nordic Banking or Institutional and International Banking, are included in Other Customer Operations as well as results that are not fully allocated to any of the customer areas. These include International Private Banking and Funds.

The segment reporting will be further enhanced during 2008.

Group Corporate Centre, which is reported separately, is responsible for the finance, accounting, planning and control activities. It is furthermore responsible for the capital management and treasury operations. The latter includes funding, asset and liability management as well as the Group’s own centralised market risk-taking in financial instruments.

Within Nordea, customer responsibility is fundamental. Nordea’s total business relations with customers are reported in the customer responsible unit’s income statement and balance sheet.

Economic Capital
Capital allocation is based on the internal framework for calculating economic capital, which reflects each business unit’s actual risk exposure considering credit and market risk, insurance risk as well as operational and business risk. This framework optimises utilisation and distribution of capital between the different business areas. Standard tax is applied when calculating risk-adjusted return on economic capital (RaRoCar).

Economic Capital is allocated to business areas according to risks taken. As a part of net interest income, business units receive a capital benefit rate corresponding to the expected average medium-term risk-free return. The cost above Libor from issued subordinated debt is also included in the business areas net interest income based on the respective use of Economic Capital.

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

Allocation principles
Costs are allocated based on calculated unit prices and the individual Customer areas’ and Product areas’ consumption. Income is allocated with the underlying business transactions as driver combined with the identification of the customer responsible unit.

Assets, liabilities and economic capital are allocated to the Customer areas. Group Functions and Eliminations consist of income statement and balance sheet items that are related to the unallocated items/units.

Transfer pricing
Funds transfer pricing is based on current market interest rate and applied to all assets and liabilities allocated to or booked in the Customer areas or Group Functions.

Group internal transactions between legal entities are performed according to arm’s length principles in conformity with OECD requirements on transfer pricing. The financial result of such transactions is reported in the relevant Customer area based on assigned product and customer responsibilities. However, the total result related to investment funds is included in Nordic Banking, as well as sales commissions and margins from the life insurance business.

Group Functions and Eliminations
Group Functions and Eliminations include the unallocated results of the four Group Functions: Group Services and Technology, Group Credit and Risk Control, People and Identity and Group Legal and Compliance.

Expenses in Group Functions, not defined as services to business areas, and profits from associated undertakings that are not included in the customer responsible units, are reported under this heading.

23. Exchange rates

EUR 1 = NOK	2007	2006
Profit and loss (average)	7.9979	8.0451
Balance sheet (year-end)	7.9600	8.2300
USD 1 = NOK		
Profit and loss (average)	5.8443	6.4113
Balance sheet (year-end)	5.4000	6.2500
SEK 1 = NOK		
Profit and loss (average)	0.8661	0.8697
Balance sheet (year-end)	0.8444	0.9108
DKK 1 = NOK		
Profit and loss (average)	1.0766	1.0785
Balance sheet (year-end)	1.0668	1.1041

Note 2:
Segment reporting

Group **Business segments**	Nordic Banking		Inst. & International Banking		Other customer operations		Total customer areas		Group Corporate Centre		Group Functions and Eliminations		Total	
Income statement, NOKm	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	4,439	4,068	1,026	882	11	-9	5,476	4,941	466	247	204	139	6,146	5,327
Net fee and commission income	1,326	1,286	438	384	-69	2	1,695	1,672	12	19	-92	-89	1,615	1,602
Net gains/losses on items at fair value	663	623	191	259	-590	-484	264	398	25	173	0	0	289	571
Profit from companies accounted for under the equity method	0	0	13	54	0	0	13	54	0	0	0	0	13	54
Other income	110	29	5	2	-76	7	39	38	4	2	31	49	74	89
Total operating income	**6,538**	**6,006**	**1,673**	**1,581**	**-724**	**-484**	**7,487**	**7,103**	**507**	**441**	**143**	**99**	**8,137**	**7,643**
Staff costs	-1,316	-1,166	-132	-115	-784	-702	-2,232	-1,983	-21	-20	-362	-501	-2,615	-2,504
Other expenses	-2,287	-2,057	-269	-238	627	545	-1,929	-1,750	-142	-108	298	234	-1,773	-1,624
Depreciation of tangible and intangible assets	-41	-47	-1	-3	-22	-15	-64	-65	0	0	-44	-71	-108	-136
Total operating expenses	**-3,644**	**-3,270**	**-402**	**-356**	**-179**	**-172**	**-4,225**	**-3,798**	**-163**	**-128**	**-108**	**-338**	**-4,496**	**-4,264**
Loan losses	87	856	11	-19	7	-80	105	757	0	0	0	3	105	760
Disposals of tangible and intangible assets	-2	-4	0	0	20	22	18	18	0	0	2	0	20	18
Operating profit	**2,979**	**3,588**	**1,282**	**1,206**	**-876**	**-714**	**3,385**	**4,080**	**344**	**313**	**37**	**-236**	**3,766**	**4,157**
Balance sheet, NOKbn														
Loans and receivables to the public	301	249	59	51	1	1	361	301	0	0	-1	6	360	307
Other assets	4	3	2	2	24	24	30	29	74	53	-22	-18	82	64
Total assets	**305**	**252**	**61**	**53**	**25**	**25**	**391**	**330**	**74**	**53**	**-23**	**-12**	**442**	**371**
Deposits and borrowings from the public	160	135	59	39	1	1	220	175	1	0	-3	4	218	179
Other liabilities	21	16	11	7	26	20	58	43	164	145	-21	-17	201	171
Total liabilities	**181**	**151**	**70**	**46**	**27**	**21**	**278**	**218**	**165**	**145**	**-24**	**-13**	**419**	**350**
Equity/economic capital	11	9	3	3	0	0	14	12	1	0	8	9	23	21
Total liabilities and equity	**192**	**160**	**73**	**49**	**27**	**21**	**292**	**230**	**166**	**145**	**-16**	**-4**	**442**	**371**
RAROCAR, %	33	45	46	43									17	20
Other segment items, NOKm														
Capital expenditure	111	47	29	15	1	0	141	62	9	2	88	46	238	110

Geographical segments

In accordance with prevailing rules, the secondary segment reporting shows Nordea's operations divided into the geographical areas where the Group operates. NBN operates only to a minor extent outside Norway, consequently, in accordance with IAS 14 no information is given regarding the secondary segment.

Note 3:
Net interest income

	Group		Parent company	
NOKm	2007	2006	2007	2006
Interest income				
Loans and receivables to credit institutions	658	881	1,840	1,503
Loans and receivables to the public	19,179	12,560	17,243	11,106
Interest-bearing securities	1,288	873	1,284	861
Other interest income	0	2	0	3
Interest income	**21,125**	**14,316**	**20,367**	**13,473**
Interest expense				
Deposits by credit institutions	-7,059	-5,143	-7,064	-5,132
Deposits and borrowings from the public	-7,888	-3,938	-7,888	-3,947
Debt securities in issue	-414	-926	-337	-722
Subordinated liabilities	-395	-304	-395	-304
Other interest expenses	777	1,322	788	1,415
Interest expense	**-14,979**	**-8,989**	**-14,896**	**-8,690**
Net interest income	**6,146**	**5,327**	**5,471**	**4,783**

Net interest income

	Group		Parent company	
NOKm	2007	2006	2007	2006
Interest income	20,777	14,097	20,367	13,473
Leasing income, net[1]	348	219	0	0
Interest expenses	-14,979	-8,989	-14,896	-8,690
Total	**6,146**	**5,327**	**5,471**	**4,783**

[1] Refers to finance leases where the Group is the lessor.

Note 4:
Net fee and commission income

	Group		Parent company	
NOKm	2007	2006	2007	2006
Asset Management commissions	38	31	38	31
Life insurance	68	71	68	71
Brokerage	109	109	109	109
Custody	124	113	124	113
Deposits	37	37	37	37
Total savings related commissions	376	361	376	361
Payments	465	463	465	463
Cards	681	550	681	550
Total payment commissions	1,146	1,013	1,146	1,013
Lending	77	85	83	91
Guarantees and document payments	160	192	160	192
Total lending related to commissions	237	277	243	283
Other commission income	500	509	498	506
Fee and commission income	**2,259**	**2,160**	**2,263**	**2,163**
Payment expenses	-551	-454	-549	-452
Other commission expenses	-93	-104	-93	-103
Fee and commission expenses	**-644**	**-558**	**-642**	**-555**
Net fee and commission income	**1,615**	**1,602**	**1,621**	**1,608**

Note 5:
Net gains/losses on items at fair value

	Group		Parent company	
NOKm	2007	2006	2007	2006
Shares/participations and other share-related instruments	268	144	268	143
Interest-bearing securities and other interest-related instruments	-271	79	-280	117
Other financial instruments	17	29	17	30
Foreign exchange gains/losses	275	319	275	292
Total	**289**	**571**	**280**	**582**

Net gains/losses for categories of financial instruments

	Group		Parent company	
NOKm	2007	2006	2007	2006
Available for Sale assets, realised	17	39	17	39
Financial instruments held for trading	395	541	388	543
Financial instruments under hedge accounting				
of which net gains/losses on hedging instruments	-138	61	-140	0
of which net gains/losses on hedged items	15	-70	15	0
Total	**289**	**571**	**280**	**582**

Note 6:
Dividends

	Group		Parent company	
NOKm	2007	2006	2007	2006
Shares	19	16	19	19
Investments in associated undertakings	0	0	51	27
Total	**19**	**16**	**70**	**46**

Note 7:
Other operating income

	Group		Parent company	
NOKm	2007	2006	2007	2006
Income from real estate	26	33	40	47
Other	29	40	43	56
Total	**55**	**73**	**83**	**103**

Note 8:
Staff costs and remuneration to senior executives

	Group		Parent company	
NOKm	2007	2006	2007	2006
Salaries and remunerations	1,852	1,706	1,766	1,623
Pension costs (note 32)	284	368	268	351
Social security contributions	297	240	284	227
Allocation to profit-sharing	66	80	60	75
Other staff costs	116	110	110	106
Total	**2,615**	**2,504**	**2,488**	**2,382**
Number of employees/full time positions				
Full-time equivalents as at 31.12.	3,254	3,055	3,087	2,876
Number of employees as at 31.12	3,560	3,367	3,367	3,183
Average full time equivalents	3,189	3,084	3,013	2,904
Gender distribution Board of Directors				
Per cent at year-end				
- Men	81	87	60	75
- Women	19	13	40	25

Remuneration to senior executives

Statement to the Annual General Meeting on the stipulation of salaries and other remunerations to senior executives

Pursuant to section 6-16 a) of the Norwegian Public Limited Liability Companies Act the Board of Directors of Nordea Bank Norge ASA will issue a statement to the company's Annual General Meeting on salaries and other remunerations to senior executives. The statement includes the following:

Compensation to the CEO

The CEO is employed by and has an employment contract with Nordea Bank AB (publ) and receives his/her salary and other remunerations from Nordea Bank AB (publ). Nordea Bank Norge ASA compensates Nordea Bank AB (publ) for the services rendered by the CEO.

