Annual Report 2008
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 1,400 branch offices and a leading netbanking position with 5.1 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	2008	2007	2006	2005	2004 [1]
Net interest income	8,402	6,146	5,327	5,031	4,758
Net fee and commission income	1,440	1,615	1,602	1,572	1,406
Net gains/losses on items at fair value	101	308	587	887	535
Equity method	841	13	54	37	50
Other income	273	55	73	131	62
Total operating income	**11,057**	**8,137**	**7,643**	**7,658**	**6,811**
General administrative expenses:					
Staff costs	-2,729	-2,615	-2,504	-2,386	-2,213
Other expenses	-1,793	-1,773	-1,624	-1,476	-1,433
Depreciation, amortisation and impairment charges of tangible and intangible assets	-131	-108	-136	-152	-197
Total operating expenses	**-4,653**	**-4,496**	**-4,264**	**-4,014**	**-3,843**
Loan losses	-651	105	760	1,030	11
Disposals of tangible and intangible assets	-8	20	18	36	325
Operating profit	**5,745**	**3,766**	**4,157**	**4,710**	**3,304**
Income tax expense	-1,415	-930	-1,075	-1,362	-906
Net profit for the year	**4,330**	**2,836**	**3,082**	**3,348**	**2,398**

Ratios and key figures

	2008	2007	2006	2005	2004 [1]
Earnings per share (EPS), NOK	7.85	5.14	5.59	6.07	4.35
Equity per share, NOK	49.23	41.33	38.00	35.64	33.85
Shares outstanding[2], million	551	551	551	551	551
Return on equity, %	17.6	13.2	15.7	18.2	13.7
Cost/income ratio, %	42	55	56	52	56
Tier 1 capital ratio, %	6.6	6.6	6.8	7.6	8.1
Total capital ratio, %	9.1	8.9	9.4	9.9	9.6
Tier 1 capital, NOKm	25,564	21,638	19,724	17,934	16,510
Risk-weighted assets, NOKbn	294	330	289	237	204
Number of employees (full-time equivalents)	3,412	3,254	3,055	3,102	3,237

[1] Restated to IFRS except for IAS 39

[2] 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" refers 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

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. A conversion 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 in Norway and branches abroad. The most significant subsidiaries are Norgeskreditt AS and Nordea Finans Norge AS. Norgeskreditt AS (changed name to Nordea Eiendomskreditt AS 5 January 2009) works in co-operation with NBN and offers a broad range of financial services to commercial property clients throughout Norway. Nordea Finans Norge AS has the business area responsibility for financing products in Norway. The company's main products are leasing, car financing, factoring and consumer credits. In addition NBN holds 67% of the shares in the real estate agency Privatmegleren AS. NBN has no foreign representative offices.

Business development in 2008

The market conditions have been difficult in 2008, all over the world. The financial crisis became critical during the autumn 2008, and many countries around the world have during the period launched systems to support the banking systems. Countries in Europe have been active in presenting action plans to minimise the effect of the crisis. In Norway the Ministry of Finance announced 17 October to present a proposition for a NOK 350bn facility with banks, where government bonds are swapped for covered bonds. The government's gross financing requirement is planned to be covered by borrowing in the domestic market and by drawing on the cash reserves. The Norwegian government has announced that a second scheme will be launched in early February, with the possible inclusion of availability of equity or hybrid capital injections, regulatory adjustments and other elements.

Nordea Bank Norge took part in this facility presented by the Ministry to achieve better conditions for the funding of the Nordea Bank Norge Group. NBN ASA sold a loan portfolio to Norgeskreditt AS (NK), consisting of well secured housing/household loans. NK issued covered bonds with the purchased loans as collateral. NK also issued a subordinated loan with repayment conditions linked to the loan portfolio and a deposit to fund the rest of the purchased loan portfolio. NBN bought the bonds in full, and is also the debtor of the subordinated loan and the deposit. As a result of these transactions, NBN still has the full risk (credit, liquidity and interest rate risk) in the loan portfolio. The purchased bonds and subordinated loan have been netted against the liability to NK and the loans have not been derecognised in NBN's balance sheet. As per year-end 2008, the loans sold but not derecognised, amounted to NOK 24.4bn. More information is disclosed in Note 46 "Covered bonds".

Despite the financial crisis, the growth in volumes is still high all through the year. NBN experiences strong income growth, but also increased loan losses in the second half of 2008. A shift in the pricing of risk has given opportunities for higher lending margins in all segments. The Norwegian Central Bank lowered the interest by 275 basis-points in the last quarter, and money market interest has decreased at the end of the year after a period of very high volatility. The growth in volumes and increase in lending margins compensated for the decrease in deposit margins, and total income has improved by 36% to NOK 11,057m (8,137). Total income includes also Eksportfinans accounted for by the equity method of NOK 841m (13). Exclusive of income related to the equity method, total income increased by 26%. Total expenses increased by 3%, while loan losses went from net positive in 2007 to net loss of NOK 651m at year-end 2008, reflecting the change in the market conditions and the macro economy. Net profit was NOK 4,330m (2,836), resulting in a return on equity of 17.6% (13.2).

Comments on the Income statement

Income

Total operating income was NOK 11,057m (8,137).

Net interest income increased by 37% to NOK 8,402m (6,146). The increase is mainly driven by strong lending and deposit growth as well as increased lending margins. The high activity in addition to the foreign currency effect on operational activities, particular in Shipping, as well as loans and deposits in USD and EUR, has resulted in a considerable volume growth. Lending volumes to customers has increased by 24% to NOK 447bn compared to last year, particularly in International and Institutional Banking. However, volume growth was strong in all segments. Deposit volumes increased by 8% to NOK 235bn, driven by a growth in both the household and corporate segments, particularly in the last quarter. The competition has increased due to the market conditions, reflecting lower deposit margins. The inflow into savings accounts is still strong and increased by 19% to NOK 65.4bn. This reflects customers demand for low-risk products and is supported by Nordea's strategy to offer market competitive interest rates. In addition, there is a growth in net interest income on fixed income products mainly in Treasury due to decreased market interests the last quarter.

Mortgage lending to households increased by 6% (28) to NOK 149bn (140) at the end of the year.

Net fee and commission income decreased by 11% to NOK 1,440m. This is mainly due to reduced income from lending related commissions as a result of reduced activity in the equity market, securities lending, and arrangement fees in Markets. Savings related commissions were stable at NOK 376m. Commissions from payments and e-services decreased by 3% to NOK 1,117m, mainly driven by change in the programme for Gold customers related to payment commission. Lower income from other commissions reflects low volumes on sale of structured instruments.

Net gains/losses on items at fair value decreased by NOK 207m to NOK 101m mainly due to losses on fixed income products in Treasury the last quarter. Net gain on FX related products has increased due to higher customer driven activity in all segments.

Profit from companies accounted for under the equity method was NOK 841m (13) and is the contribution from the associated company Eksportfinans AS. The high income is mainly related to