Remuneration to other senior executives

The fixed salaries of senior executives are adjusted annually subject to an individual assessment and within the upper average limit determined by the Group Executive Management based on the general growth in salary and costs in the relevant area. In 2007 an individual incentive scheme also applied, comprising a variable salary of up to 25% of the fixed salary. Special schemes may also apply to a very limited number of senior executives within specific professional areas, which may exceed this level.

A few senior executives have an agreement for severance pay if the senior executive terminates the contract. The severance pay shall not exceed 24 months' salary with the deduction of any income from other employers.

Nordea Bank AB (publ)'s Annual General Meeting in 2007 passed a new long-term incentive programme for senior executives and key personnel. The scheme will also apply to Nordea Bank Norge ASA from 2007. The programme gives the participants a right to acquire and lock up maximum 10 per cent of their fixed salary in shares in the mother company Nordea Bank AB (publ) at market price. The programme is for four years with a lock-up period of two years and a redemption period of two years. The outcome is dependent upon continued employment, the number of locked-up shares and certain predetermined financial targets for 2007 and 2008. The individual participant's possible gain under the programme is limited to 25 per cent per share. For Nordea Bank Norge ASA the scheme will have a marginal effect on costs. About NOK 5m was recognised as costs in 2007.

Non-monetary benefits are given according to the guidelines determined by the management and according to general market practice. Senior executives of Nordea Bank Norge ASA also have retirement benefits in accordance with market practice. However, some persons have an agreement on a mutual right to resign and/or demand resignation at the age of 60. In case of full contribution, the benefits will be 70% of the fixed salary at resignation.

2008 Guidelines

The Board of Directors of Nordea Bank AB (publ) will propose to the company's Annual General Meeting the establishment of a new ”Long Term Incentive Programme”, corresponding to the above programme, for another four year period and based on the same criteria and guidelines. In addition, the other principles and guidelines will also apply to 2008.

Note 8:
Staff costs and remuneration to senior executives cont.

Explanation of details regarding invidually specified remuneration as specified in the table below

Fixed salary and fees - relates to received regular salary for the financial year paid by Nordea Bank Norge Group and includes any fee agreed by the Board of Representatives.

Variable salary - includes profit sharing, incentive- and executive bonuses. The Chief Executive Officer and leading employees are part of a bonus programme which is based upon achieved results. The intention behind this programme is to reward special contribution to achieve the goals set in Nordea. The bonus available is agreed to be set as a percentage of the employee's regular fixed salary. According to the Board Remuneration Committee in Nordea, such variable salary can amount to a maximum of six months of fixed salary. All employees receives profit sharing according to common Nordea strategy.

Benefits - includes car allowance, newspaper, insurance and electronic communication allowance (such as mobile phone and internet access)

Pensions - include changes in the individual's accrued rights under the pension plan during the financial year. The amount stated is the annual change in the present value of the pension obligations (PBO) exclusive of social security tax, which best reflects the change in pension right for the financial year.

Loans - total loan engagement in Nordea as of 31 December 2007. Senior executives are given loans on the same terms as those given to regular employees.

Salaries and remuneration - per individual, figures in NOK thousand

Name and position	Fixed salary and fees	Variable salary	Benefits	Pensions	**Total remune-ration**	Loans
Tom Ruud, Board member and Man. Dir. of NBN ASA, 01.01. - 30.07.07 [1]			7		7	
Gunn Wærsted, Man. Dir. of NBN ASA, 01.08. - 31.12.07 [1]						
Christian Clausen, Chairman of the Board of NBN ASA [1]						
Arne Liljedahl[1]						
Carl Erik Krefting, 01.01. - 13.06.07	48				48	
Anne Karin Kvam, 14.06. - 31.12.07	97				97	807
Hege M. Norheim	145				145	
Liv Irene Haug, employee representative, 01.01. - 13.06.07	248		1	39	288	
Steinar Nickelsen, employee representative, 14.06. - 31.12.07	573	52	12	79	716	728
Total CEO and Board of Directors NBN ASA[1]	**1,111**	**52**	**20**	**118**	**1,301**	**1,535**
Fanny P. Amble, Leader 01.01. - 14.02.07	58		5		63	
Inger Johanne Lund, Leader 15.02. - 31.12.07	145				145	
Finn Fadum, [2]	145		1		146	
Jan T. Bjerke, [3]	213		2		215	
Odd Svang-Rasmussen, [4]	135				135	
Total Control Committee NBN ASA	**696**	**-**	**8**	**-**	**704**	**-**
Total Board of Representatives NBN ASA[5]	**2,587**	**-**	**41**	**324**	**2,952**	**10,826**
Total remuneration and loans to Senior Executives	**4,394**	**52**	**69**	**442**	**4,957**	**12,361**

Note 8:
Staff costs and remuneration to senior executives cont.

Comments

[1] Nordea Bank Norge Group does not operate with a separate local General Executive Management team (GEM). This is based on the Nordea operating model where all business areas and main group functions are managed on a Nordic level through GEM in Nordea Bank AB (publ) (NB AB). GEM is represented in the NBN Board of Directors through the Group CEO, Christian Clausen and Group CFO, Arne Liljedahl. The Managing Director is employed by NB AB and member of GEM. This ensures that Nordea is managed according to Nordea Group strategy. The Managing Director and the Members of the Board employed in Nordea companies do not recieve any individual fee for the services provided to NBN. However, NBN paid compensation of NOK 1,411,415 to NB AB in 2007. In addition, as a compensation to NB AB for the work relating to the position as Managing Director of Nordea Bank Norge ASA, the Board of Representatives has approved an amount of NOK 1,500,000 for 2007.

NBN does not have expenses to pensions and other remunerations to the CEO and has no obligation towards CEO or Chairman of the Board to pay individual compensation when the assignment comes to an end or by changes in the assignment.

[2] Member of Control Committees in both NBN and Nordea Finans Norge AS (NFN). Of the total, NOK 40,000 was remunerated from NFN regarding the membership in the Control Committee.

[3] Member of Control Committee in NBN, leader of Control Committees in Norgeskreditt AS (NK) and NFN. Remunerated NOK 30,000 from NFN and NOK 78,000 from NK regarding the memberships in the Control Committees.

[4] Member of Control Committees in both NBN and NFN. Remunerated NOK 30,000 from NFN regarding the membership in the Control Committee.

[5] Total fee paid in 2007 to all members of the Board of Representatives in NBN was NOK 233,700, of which NOK 186,900 was paid to external members not employed by Nordea. All attending members received NOK 3,600 for each of the three meetings during the year. External members did not have any loans in NBN Group during the year, and the fee was paid according to attendance to the members Inger Johanne Lund, Øyvin A. Brøymer, Anne Jenny Dvergsdal, Christian Hambro, Jens L. Hofgaard, Nina Iversen, Mary H. Moe, Sissel Stenberg, Anders Utne and Pål Adrian Hellmann. The fee to the chairman Bjarne Aamodt was NOK 84,000 and for the deputy chairman Cato A. Holmsen NOK 18,500. For Nordea employed members, the following members received up to NOK 10,800 for the services if attending all three meetings during 2007; Jorun Vintervold, Oddvar Hauge, Kari Johanne Mjelde, Anne Sofie Arnesen and Anne Jenny Dvergsdal. The other figures above shows the remunerations these individuals receives in relation to their regular employment.

Shares, options, loans etc.

None of the senior executives has shares, option rights or hold part of any option programme within NBN Group. However, some key personnel in NBN Group are part of the NB AB's new share option progamme, referred to above as Long Term Incentive Programme, LTIP. Further information relating to this will be disclosed in NB AB's annual report. Neither CEO Gunn Wærsted nor Chairman of the Board of NBN ASA has loans in NBN Group.

Loans to the Group employees (including retired employees) totalled NOK 4.62bn. There has been a negative interest margin totalling NOK 0.1m on these loans in 2007. The effect is included in net interest income.

Note 9:
Other expenses

	Group		Parent company	
NOKm	2007	2006	2007	2006
Information technology [1]	565	525	551	514
Marketing	109	116	106	113
Postage, telephone and office expenses	149	137	146	134
Rents, premises and real estate	395	393	393	391
Other [2]	555	453	542	449
Total	**1,773**	**1,624**	**1,738**	**1,601**

[1] Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, were NOK 728m (NOK 668m).

[2] Including fees and remuneration to auditors distributed as follows.

Auditors' fees

During the year the Group has expensed fees of NOK 3.7m including VAT to its external auditors whereof NOK 3.6m was related to auditing functions and NOK 0.1m to advisory and other services.

Note 10:
Depreciation of tangible and intangible assets

Depreciation/amortisation

	Group		Parent company	
NOKm	2007	2006	2007	2006
Property and equipment (Note 22)				
Equipment	65	82	64	80
Buildings	6	3	6	3
Intangible assets (Note 21)				
Other intangible assets	35	49	28	46
Total	**106**	**134**	**98**	**129**
Impairment charges / Reversed impairment charges				
Property and equipment (Note 22)				
Equipment	2	2	2	2
Total	**2**	**2**	**2**	**2**
Total	**108**	**136**	**100**	**131**

Note 11:
Loan losses

	Group		Parent company	
NOKm	2007	2006	2007	2006
Loan losses divided by class, net				
Loans and receivables to credit institutions	0	0	0	0
- of which write-offs and provisions	-10	0	-10	0
- of which reversals and recoveries	10	0	10	0
Loans and receivables to the public	111	743	123	795
- of which write-offs and provisions	-280	-366	-219	-292
- of which reversals and recoveries	391	1,109	342	1,087
Off-balance sheet items[1]	-6	17	-6	17
- of which write-offs and provisions	-33	-3	-33	-3
- of which reversals and recoveries	27	20	27	20
Total	**105**	**760**	**117**	**812**
Specification of changes in Loan losses				
Changes of allowance accounts in the balance sheet	65	849	67	886
- of which Loans and receivables[2]	71	831	73	868
- of which Off-balance sheet items[1]	-6	18	-6	18
Changes directly recognised in the income statement	40	-89	50	-74
- of which realised loan losses	-21	-172	-10	-155
- of which realised recoveries	61	83	60	81
Total	**105**	**760**	**117**	**812**

[1] Included in Note 31 Provisions

[2] Included in Note 13 Loans and receivables and their impairment

Note 12:
Income tax expense

NOKm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Current tax[1]	1,159	1,175	1,083	1,117
Deferred tax	-229	-100	-283	-128
Total	**930**	**1,075**	**800**	**989**
[1] Of which relating to prior years	9	-6	1	-6

Tax has been charged as an expense in prior years on issues where tax treatment still remain unsettled, which cause deviation between the current tax expense and current tax in the balance sheet.

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

NOKm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Profit before tax	3,766	4,157	3,316	3,820
Tax calculated at a tax rate of 28%	1,054	1,164	928	1,070
Effect of different tax rates in other countries	19	-7	19	-7
Tax effect regarding implementation of IFRS	0	0	0	74
Tax-exempt income	-171	-126	-167	-192
Non-deductible expenses	19	50	19	50
Adjustments relating to prior years	9	-6	1	-6
Tax charge	**930**	**1,075**	**800**	**989**
Average effective tax rate	25%	26%	24%	26%

Deferred tax

NOKm	Group 2007	Group 2006	Parent company 2007	Parent company 2006
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	229	100	283	128
Income tax expense, net	**229**	**100**	**283**	**128**
Deferred tax assets				
Deferred tax assets due to tax losses	30	81	23	81
Deferred tax assets due to temporary differences:				
- Retirement benefit obligations	605	649	586	632
- Property and equipment and intangible assets	-58	7	40	46
- Financial derivatives	536	143	544	166
- Other	18	31	14	8
Deferred tax assets, net	**1,131**	**911**	**1,207**	**933**
Movements in deferred tax assets/liabilities, net are as follows:				
Translation differences	-9	-10	-9	-9
Through merger	0	0	0	10
Deferred tax in the income statement	229	100	283	128
At end of year	**220**	**90**	**274**	**129**
Current and deferred tax recognised directly in equity				
Deferred tax relating to changed accounting policies	0	0	0	0
Total	**0**	**0**	**0**	**0**

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 13:
Loans and receivables and their impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Loans and receivables, not impaired	379,408	327,340	374,037	322,159
Impaired loans and receivables:	958	1,243	656	994
- Performing	347	478	227	378
- Non-performing	611	765	429	616
Loans and receivables before allowances	**380,366**	**328,583**	**374,693**	**323,153**
Allowances for individually assessed impaired loans	-468	-546	-373	-461
- Performing	-121	-193	-98	-166
- Non-performing	-347	-353	-275	-295
Allowances for collectively assessed impaired loans	-395	-517	-386	-487
Allowances	**-863**	**-1,063**	**-759**	**-948**
Loans and receivables, book value	**379,503**	**327,520**	**373,934**	**322,205**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Loans and receivables, not impaired	19,284	20,497	48,354	42,433
Impaired loans and receivables:				
- Performing	0	0	0	0
- Non-performing	0	0	0	0
Loans and receivables before allowances	**19,284**	**20,497**	**48,354**	**42,433**
Allowances for individually assessed impaired loans				
- Performing	0	0	0	0
- Non-performing	0	0	0	0
Allowances for collectively assessed impaired loans	0	0	0	0
Allowances	**0**	**0**	**0**	**0**
Loans and receivables, book value	**19,284**	**20,497**	**48,354**	**42,433**
Maturity information				
Remaining maturity (book value)				
Payable on demand	9,380	17,187	21,583	37,417
Maximum 3 months	9,904	535	18,934	811
3–12 months	0	2,726	7,623	4,131
1–5 years	0	49	129	74
More than 5 years	0	0	85	0
Total	**19,284**	**20,497**	**48,354**	**42,433**

Note 13:
Loans and receivables and their impairment cont.

	The public[1]			
	Group		Parent company	
NOKm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Loans and receivables, not impaired	360,124	306,843	325,683	279,726
Impaired loans and receivables:				
- Performing	347	478	227	378
- Non-performing	611	765	429	616
Loans and receivables before allowances	**361,082**	**308,086**	**326,339**	**280,720**
Allowances for individually assessed impaired loans:				
- Performing	-121	-193	-98	-166
- Non-performing	-347	-353	-275	-295
Allowances for collectively assessed impaired loans	-395	-517	-386	-487
Allowances	**-863**	**-1,063**	**-759**	**-948**
Loans and receivables, book value	**360,219**	**307,023**	**325,580**	**279,772**
Maturity information				
Remaining maturity (book value)				
Payable on demand	119,126	71,844	117,940	70,502
Maximum 3 months	63,760	79,910	63,574	71,106
3–12 months	27,910	20,748	26,555	18,462
1–5 years	37,389	44,214	27,054	39,343
More than 5 years	112,034	90,307	90,457	80,359
Total	**360,219**	**307,023**	**325,580**	**279,772**

[1] Finance leases, where Nordea Bank Norge Group is a lessor, are included in Loans and receivables to the public, see Note 23 Leasing.

Reconciliation of allowance accounts for impaired loans[2]

	Total					
	Group			Parent company		
Loans and receivables, NOKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2007	**-546**	**-517**	**-1,063**	**-461**	**-487**	**-948**
Provisions	-181	-99	-280	-131	-98	-229
Reversals	153	219	372	126	197	323
Changes through the income statement	**-28**	**120**	**92**	**-5**	**99**	**94**
Allowances used to cover write-offs	107	2	109	94	2	96
Currency translation differences	-1	0	-1	-1	0	-1
Closing balance at 31 Dec 2007	**-468**	**-395**	**-863**	**-373**	**-386**	**-759**
Opening balance at 1 Jan 2006	**-869**	**-1,025**	**-1,894**	**-791**	**-1,025**	**-1,816**
Provisions	-135	-187	-322	-107	-157	-264
Reversals	331	695	1,026	311	695	1,006
Changes through the income statement	**196**	**508**	**704**	**204**	**538**	**742**
Allowances used to cover write-offs	127	0	127	126	0	126
Currency translation differences	0	0	0	0	0	0
Closing balance at 31 Dec 2006	**-546**	**-517**	**-1,063**	**-461**	**-487**	**-948**

Note 13:
Loans and receivables and their impairment cont.

	Credit institutions					
	Group			Parent company		
Loans and receivables, NOKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2007	**0**	**0**	**0**	**0**	**0**	**0**
Provisions	0	-10	-10	0	-10	-10
Reversals	0	10	10	0	10	10
Changes through the income statement	**0**	**0**	**0**	**0**	**0**	**0**
Allowances used to cover write-offs	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0
Closing balance at 31 Dec 2007	**0**	**0**	**0**	**0**	**0**	**0**
Opening balance at 1 Jan 2006	**0**	**0**	**0**	**0**	**0**	**0**
Provisions	0	0	0	0	0	0
Reversals	0	0	0	0	0	0
Changes through the income statement	**0**	**0**	**0**	**0**	**0**	**0**
Allowances used to cover write-offs	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0
Closing balance at 31 Dec 2006	**0**	**0**	**0**	**0**	**0**	**0**

	The public					
	Group			Parent company		
Loans and receivables, NOKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2007	**-546**	**-517**	**-1,063**	**-461**	**-487**	**-948**
Provisions	-181	-89	-270	-131	-88	-219
Reversals	153	209	362	126	187	313
Changes through the income statement	**-28**	**120**	**92**	**-5**	**99**	**94**
Allowances used to cover write-offs	107	2	109	94	2	96
Currency translation differences	-1	0	-1	-1	0	-1
Closing balance at 31 Dec 2007	**-468**	**-395**	**-863**	**-373**	**-386**	**-759**
Opening balance at 1 Jan 2006	**-869**	**-1,025**	**-1,894**	**-791**	**-1,025**	**-1,816**
Provisions	-135	-187	-322	-107	-157	-264
Reversals	331	695	1,026	311	695	1,006
Changes through the income statement	**196**	**508**	**704**	**204**	**538**	**742**
Allowances used to cover write-offs	127	0	127	126	0	126
Currency translation differences	0	0	0	0	0	0
Closing balance at 31 Dec 2006	**-546**	**-517**	**-1,063**	**-461**	**-487**	**-948**

[2] See Note 11 Loan losses.

Allowances and provisions

	Total			
	Group		Parent company	
NOKm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Allowances for items in the balance sheet	-863	-1063	-759	-948
Provisions for off balance sheet items	-7	-5	-7	-5
Total allowances and provisions	**-870**	**-1,068**	**-766**	**-953**

Note 13:
Loans and receivables and their impairment cont.

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Allowances for items in the balance sheet	0	0	0	0
Provisions for off balance sheet items	-2	0	-2	0
Total allowances and provisions	**-2**	**0**	**-2**	**0**

	The public			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Allowances for items in the balance sheet	-863	-1063	-759	-948
Provisions for off balance sheet items	-5	-5	-5	-5
Total allowances and provisions	**-868**	**-1,068**	**-764**	**-953**

Key ratios

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
Impairment rate, gross[3], %	0.3	0.4	0.2	0.3
Impairment rate, net[4], %	0.1	0.2	0.1	0.2
Total allowance rate[5], %	0.2	0.3	0.2	0.3
Allowance rate, impaired loans[6], %	48.9	43.9	56.9	46.4
Non-performing loans and receivables, not impaired[7], NOKm	302	271	295	260

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
Impairment rate, gross[3], %	0.0	0.0	0.0	0.0
Impairment rate, net[4], %	0.0	0.0	0.0	0.0
Total allowance rate[5], %	0.0	0.0	0.0	0.0
Allowance rate, impaired loans[6], %	0.0	0.0	0.0	0.0
Non-performing loans and receivables, not impaired[7], NOKm	0	0	0	0

	The public			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2007	2006	2007	2006
Impairment rate, gross[3], %	0.3	0.4	0.2	0.4
Impairment rate, net[4], %	0.1	0.2	0.1	0.2
Total allowance rate[5], %	0.2	0.3	0.2	0.3
Allowance rate, impaired loans[6], %	48.9	43.9	56.9	46.4
Non-performing loans and receivables, not impaired[7], NOKm	302	271	295	260

[3] Individually assessed impaired loans and receivables before allowances divided by total loans and receivables before allowances, %.

[4] Individually assessed impaired loans and receivables after allowances divided by total loans and receivables before allowances, %.

[5] Total allowances divided by total loans and receivables before allowances, %.

[6] Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %.

[7] Past due loans and receivables, not impaired due to future cash flows (included in Loans and receivables, not impaired).

Note 14:
Interest-bearing securities

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Government and government-guaranteed certificates (weighted 0%)	700	1,385	700	1,385
Certificates issued/guaranteed by state owned enterprises (weighted 10%)	159	0	159	0
Certificates issued/guaranteed by financial institutions (weighted 20%)	26,614	20,334	26,564	20,334
Certificates issued/guaranteed by others (weighted 100%)	3,057	4,597	3,057	4,497
Own certificates and bonds for market-making purposes (weighted 0%)	0	0	0	653
Total	**30,530**	**26,316**	**30,480**	**26,869**
Where of Financial instruments pledged as collateral (Note 15)	-1,208	-10	-1,208	-10
Total	**29,322**	**26,306**	**29,272**	**26,859**
Listed securities	25,213	21,346	25,163	21,709
Unlisted securities	4,109	4,960	4,109	5,150
Total	**29,322**	**26,306**	**29,272**	**26,859**
Maturity information				
Remaining maturity (book value)				
Maximum 1 year	11,962	9,019	11,962	9,622
More than 1 year	18,568	17,297	18,518	17,247
Total including portfolio schemes	**30,530**	**26,316**	**30,480**	**26,869**
Where of Financial instruments pledged as collateral (Note 15)	-1,208	-10	-1208	-10
Total	**29,322**	**26,306**	**29,272**	**26,859**

Note 15:
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.

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Repurchase agreements	1,208	10	1,208	10
Securities lending agreements	10	0	10	0
Total	**1,218**	**10**	**1,218**	**10**

Liabilities associated with the assets

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Repurchase agreements				
Other	1,208	10	1,208	10
Total	**1,208**	**10**	**1,208**	**10**

Note 16:
Shares

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Shares held for trading	2,026	844	2,026	844
Shares available for sale	60	54	59	53
of which taken over for protection of claims	1	0	1	0
Total	**2,086**	**898**	**2,085**	**897**
Listed shares	1,861	777	1,861	777
Unlisted shares	235	121	234	120
Total	**2,096**	**898**	**2,095**	**897**
Of which Financial instruments pledged as collateral (Note 15)	-10	0	-10	0
Total	**2,086**	**898**	**2,085**	**897**
Of which expected to be settled after 12 months	60	54	59	53

Specification of shares:

31 Dec 2007	Group Book value NOKm	Group Market value NOKm	Group Voting power of holding %	Parent company Book value NOKm	Parent company Market value NOKm	Parent company Voting power of holding %
Current assets						
ABG Sundal Collier	5	5	0.12	5	5	0.12
Acergy	9	9	0.04	9	9	0.04
AGR Group	15	15	0.43	15	15	0.43
Aker	196	196	0.79	196	196	0.79
Aker Drilling	858	858	21.66	858	858	21.66
Aker Floating Production	10	10	0.55	10	10	0.55
Bastuban 1 AB	54	54	31.63	54	54	31.63
Brånås Næringspark 2 AS	1	1	2.00	1	1	2.00
Bulgaria Eiendom Invest AS	12	12	12.90	12	12	12.90
Crew Gold Corporation	36	36	0.83	36	36	0.83
Deep Sea Supply	2	2	0.07	2	2	0.07
DeepOcean	23	23	0.93	23	23	0.93
DNO	23	23	0.26	23	23	0.26
Dreyfushammarn 31/33 Holding AS	1	1	2.00	1	1	2.00
Eltek	1	1	0.08	1	1	0.08
Ementor	3	3	0.08	3	3	0.08
Euroclear	100	100	0.19	100	100	0.19
Fast Search & Transfer	3	3	0.06	3	3	0.06
Green Reefers	30	30	3.16	30	30	3.16
Harstad Eiendomsinvest AS	5	5	9.00	5	5	9.00
Int. Gold Expl.	2	2	0.29	2	2	0.29
Intex Resources	2	2	0.22	2	2	0.22
Lerøy Seafood Group	2	2	0.03	2	2	0.03
Marine Subsea AS	10	10	1.23	10	10	1.23
Norske Skogindustrier	26	26	0.31	26	26	0.31
Norway Pelagic AS	12	12	2.22	12	12	2.22
Ocean Rig	81	81	1.20	81	81	1.20

Note 16:
Shares cont.

Specification of shares cont.**:**

31 Dec 2007	Group Book value NOKm	Group Market value NOKm	Group Voting power of holding %	Parent company Book value NOKm	Parent company Market value NOKm	Parent company Voting power of holding %
Current assets						
Odfjell A	7	7	0.11	7	7	0.11
Odim	2	2	0.04	2	2	0.04
PA Resources	2	2	0.03	2	2	0.03
Petrolia Drilling	2	2	0.07	2	2	0.07
Profdoc	26	26	4.12	26	26	4.12
Reservoir Exploration Te	1	1	0.08	1	1	0.08
Sevan Marine	21	21	0.14	21	21	0.14
Ship Finance	2	2	0.02	2	2	0.02
Siem Offshore	88	88	1.79	88	88	1.79
Smestadmoen Næringspark AS/KS	1	1	0.20	1	1	0.20
Songa Offshore	166	166	2.55	166	166	2.55
StatoilHydro	51	51	0.01	51	51	0.01
Tandberg	88	88	0.69	88	88	0.69
TGS-NOPEC Geophysical Com	2	2	0.03	2	2	0.03
TUI AG	48	48	0.12	48	48	0.12
Veidekke	7	7	0.10	7	7	0.10
Total	2,036	2,036		2,036	2,036	
Of which pledged as collateral, see note 15	10	10		10	10	
Total	**2,026**	**2,026**		**2,026**	**2,026**	
Non-current assets						
Bankenes Betalingssentral AS	10	10	16.63	10	10	16.63
Borea Oppurtunity II AS	1	1	4.45	1	1	4.45
Bølgen Invest AS	1	1	2.47	1	1	2.47
Fish Pool AS	2	2	0.11	2	2	0.11
Høyteknologisenteret i Bergen AS	1	1	1.14	1	1	1.14
Koapnord Fond AS	1	1	3.48	1	1	3.48
Møre og Romsdal Såkornfond AS	2	2	5.56	2	2	5.56
Norsk Tillitsmann AS	1	1	10.41	1	1	10.41
P-Hus Vekst AS	1	1	5.26	1	1	5.26
ProVenture Seed AS A aksjer	1	1	5.93	1	1	5.93
Rullebaneutvidelse AS	1	1	1.39	1	1	1.39
Saltens Bilruter AS	2	2	2.41	2	2	2.41
Solnør Gaard Golfbane AS	1	1	0.04	1	1	0.04
Sydvestor Vekst AS	6	6	12.50	6	6	12.50
Saferoad AS tidl. Ørstagruppen AS	5	5	3.60	5	5	3.60
Viking Ship Finance Ltd.	19	19	13.50	19	19	13.50
Andre norske anleggsaksjer	5	5		4	4	
Total	**60**	**60**		**59**	**59**	

Note 17:
Derivatives

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2007, NOKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	42	566	96,745	42	563	96,535
FRAs	42	4	33,000	42	3	27,000
Interest rate futures			3,829			3,829
Other	3	3	-387	3	3	-387
Total	**87**	**573**	**133,187**	**87**	**569**	**126,977**
Equity derivatives						
Futures and forwards	47	148	-2,025	47	148	-2,025
Options			-3			-3
Total	**47**	**148**	**-2,028**	**47**	**148**	**-2,028**
Foreign exchange derivatives						
Currency and interest rate swaps	50	14	4,132	50	14	4,132
Currency forwards	74	970	82,387	74	970	82,387
Total	**124**	**984**	**86,519**	**124**	**984**	**86,519**
Other derivatives						
Futures and forwards	135	135	1,525	135	135	1,525
Total	**135**	**135**	**1,525**	**135**	**135**	**1,525**
Total derivatives held for trading	**393**	**1,840**	**219,203**	**393**	**1,836**	**212,993**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	252	176	16,158	116	97	11,806
Total	**252**	**176**	**16,158**	**116**	**97**	**11,806**
Foreign exchange derivatives						
Currency and interest rate swaps	23	129	3,558	23	129	3,558
Total	**23**	**129**	**3,558**	**23**	**129**	**3,558**
Total derivatives used for hedge accounting	**275**	**305**	**19,716**	**139**	**226**	**15,364**
Total derivatives	**668**	**2,145**	**238,919**	**532**	**2,062**	**228,357**

	Group		Parent company	
31 Dec 2007, NOKm	Positive	Negative	Positive	Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	217	1,344	216	1,341
3-12 months	187	473	186	454
1-5 years	195	315	113	257
More than 5 years	69	13	17	10
Total	**668**	**2,145**	**532**	**2,062**

Note 17:
Derivatives cont.

31 Dec 2006, NOKm	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	93	393	56,440	93	327	52,311
FRAs	66	3	53,000	66	3	53,000
Interest rate futures			24,607			24,607
Options			37,011			37,011
Other	1	1	-3	1		-3
Total	**160**	**397**	**171,055**	**160**	**330**	**166,926**
Equity derivatives						
Futures and forwards	35	26	-1,446	35	26	-1,446
Options written		11	-493		11	-493
Options bought	49		741	49		741
Total	**84**	**37**	**-1,198**	**84**	**37**	**-1,198**
Foreign exchange derivatives						
Currency and interest rate swaps	241	27	11,377	241	27	11,377
Currency forwards	303	1,198	50,652	303	1,198	50,652
Total	**544**	**1,225**	**62,029**	**544**	**1,225**	**62,029**
Other derivatives						
Options written		458	3,515		458	3,515
Options bought	483	25	3,576	483	25	3,576
Total	**483**	**483**	**7,091**	**483**	**483**	**7,091**
Total derivatives held for trading	**1,271**	**2,142**	**238,977**	**1,271**	**2,075**	**234,848**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	458	393	32,000	316	328	27,027
Total	**458**	**393**	**32,000**	**316**	**328**	**27,027**
Foreign exchange derivatives						
Currency and interest rate swaps	1	160	583	1	160	583
Total	**1**	**160**	**583**	**1**	**160**	**583**
Total derivatives used for hedge accounting	**459**	**553**	**32,583**	**317**	**487**	**27,610**
Total derivatives	**1,730**	**2,695**	**271,560**	**1,588**	**2,563**	**262,478**

31 Dec 2006, NOKm	Group Positive	Group Negative	Parent company Positive	Parent company Negative
Maturity information				
Remaining maturity (book value)				
Maximum 3 months	424	1,270	422	1,270
3-12 months	672	798	672	795
1-5 years	591	588	485	491
More than 5 years	43	39	9	7
Total	**1,730**	**2,695**	**1,588**	**2,563**

Note 18:
Fair value changes in the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Book value at beginning of year	352	491	312	171
Changes during the year				
Revaluation of hedged items	-280	-139	-193	141
Book value at end of year	**72**	**352**	**119**	**312**

Liabilities	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Book value at beginning of year	129	199	66	30
Changes during the year				
Revaluation of hedged items	-8	-70	20	36
Book value at end of year	**121**	**129**	**86**	**66**

Note 19:
Investments in group undertakings

Parent company	31 Dec	31 Dec
NOKm	2007	2006
Acquisition value at beginning of year, NGAAP	-	3,338
Mergers of subisidiaries	-	-125
Effect of implementing IFRS	-	-1,029
Acquisition value at beginning of year, IFRS	**2,184**	**2,184**
Acquisitions during the year	50	-
Liquidation during the year	-1	-
Acquisition value at end of year	**2,233**	**2,184**
Of which, listed shares	0	0

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

Specification

This specification includes all group undertakings in the Group. The full specification and statutory information are available on request from Nordea Investor Relations.

Parent company

31 Dec 2007	Number of shares	Book value NOKm	Voting power of holding %	Domicile	Registration number
Norgeskreditt AS	15,336,269	2,036	100.0	Oslo	971 227 222
Nordea Finans Norge AS	63,000	125	100.0	Oslo	924 507 500
Nordea Essendropsgate Eiendomsforvaltning AS	1,000	0	100.0	Oslo	986 610 472
Christiania Forsikring AS[1]	172,560	22	100.0	Oslo	941 219 349
Christiania Finance S.A. [1,2]	750,000	0	100.0	Luxembourg	-
Trondheim City AS[1]	100	0	100.0	Trondheim	953 020 114
First Card AS[1]	100	0	100.0	Oslo	963 215 371
Privatmegleren AS	804	50	67.0	Oslo	986 386 661
Total		**2,233**			

[1] Dormant companies
[2] Under liquidation

Note 20:
Investments in associated undertakings

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Acquisition value at beginning of year, NGAAP	-	-	-	626
Share in earnings[1]	-	-	-	54
Dividend received	-	-	-	-27
Effect of implementing IFRS	-	-	-	-514
Acquisition value at beginning of year, IFRS	**653**	**626**	**139**	**139**
Share in earnings[1]	-36	54	-	-
Effect of implementing IFRS through profit and loss	49	0	-	-
Dividend received	-50	-27	-	-
Acquisition value at end of year	**616**	**653**	**139**	**139**
Of which, listed shares	0	0	0	0

[1] Share in earnings	Group	
	31 Dec	31 Dec
NOKm	2007	2006
Profit from companies accounted for under the equity method	-50	76
Income tax expense	14	-22
Share in earnings	**-36**	**54**

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

The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

	31 Dec	31 Dec
NOKm	2007	2006
Total assets	218,497	172,365
Total liabilities	215,844	169,336
Operating income	0	511
Operating profit	-217	217

Nordeas' share of contingent liabilities in associated undertakings amounts to NOK 0m (NOK 0m).

31 Dec 2007	Registration number	Domicile	Book value NOKm	Voting power of holding %
Credit institutions				
Eksportfinans ASA	816 521 432	Oslo	616	23.21
Total			**616**	

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

Note 21:
Intangible assets

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Goodwill[1]	48	0	0	0
Internally developed software	172	82	172	82
Other intangible assets	43	63	33	51
Total	**263**	**145**	**205**	**133**

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Goodwill[1]				
Acquisition value at beginning of year	0	0	0	0
Acquisitions during the year	48	0	0	0
Acquisition value at end of year	**48**	**0**	**0**	**0**
Total	**48**	**0**	**0**	**0**

	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Internally developed software				
Acquisition value at beginning of year	82	82	82	82
Acquisitions during the year	90	41	90	41
Sales/disposals during the year	0	-41	0	-41
Acquisition value at end of year	**172**	**82**	**172**	**82**
Accumulated amortisation at beginning of year	0	-4	0	-4
Reclassifications	0	4	0	4
Accumulated amortisation at end of year	**0**	**0**	**0**	**0**
Total	**172**	**82**	**172**	**82**

	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Other intangible assets				
Acquisition value at beginning of year	234	220	212	201
Acquisitions during the year	15	10	11	7
Sales/disposals during the year	-76	-37	-76	-37
Reclassifications	0	41	0	41
Acquisition value at end of year	**173**	**234**	**147**	**212**
Accumulated amortisation at beginning of year	-171	-154	-161	-148
Amortisation according to plan for the year	-35	-49	-28	-46
Accumulated amortisation on sales/disposals during the year	76	37	76	37
Reclassifications	0	-1	-1	0
Translation differences	0	-4	0	-4
Accumulated amortisation at end of year	**-130**	**-171**	**-114**	**-161**
Total	**43**	**63**	**33**	**51**

[1] Excluding goodwill in associated undertakings.

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

Note 22:
Property and equipment

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Property and equipment	270	257	264	251
Of which buildings for own use	70	46	68	44
Total	**270**	**257**	**264**	**251**
Taken over for protection of claims				
Land and buildings	2	2	2	2
Total	**2**	**2**	**2**	**2**
Equipment				
Acquisition value at beginning of year	872	1,071	863	1,063
Acquisitions during the year	55	33	53	33
Sales/disposals during the year	-18	-233	-18	-232
Reclassifications	0	1	1	-1
Acquisition value at end of year	**909**	**872**	**899**	**863**
Accumulated depreciation at beginning of year	-661	-798	-656	-794
Accumulated depreciation on sales/disposals during the year	18	230	18	231
Reclassifications	-1	-11	-1	-13
Depreciations according to plan for the year	-65	-82	-64	-80
Accumulated depreciation at end of year	**-709**	**-661**	**-703**	**-656**
Impairment charges during the year	-2	-2	-2	-2
Accumulated impairment charges at end of year	**-2**	**-2**	**-2**	**-2**
Total	**198**	**209**	**194**	**205**
Land and buildings				
Acquisition value at beginning of year	63	58	61	56
Acquisitions during the year	30	24	30	24
Sales/disposals during the year	0	-19	0	-19
Acquisition value at end of year	**93**	**63**	**91**	**61**
Accumulated depreciation at beginning of year	-17	-33	-17	-33
Accumulated depreciation on sales/disposals during the year	0	19	0	19
Depreciation according to plan for the year	-6	-3	-6	-3
Accumulated depreciation at end of year	**-23**	**-17**	**-23**	**-17**
Total	**70**	**46**	**68**	**44**

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

Note 23: Leasing

Nordea as a lessor

Finance leases

Nordea owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in "Loans and receivables to the public" (see Note 13) 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	
	31 Dec	31 Dec
NOKm	2007	2006
Gross investments	5,974	4,433
Less unearned finance income	-68	-38
Net investments in finance leases	**5,906**	**4,395**
Less unguaranteed residual values accruing to the benefit of the lessor	0	0
Present value of future minimum lease payments receivable	**5,906**	**4,395**
Accumulated allowance for uncollectible minimum lease payments receivable	**0**	**15**

As of 31 December 2007 the gross investment at remaining maturity was distributed as follows:

	Group	
	31 Dec	31 Dec
NOKm	2007	2006
2007	0	1,644
2008	2,398	1,447
2009	1,867	593
2010	809	384
2011	488	209
2012	239	112
Later years	173	44
Total gross investment	**5,974**	**4,433**
Less unearned future finance income on finance leases	-68	-38
Net investment in finance leases	**5,906**	**4,395**

Nordea as a lessee

Operating leases

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

	Group	
	31 Dec	31 Dec
Leasing expenses during the year, NOKm	2007	2006
Leasing expenses during the year	268	255
Of which		
- minimum lease payments	268	255
- contingent rents	0	0
Leasing income during the year regarding sublease payments	268	10

Note 23:
Leasing cont.

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

NOKm	Group 31 Dec 2007	Parent company 31 Dec 2007
2008	249	249
2009	219	219
2010	160	160
2011	155	155
2012	148	148
Later years	1,216	1,216
Total	**2,147**	**2,147**

Total sublease payments expected to be received under non-cancellable subleases amounts to NOK 2,147m (NOK 2,100m).

Note 24:
Other assets

	Group		Parent company	
NOKm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Claims on securities settlement proceeds	8,263	6,825	8,263	6,825
Other	821	1,692	773	1,923
Total	**9,084**	**8,517**	**9,036**	**8,748**

Note 25:
Prepaid expenses and accrued income

	Group		Parent company	
NOKm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Accrued interest income	1,984	1,537	1,934	1,466
Prepaid expenses	179	27	45	25
Total	**2,163**	**1,564**	**1,979**	**1,491**

Note 26:
Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Central banks	9,292	6,510	9,292	6,510
Other banks	152,000	125,936	151,667	125,915
Other credit institutions	498	126	498	126
Total	**161,790**	**132,572**	**161,457**	**132,551**
Maturity information				
Remaining maturity (book value)				
Payable on demand	48,513	34,162	48,180	34,521
Maximum 3 months	15,313	10,807	15,313	30,846
3-12 months	92,504	86,408	92,504	62,005
1–5 years	5,202	1,195	5,202	5,179
More than 5 years	258	0	258	0
Total	**161,790**	**132,572**	**161,457**	**132,551**

Note 27:
Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Deposits from the public	217,771	178,876	217,750	178,858
Total	**217,771**	**178,876**	**217,750**	**178,858**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also includes amounts in excess of the individual amount limits.

Maturity information, Deposits				
Remaining maturity (book value)				
Payable on demand	204,627	172,593	204,606	172,575
Maximum 3 months	8,621	4,932	8,621	4,932
3-12 months	4,422	1,334	4,422	1,334
1–5 years	67	17	67	17
More than 5 years	34	0	34	0
Total	**217,771**	**178,876**	**217,750**	**178,858**

Note 28:
Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Certificates	3,200	300	3,200	300
Bond loans	4,544	10,879	3,344	10,020
Total	**7,744**	**11,179**	**6,544**	**10,320**
Maturity information, Debt securities in issue				
Remaining maturity (book value)				
Maximum 1 year	4,771	6,481	4,771	6,834
More than 1 year	2,973	4,698	1,773	3,486
Total	**7,744**	**11,179**	**6,544**	**10,320**

Note 29:
Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Liabilities on securities settlement proceeds	8,770	3,101	8,770	3,101
Sold, not held, securities	4,841	4,020	4,841	4,020
Accounts payable	110	41	60	34
Other	2,722	4,699	2,666	4,645
Total	**16,443**	**11,861**	**16,337**	**11,800**

Note 30:
Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Accrued interest	1,199	897	1,149	842
Other accrued expenses	692	597	668	550
Prepaid income	143	79	0	0
Total	**2,034**	**1,573**	**1,817**	**1,392**

Note 31:
Provisions

NOKm	Group 31 Dec 2007	Group 31 Dec 2006	Parent company 31 Dec 2007	Parent company 31 Dec 2006
Transfer risks, off-balance	2	0	2	0
Off-balance sheet	5	5	5	5
Total	**7**	**5**	**7**	**5**

Movement in the balance sheet:

Group	Transfer risks	Off-balance sheet	Total
At beginning of year	0	5	5
New provisions made	29	4	33
Provisions utilised	0	0	0
Reversals	-27	0	-27
Reclassifications	0	-4	-4
At end of year	**2**	**5**	**7**

The total amount is expected to be settled within 12 months.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to NOK 5m.

Parent company	Transfer risks	Off-balance sheet	Total
At beginning of year	0	5	5
New provisions made	29	4	33
Provisions utilised	0	0	0
Reversals	-27	0	-27
Reclassifications	0	-4	-4
At end of year	**2**	**5**	**7**

The total amount is expected to be settled within 12 months.

Note 32:
Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Pension plans	2,160	2,318	2,093	2,256
Total	**2,160**	**2,318**	**2,093**	**2,256**

Pension plans

Nordea Bank Norge is obliged to have an occupational pension scheme under the Mandatory Occupational Pension Plan Act. The Group's pension schemes meet the demands required by this act. The Group's pension plans are covered through Nordea Norge Pensjonskasse (pension fund), which is managed by Gabler & Partners AS. The Group has also pension commitments that are not covered by the pension funds. These relate to early retirement pensions and supplementary pensions. The pension scheme encompasses 5,746 people (5,652), of whom 2,312 (2,280) received pension as at 31 December 2007. The average member age is 56 (56).

Defined benefit plans

IAS 19 secures that the market based value of pension obligations net of assets backing these obligations will be reflected in the Group's balance sheet. All plans in NBN are defined benefit plans. The major plans are funded schemes covered by assets in Nordea Norge Pensjonskasse. Some other pension plans are recognised directly on the balance sheet as a liability. Actuarial gains/losses arising from changed assumptions or deviation between expected and actual return on assets may not be recognised in the balance sheet at once, but will be recognised over a fixed period of 10 years if they in total exceeded 10% of gross pension liabilites or assets in the previous reporting period.

The ordinary retirement age is 67. The schemes carry, based on present social security regulations, an entitlement to an old age pension corresponding to 70 per cent of pensionable income at the time of retirement. The amount is reduced correspondingly in the event of less than 30 years' service at the time of retirement. From the age of 67 onwards pensions paid by the bank are coordinated with those paid under the National Insurance Scheme.

IAS 19 pension calculations and assumptions

Calculations on all plans are performed by external liability calculators and are based on the actuarial assumptions fixed for NBN Group's pension plans.

Assumptions	2007	2006
Discount rate	5.0%	4.0%
Salary increase	3.5%	3.0%
Inflation	2.0%	2.0%
Expected return on assets before taxes	6.0%	5.0%
Expected adjustments of current pensions	2.0%	2.0%
Expected adjustments of basic Social Security	2.5%	2.5%

The table below summarises an estimate of potential effects of using different key assumptions for the defined benefit plan in NBN Group.

Potential effects of change in key assumptions	Pension cost 2007	Pension cost 2008	Recognised net funded status	Unrecog-nised act loss	Loss outside corridor
Expected pension figures BOY 2007	400		2,568	592	40
- Parameters if unchanged from 2006	384	408	2,600	560	40
- NRS aligned parameters; inflation 2.5%, salary 4.5%, discount rate 5%	352	416	2,376	296	16

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 will have an added risk premium.

Asset composition

The combined return on assets in 2007 was 7.0% (6.3%) reflecting an attractive return on equities and real estate. At the end of the year, the equity exposure in the pension fund represented 12% (18%) of total assets.

Note 32:
Retirement benefit obligations cont.

Funded schemes

	2007	2006
Equity	12%	18%
Bonds	65%	59%
Real estate	23%	23%

Defined benefit plans - balance sheet items

Retirement benefit assets reported in the balance sheet as at year-end amounted to NOK 0m (NOK 0m), whereas retirement benefit obligations totalled NOK 2,160m (NOK 2,318m).

Amounts recognised in the balance sheet at 31 December

	Group		Parent company	
NOKm	2007	2006	2007	2006
PBO (present value of pension obligations)	5,752	6,116	5,598	5,954
Assets	3,557	3,207	3,474	3,128
Funded status - surplus/deficit (-)	**-2,195**	**-2,909**	**-2,124**	**-2,826**
Unrecognised actuarial gains(-)/losses	35	591	32	570
Funded status in the balance sheet	**2,160**	**2,318**	**2,092**	**2,256**
Of which				
retirement benefit obligations	2,160	2,318	2,092	2,256
related to unfunded plans (PBO)	1,261	1,314	1,230	1,289

Overview of surplus or deficit in the plans

Group	Total	Total	Total	Total	Total
NOKm	2007	2006	2005	2004	2003
PBO	5,752	6,116	5,919	5,273	4,669
Plan Assets	3,557	3,207	3,023	2,576	2,292
Funded status - surplus/deficit(-)	**-2,195**	**-2,909**	**-2,896**	**-2,697**	**-2,377**

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

Changes in the PBO

	Group		Parent company	
NOKm	2007	2006	2007	2006
PBO at 1 Jan	6,116	5,919	5,954	5,766
Service cost	235	221	221	208
Interest cost	226	218	220	213
Pensions paid	-267	-286	-258	-283
Curtailments and settlements	19	36	19	36
Actuarial gains(-)/losses	-488	6	-471	12
Change in provision for Social Security Contribution	-89	2	-87	2
PBO at 31 Dec	**5,752**	**6,116**	**5,599**	**5,954**

Changes in the fair value of assets

	Group		Parent company	
NOKm	2007	2006	2007	2006
Assets at 1 Jan	3,207	3,023	3,128	2,950
Expected return on assets	162	155	158	151
Pensions paid	-267	-181	-258	-179
Contributions	394	175	383	168
Actuarial gains/losses(-)	61	35	63	38
Assets at 31 Dec	**3,557**	**3,207**	**3,474**	**3,128**
Actual return on plan assets	**223**	**190**	**220**	**189**

Note 32:
Retirement benefit obligations cont.

Overview of actuarial gains/losses[1]

NOKm	Total 2007	Total 2006
Effects of changes in actuarial assumptions	-77	0
Experience adjustments	550	29
Of which:		
- on plan assets	61	35
- on plan liabilities	489	-6
Actuarial gains/losses	**473**	**29**

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

Defined benefit pension cost

The total net pension cost recognised in the Group's income statement (as staff costs) for the year is NOK 284m (NOK 368m).

Recognised net defined benefit cost

	Group		Parent company	
NOK m	2007	2006	2007	2006
Service cost	235	221	221	208
Interest cost	226	218	220	213
Expected return on assets	-162	-155	-158	-151
Recognised actuarial gains(-)/ losses	5	9	5	8
Curtailments and settlements	19	36	19	36
Net cost	**323**	**329**	**307**	**314**
Accrued Social Security Contribution	-39	39	-39	37
Pension cost on defined benefit plans	**284**	**368**	**268**	**351**

The pension cost is somewhat lower than expected at the start of the year mainly because curtailments and settlements have been lower than estimated at the beginning of the year. The net pension cost is expected to be NOK 310m in 2008 for the NBN Group.
The Group expects to contribute NOK 400m (excl. SSC) to the defined benefit plans in 2008.

Note 33:
Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Dated subordinated debenture loans	4,812	4,188	4,812	4,188
Undated subordinated debenture loans	2,609	2,951	2,609	2,951
Other subordinated loans	1	1	0	0
Total	**7,422**	**7,140**	**7,421**	**7,139**

These debenture loans are subordinated to other liabilities. Dated debenture loans entitle the lender to payment before undated subordinated loans. Within each respective category, the loans entitle lenders to equal payment rights. Redemption of loans before maturity have to be approved by the FSA.

The interest expense on subordinated loans were NOK 395m (304) in 2007.

Subordinated loan capital denominated in foreign currencies forms part of the Bank's aggregate foreign currency position. There is no exchange rate risk related to the subordinated loans.

The terms for all subordinated loans as at 31 December 2007 are specified below.

Issued by	Year of issue / maturity	Nominal value	Book value NOKm	Interest rate (coupon)
Nordea Bank Norge ASA	2003 - Undated[1]	EUR 70	557	Euribor 3 month + 75 basis points
Nordea Bank Norge ASA	1986 - Undated[2]	USD 200	1,080	Libor 6 month + 18.75 basis points
Nordea Bank Norge ASA	2006 - Undated[1]	USD 180	972	Libor 3 month + 39 basis points
Nordea Bank Norge ASA	2005 - 2015[1]	USD 350	1,890	Libor 3 month + 25 basis points
Nordea Bank Norge ASA	2006 - 2016[1]	USD 320	1,728	Libor 3 month + 25 basis points
Nordea Bank Norge ASA	2007 - 2017[1]	EUR 150	1,194	Euribor 3 month + 30 basis point
			7,421	

[1] Call date 5 years from issuance date. Margin increase by 75 basis points if not called.

[2] Can be called on each interest payment date

Note 34:
Equity

Group, NOKm	Share capital[1]	Share premium account	Retained earnings	Minority interests	**Total equity**
Balance at end of year, at 31 Dec 2006	**3,860**	**953**	**16,138**	**0**	**20,951**
Minority interests (Privatmegleren AS)				1	**1**
Currency translation differences			-6		**-6**
Net profit for the year			2,836		**2,836**
Dividend for 2006			-1,000		**-1,000**
Share-based payments, Long Term Incentive Programme (LTIP)			5		**5**
Balance at 31 Dec 2007	**3,860**	**953**	**17,973**	**1**	**22,787**
Balance at end of year, at 31 Dec 2005	**3,860**	**953**	**14,835**	**0**	**19,648**
Currency translation differences			-1		**-1**
Net profit for the year			3,082		**3,082**
Dividend for 2005			-1,775		**-1,775**
Other changes			-3		**-3**
Balance at 31 Dec 2006	**3,860**	**953**	**16,138**	**0**	**20,951**

Parent company, NOKm	Share capital[1]	Share premium account	Statutory reserve	Retained earnings	**Total equity**
Balance at end of year, at 31 Dec 2006	**3,860**	**953**	**1,711**	**13,420**	**19,944**
Change in accounting policies, implementing IFRS[2]:					
Equity method			-1,711		**-1,711**
Fair value financial instruments Treasury				9	**9**
Reclassification of dividend 2006				1,000	**1,000**
Balance at beginning of year, 1 Jan 2007, restated	**3,860**	**953**	**0**	**14,429**	**19,242**
Currency translation differences				-6	**-6**
Net profit for the year				2,516	**2,516**
Dividend for 2006				-1,000	**-1,000**
Share-based payments, Long Term Incentive Programme (LTIP)				5	**5**
Balance at 31 Dec 2007	**3,860**	**953**	**0**	**15,944**	**20,757**
Balance at end of year, at 31 Dec 2005	**3,860**	**953**	**1,567**	**11,470**	**17,850**
Change in accounting policies, implementing IFRS[2]:					
Equity method			-1,567		**-1,567**
Fair value financial instruments Treasury				5	**5**
Reclassification of dividend 2005				1,775	**1,775**
Balance at beginning of year, 1 Jan 2006, restated	**3,860**	**953**	**0**	**13,250**	**18,063**
Currency translation differences				-1	**-1**
Other changes				-2	**-2**
Change in accounting policies, implementing IFRS[2]:					
Equity method (recognised directly in equity)				126	**126**
Dividend for 2005				-1,775	**-1,775**
Net profit for the year IFRS				2,831	**2,831**
Balance at beginning of year, 1 Jan 2007, restated	**3,860**	**953**	**0**	**14,429**	**19,242**

[1] The share capital is NOK 3,859,510,032 (31 December 2005: 3,859,510,032) consisting of 551,358,576 shares at a quota value of NOK 7.00.

[2] See note 1

Nordea Bank AB (Publ), corporate registration no. 516406-0120, owned 100 per cent of the shares in Nordea Bank Norge ASA as per 31 December 2007. Nordea Bank AB's business address is Hamngatan 10, SE -10571 Stockholm, Sweden.

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

Note 35:
Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Assets pledged for own liabilities				
Securities etc	36,307	18,854	36,307	18,854
Total	**36,307**	**18,854**	**36,307**	**18,854**

The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	23,441	13,949	23,441	13,949
Deposits and borrowings from the public	12,866	4,905	12,866	4,905
Total	**36,307**	**18,854**	**36,307**	**18,854**

Assets pledged for own liabilities contains securities pledged as security in repurchase agreement and in securities borrowing. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months. Assets pledged related to clearing contains securities pledged for securities trading and clearing in NOS. Securities are also pledged for short term loans with the Central Bank of Norway.

Note 36:
Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Guarantees				
Loan guarantees	1,486	1,717	1,486	1,717
Other guarantees	18,257	36,391	18,486	36,621
Total	**19,743**	**38,108**	**19,972**	**38,338**
Of which counter-guaranteed by:				
Other banks	7,026	8,407	7,026	8,407
Other credit institutions	191	340	66	225

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the banks customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. As part of the rationalisation process within Nordea all documentary credits are from 2006 recorded in a common system with Nordea Bank Finland as counterpart. NBN has therefore no longer commitments regarding documentary credits. This will also apply to new guarantees, while guarantees already entered into with NBN as counterpart mainly will run until maturity. Guarantees are considered as off-balance sheet items, unless there is a need for a provision to cover a probable loss.

Legal proceedings

Within the framwork of the normal business operations, the Group faces claims in civil lawsuites 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.

Note 37:
Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Future payment obligations	894	1,376	856	1,419
Derivatives	238,919	271,559	228,356	266,586
Credit commitments	83,806	49,594	83,806	49,594
Unutilised portion of approved overdraft facilities	63,259	59,000	71,975	66,291
Total	**386,878**	**381,529**	**384,993**	**383,890**

Note 38:
Capital adequacy

The Capital Adequacy has been commented on in the Risk and Capital management section in the Directors' Report.

	Group		Parent company	
NOKm	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Calculation of total capital base				
Equity	**22,787**	**20,951**	**20,757**	**19,944**
Proposed/actual dividend	0	-1,000	0	0
Deferred tax assets	-1,131	-916	-1,207	-937
Intangible assets	-263	0	-205	0
IRB provisions shortfall (-)[2]	-207	0	-197	0
Deduction for investment in credit institutions	-13	0	-13	0
Actuarial loss on pensions liabilities booked against equity[1]	465	698	450	675
Other items, net	0	-9	0	-1,711
Tier 1 capital	**21,638**	**19,724**	**19,585**	**17,971**
Tier 2 capital	**7,808**	**7,572**	**7,421**	**7,139**
- of which perpetual subordinated loans	2,609	3,093	2,609	2,951
IRB provisions shortfall (-)[2]	-207	0	-197	0
Deduction for investment in credit institutions	-13	0	-13	0
Other items, net	0	-35	0	-35
Total capital base	**29,226**	**27,261**	**26,796**	**25,075**

[1] Net actuarial loss related to pension liabilities is booked against equity at 1 January 2005. According to transitional rules from FSA 4/5 of the gross change in recognised pension liabilities can be added to the Tier 1 capital in 2005, 3/5 in 2006, 2/5 in 2007 and 1/5 in 2008.

[2] A shortfall exists if expected loss calculated in accordance with the capital requirement regulations using the IRB method exceeds write-downs according to the lending regulations for the same engagements. According to Basel II, a deduction shall be made both in Tier 1 and Total capital relating to the shortfall. Figures for 2007 above have been calculated according to Basel II while comparable 2006 figures are in accordance with Basel I.

Capital requirements 31 Dec 2007	Group			Parent company		
	Capital requirement	Basel II RWA	Basel I RWA	Capital requirement	Basel II RWA	Basel I RWA
Credit risk	**17,977**	**224,714**	**342,596**	**15,671**	**195,888**	**308,515**
IRB foundation	10,963	137,036		9,842	123,027	
- of which corporate	10,337	129,212		9,265	115,804	
- of which institutions	553	6,913		551	6,893	
- of which other	73	911		26	330	
Standardised	7,014	87,678		5,829	72,861	
- of which retail	5,182	64,775		4,771	59,636	
- of which sovereign	28	348		23	286	
- of which other	1,804	22,555		1,035	12,939	
Basel I reporting entities						
Market risk	**418**	**5,223**	**4,567**	**418**	**5,223**	**5,223**
- of which trading book, VaR	64	807		64	807	
- of which trading book, non-VaR	353	4,410		353	4,410	
- of which FX, non-VaR	1	8		1	8	

Note 38:
Capital adequacy cont.

Capital requirements 31 Dec 2007 cont.	Group			Parent company		
	Capital requirement	Basel II RWA	Basel I RWA	Capital requirement	Basel II RWA	Basel I RWA
Operational risk	**993**	**12,413**		**983**	**12,287**	
Standardised	993	12,413		983	12,287	
Sub total	**19,388**	**242,350**	**347,163**	**17,072**	**213,398**	**313,679**
Adjustment for floor rules						
Additional capital requirement according to floor rules	6,996	87,474		6,767	84,597	
Total	**26,384**	**329,824**	**347,163**	**23,839**	**297,995**	**313,679**

Capital ratio

	Group Basel II	Group Basel I	Parent company Basel II	Parent company Basel I
Tier I ratio, %	6.6	6.3	6.6	6.3
Capital ratio, %	8.9	8.5	9.0	8.7

Analysis of capital requirements

Exposure class	Average risk weight (%)	Capital requirement	Average risk weight (%)	Capital requirement
Corporate	53	10,337	53	9,265
Institutions	21	553	22	551
Retail	42	5,182	40	4,771
Sovereign	2	28	2	23
Other	32	1,877	29	1,061
Total credit risk		**17,977**		**15,671**

Risk-weighted assets for credit and market risks 31 Dec 2006

	Group	Parent company
Credit risks	281,577	261,741
Market risks	7,737	6,645
Total risk-weighted assets	**289,314**	**268,386**

Capital ratios 2006		
Tier 1 capital ratio, %	6.8	6.7
Total capital ratio, %	9.4	9.3

Note 39:
Classification of financial instruments

Group

NOKm, 31 Dec 2007	Loans and receivables	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	15,204						15,204
Loans and receivables to credit institutions	12,530		6,754				19,284
Loans and receivables to the public	360,219						360,219
Interest-bearing securities		29,322					29,322
Financial instruments pledged as collateral		1,218					1,218
Shares[1]		2,026			60		2,086
Derivatives		668					668
Fair value changes of the hedged items in portfolio hedge of interest rate risk		72					72
Investments in associated undertakings						616	616
Intangible assets						263	263
Property and equipment						270	270
Deferred tax assets						1,131	1,131
Other assets	324		8,758			2	9,084
Prepaid expenses and accrued income	2,163						2,163
Total	**390,440**	**33,306**	**15,512**	**0**	**60**	**2,282**	**441,600**

[1] Shares classified as available for sale are booked to cost with the exception of the shares where a market price is available.

Group

NOKm, 31 Dec 2007	Held for trading	Liabilities at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	**Total**
Liabilities						
Deposits by credit institutions		9,437		152,353		161,790
Deposits and borrowings from the public		1,040		216,731		217,771
Debt securities in issue	57			7,687		7,744
Derivatives	1,869		276			2,145
Fair value changes of the hedged items in portfolio hedge of interest rate risk				121		121
Current tax liabilities					1,176	1,176
Other liabilities	4,995	8,768		2,570	110	16,443
Accrued expenses and prepaid income				1,341	693	2,034
Provisions					7	7
Retirement benefit obligations					2,160	2,160
Subordinated liabilities				7,422		7,422
Total	**6,921**	**19,245**	**276**	**388,225**	**4,146**	**418,813**

Group

NOKm, 31 Dec 2006	Loans and receivables	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	1,794						1,794
Loans and receivables to credit institutions	17,396	3,101					20,497
Loans and receivables to the public	307,023						307,023
Interest-bearing securities		26,306					26,306
Financial instruments pledged as collateral			10				10
Shares[1]		845			53		898
Derivatives		1,271		459			1,730
Fair value changes of the hedged items in portfolio hedge of interest rate risk	352						352
Investments in associated undertakings						653	653
Intangible assets						145	145
Property and equipment						257	257
Deferred tax assets						911	911
Other assets	8,514					3	8,517
Prepaid expenses and accrued income	1,554					10	1,564
Total	**336,633**	**31,523**	**10**	**459**	**53**	**1,979**	**370,657**

[1] Shares classified as available for sale are booked to cost with the exception of the shares where a market price is available.

Group

NOKm, 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	10			132,562		132,572
Deposits and borrowings from the public				178,876		178,876
Debt securities in issue				11,179		11,179
Derivatives	2,141		554			2,695
Fair value changes of the hedged items in portfolio hedge of interest rate risk				129		129
Current tax liabilities					1,358	1,358
Other liabilities	4,020			7,755	86	11,861
Accrued expenses and prepaid income				976	597	1,573
Provisions					5	5
Retirement benefit obligations					2,318	2,318
Subordinated liabilities				7,140		7,140
Total	**6,171**	**0**	**554**	**338,617**	**4,364**	**349,706**

Note 40:
Assets and liabilities at fair value

Group

	31 Dec 2007		31 Dec 2006	
NOKm	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with central banks	15,204	15,204	1,794	1,794
Loans and receivables to credit institutions	19,284	19,287	20,497	20,506
Loans and receivables to the public	360,219	360,324	307,023	307,134
Interest-bearing instruments	29,322	29,322	26,306	26,306
Financial instruments pledged as collateral	1,218	1,218	10	10
Shares	2,086	2,086	898	898
Derivatives	668	669	1,730	1,730
Fair value changes of the hedged items in portfolio hedge of interest rate risk	72	72	352	352
Investments in associated undertakings	616	616	653	653
Intangible assets	263	263	145	145
Property and equipment	270	270	257	257
Deferred tax assets	1,131	1,131	911	911
Other assets	9,084	9,084	8,517	8,517
Prepaid expenses and accrued income	2,163	2,163	1,564	1,564
Total assets	**441,600**	**441,709**	**370,657**	**370,777**

	Book value	Fair value	Book value	Fair value
Liabilities				
Deposits by credit institutions	161,790	161,820	132,572	132,568
Deposits and borrowings from the public	217,771	217,772	178,876	178,875
Debt securities in issue	7,744	7,717	11,179	11,124
Derivatives	2,145	2,145	2,695	2,695
Fair value changes of the hedged items in portfolio hedge of interest rate risk	121	121	129	129
Current tax liabilities	1,176	1,176	1,358	1,358
Other liabilities	16,443	16,444	11,861	11,861
Accrued expenses and prepaid income	2,034	2,034	1,573	1,573
Provisions	7	7	5	5
Retirement benefit obligations	2,160	2,160	2,318	2,318
Subordinated liabilities	7,422	7,423	7,140	7,139
Total liabilities	**418,813**	**418,819**	**349,706**	**349,645**

Estimation of fair value for assets and liabilities

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

The book values on loans and receivables, deposits and 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.

Note 41:
Assets and liabilities in foreign currencies

Group

NOKbn, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	1	1	0	16	0	1	19
Loans and receivables to the public	13	6	1	291	45	4	360
Interest-bearing securities	17	0	0	12	2	0	31
Other assets	1	0	0	30	0	0	31
Total assets	**32**	**7**	**1**	**349**	**47**	**5**	**441**
Liabilities and equity							
Deposits by credit institutions	21	4	0	30	105	2	162
Deposits and borrowings from the public	12	3	1	179	21	2	218
Debt securities in issue	0	0	0	7	1	0	8
Subordinated liabilities	2	0	0	0	5	0	7
Other liabilities and equity	1	0	0	45	0	0	46
Total liabilities and equity	**36**	**7**	**1**	**261**	**132**	**4**	**441**
Position not reported in the balance sheet	**4**	**0**	**0**	**-88**	**84**	**0**	**-1**
Net position, currencies	**0**	**0**	**0**	**-1**	**-1**	**1**	**-1**

Group

NOKbn, 31 Dec 2006	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	1	0	0	16	3	0	20
Loans and receivables to the public	13	4	0	241	45	4	307
Interest-bearing securities	9	0	1	15	1	0	26
Other assets	0	0	0	17	1	0	18
Total assets	**23**	**4**	**1**	**289**	**50**	**4**	**371**
Liabilities and equity							
Deposits by credit institutions	27	2	0	22	76	6	133
Deposits and borrowings from the public	10	3	1	154	9	2	179
Debt securities in issue	0	0	0	10	1	0	11
Subordinated liabilities	0	0	0	0	7	0	7
Other liabilities and equity	0	0	0	40	1	0	41
Total liabilities and equity	**37**	**5**	**1**	**226**	**94**	**8**	**371**
Position not reported in the balance sheet	**10**	**0**	**-1**	**-56**	**48**	**-1**	**0**
Net position, currencies	**-4**	**-1**	**-1**	**7**	**4**	**-5**	**0**

Note 42:
Obtained collaterals which are permitted to be sold or pledged

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	6,309	3,101	6,309	3,101
- of which repledged or sold	6,309	3,101	6,309	3,101

Securities lending and securities borrowing agreements

NBN enters into securities borrowing agreements and securities lending agreements on a back to back basis. As at 31 Dec 2007 the value of the borrowed securities totalled NOK 2,402m (2,469) whereof all has been repledged. NBN has received cash of NOK 868m (668) as collateral and has paid NOK 445m (155) as collateral.

Note 43:
Related-party transactions

The information below is presented from a Nordea perspective, meaning that the information show the effect from related party transactions on the Nordea figures.

	Key Management personnel[1]		Associated undertakings[1]		Other related parties[1]	
Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006	2007	2006
Assets						
Loans and receivables	2	1	64	1	9,621	13,080
Derivatives	-	-	-	-	173	406
Other assets	-	-	-	-	434	31
Total assets	**2**	**1**	**64**	**1**	**10,228**	**13,517**
Liabilities						
Deposits	1	-	27	12	138,604	120,199
Debt securities in issue	-	-		101	32	10
Derivatives	-	-	-	-	1,143	842
Subordinated liabilities	-	-	-	-	6,341	5,889
Other liabilities	-	-	-	-	964	543
Total liabilities	**1**	**0**	**27**	**113**	**147,084**	**127,483**
Off balance						
Contingent liabilities	-	-	2,776	2,804	-	9

	Key Management personnel[1]		Associated undertakings[1]		Other related parties[1]	
Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006	2007	2006
Net interest income						
Interest income	-	-	-	-	601	689
Interest expense	-	-	-	11	6,429	5,172
Total income and expenses	**0**	**0**	**0**	**-11**	**-5,828**	**-4,483**

[1]See section 21 "Related party transactions" in Note 1 Accounting principles regarding definition of Key Mangement personnel, Associated undertakings and Other related parties.

Note 43:
Related-party transactions cont.

Parent company	Key Management personnel		Group undertakings		Associated undertakings		Nordea Norge Pension Foundations	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006	2007	2006	2007	2006
Assets								
Loans and receivables	-	-	29,091	21,949	64	1	-	-
Other assets	-	-	171	327	-	-	-	-
Total assets	**0**	**0**	**29,262**	**22,276**	**64**	**1**	**0**	**0**
Liabilities								
Deposits	-	-	41	98	27	12	54	52
Debt securities in issue	-	-	-	-	-	101	-	-
Derivatives	-	-	-		-	-	-	-
Total liabilities	**0**	**0**	**41**	**98**	**27**	**113**	**54**	**52**
Off balance								
Contingent liabilities	-	-	229	229	2,776	2,804	-	9

Parent company	Key Management personnel		Group undertakings		Associated undertakings		Nordea Norge Pension Foundations	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income								
Interest income	-	-	1,182	612	-	-	3	1
Interest expense	-	-	5	20	-	11	-	-
Total income and expenses	**0**	**0**	**1,177**	**592**	**0**	**-11**	**3**	**1**

Compensations to Key Management personnel

Compensations to Key Management personnel are specified in Note 8.

Note 44: Acquisitions

Group

21 December 2007 Nordea Bank Norge ASA acquired 67% of the share capital of Privatmegleren AS. The company is a Norwegian real estate agency with a franchise concept. The acquired company was consolidated for the first time 31 December 2007. The acquisition has no material impact on the Group's balance sheet and income statement. If the acquisition had occured on 1 January 2007, the Group's operating income would have been NOK 8,156 m, and the net profit would have been NOK 2,838 m at year end.

The acquired company's assets and liabilities at the date of the acquisition:

NOK m	Booked amount	Fair value adjustement	Fair value in the Group
Fixed assets	1	-	1
Receivables	4	-	4
Cash	2	-	2
Short term debt	-4	-	-4
Net assets	**3**	**-**	**3**

Shareholders of Nordea Bank Norge ASA	2
Minority interest	1
Net assets	**3**
Goodwill	48
Purchase price, settled in cash	50
Cash and cash equivalents acquired	2
Cash outflow on acquisition	-50

Note 45:
Securities

Parent company	31 Dec 2007			31 Dec 2006		
NOKm	Cost	Book value	Market value	Cost	Book value	Market value
Certificates and bonds						
Listed	25,270	25,163	25,163	21,742	21,709	21,709
Unlisted	4,101	4,109	4,109	5,123	5,150	5,150
Total certificates and bonds [1]	**29,371**	**29,272**	**29,272**	**26,865**	**26,859**	**26,859**
Equities and investments						
Listed [3]	1,686	1,851	1,851	748	777	777
Unlisted	83	175	175	16	67	67
Total short-term equities and investments [2]	1,769	2,026	2,026	764	844	844
Equities and investments held as fixed assets [3]	59	59	59	53	53	53
Total equities and investments	**1,828**	**2,085**	**2,085**	**817**	**897**	**897**

[1] Of which	Trading portfolio	5,844	5,813	5,813	11,778	11,774	11,774
	Banking portfolio	23,527	23,459	23,459	15,087	15,085	15,085
[2] Of which	Trading portfolio	1,769	2,026	2,026	764	844	844
	Banking portfolio	0	0	0	0	0	0

[3] Equities and investments held as fixed assets

Opening balance as at 01.01.2007	53
Aquisitions during the year	9
Disposals during the year	-2
Reclassifications	-1
Closing balance as at 31.12.2007	59

Average balance and interest rate	Parent company			
	2007		2006	
	NOKm	Interest %	NOKm	Interest %
Interest-bearing securities	25,591	5.0	24,618	3.6

Note 46:
Specification of liabilities

Parent company

Specifications after maturity date

NOKm	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks	14,509					695	15,204
Loans and receivables to credit institutions	21,583	18,934	7,623	129	85		48,354
Loans and receivables to the public	118,326	63,574	26,555	27,054	90,457	-386	325,580
Interest-bearing securities	550	1,526	9,886	16,265	1,045		29,272
Financial assets pledged as collateral				1,208		10	1,218
Shares						2,085	2,085
Derivatives		532					532
Fair value changes of the hedged items in portfolio hedge of interest rate risk			119				119
Investments in group undertakings						2,233	2,233
Investments in associated undertakings						139	139
Intangible assets						205	205
Property and equipment						264	264
Deferred tax assets						1,207	1,207
Other assets	8,947					89	9,036
Prepaid expenses and accrued income		1,880				99	1,979
Total assets	**163,915**	**86,446**	**44,183**	**44,656**	**91,587**	**6,640**	**437,427**
Deposits by credit institutions	48,180	15,313	92,504	5,202	258		161,457
Deposits and borrowings from the public	204,606	8,621	4,422	67	34		217,750
Debt securities in issue		466	4,304	1,774			6,544
Derivatives		2,062					2,062
Fair value changes of the hedged items in portfolio hedge of interest rate risk			86				86
Current tax liabilities		1,096					1,096
Other liabilities	16,163	105				69	16,337
Accrued expenses and prepaid income	31	1,558				228	1,817
Provisions						7	7
Retirement benefit obligations					2,093		2,093
Subordinated liabilities				1,529	5,892		7,421
Equity						20,757	20,757
Total liabilities and equity	**268,980**	**29,221**	**101,316**	**8,572**	**8,277**	**21,061**	**437,427**
Liquidity exposure gap on balance sheet items	-105,065	57,225	-57,133	36,084	83,310	-14,421	0
Net cash flow from financial derivatives	0	-1,173	-118	-144	7,291	0	5,856
Net total on all items	**-105,065**	**56,052**	**-57,251**	**35,940**	**90,601**	**-14,421**	**5,856**

Explanation to the note:
- Overdrafts, operating credits and credit lines on salary accounts are classified under the group "Up to 1 month".
- Interest-bearing securities are classified according to maturity dates.
- Other assets and Prepaid expenses and accrued income are classified according to their most likely realisation date. Evaluation and settlement accounts are classified under the group "Up to 1 month". Shares, Investment in group undertakings and associated undertakings, Intangible assets, Property and equipment and Deferred tax assets are classified under the group "Without maturity".
- Retirement benefit obligations are classified under the group "More than 5 years".

- Financial derivatives:	Options and futures:	Settled up-front
	FRA:	Cash flow not known
	Interest rate swaps:	Fixed cash margin until next interest rate fixing
	Interest rate and foreign exchange swaps:	Fixed cash margin until next interest rate fixing Swapping of agreed foreign exchange amount at maturity

Audit report

To the Board of Representatives and the Annual Shareholders' Meeting of Nordea Bank Norge ASA

AUDITOR'S REPORT FOR 2007

Respective Responsibilities of Directors and Auditors
We have audited the annual financial statements of the Nordea Bank Norge ASA as of 31 December 2007, showing a profit of NOK 2.516.000.000 for the parent company and a profit of NOK 2.836.000.000 for the group. We have also audited the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The annual financial statements comprise the parent company's financial statements and the group accounts. The parent company's financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The group accounts comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to prepare the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion
We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company and of the Group as of 31 December 2007, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and comply with the law and regulations

Oslo, 11 February 2008
KPMG AS

Arne Frogner
State Authorised Public Accountant
Note: This translation from Norwegian has been prepared for information purposes only

Report of the Control Committee

To the Supervisory Board and the Annual Shareholders' Meeting of Nordea Bank Norge ASA

During 2007 the Control Committee has inspected the Bank's activities in accordance with the Commercial Banks Act §13 and the instructions issued by the Supervisory Board on 4 August 1992.

The Committee has examined the accounts for 2007 and is of the view that they are in accordance with prevailing rules and regulations and generally accepted accounting standards. The Control Committee considers the Board of Directors' evaluation of the Bank's financial position adequate and recommends that the income statement and balance sheet be adopted as presented.

With reference to other aspects of the accounts for 2007 the Control Committee refers to the auditor's report of 11 February 2008 and supports the views expressed therein concerning the submitted annual accounts.

Oslo, 11 February 2008

Inger Johanne Lund (Chairman)	Finn Fadum (Deputy Chairman)	Jan T. Bjerke (Member)	Odd Svang-Rasmussen (Deputy Member)

Board of Directors

The Board of Directors of Nordea Bank Norge ASA comprises the President and the Chief Executive Officer of the Nordea Group, Christian Clausen, and four members. In addition there are two deputy members.

The Managing director of Nordea Bank Norge is Gunn Wærsted.

Board of Directors 31 December 2007

Christian Clausen
Born 1952. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2007. Member since 2007.

Arne Liljedahl
Born 1950. Head of Group Corporate Centre in Nordea. Member since 2002.

Anne Karin Kvam
Born 1967. Head of Corporate Governance, Norges Bank Investment Management. Member since 2007.

Hege Marie Norheim
Born 1967. Information director of Norsk Hydro ASA - Oil & Energy. Member since 2001.

Steinar Nickelsen
Born 1962. Employee representative. Member since 2007.

Deputy members

Hans Christian Krogh Riise
Deputy employee representative

Pål Adrian Hellman
Deputy employee representative

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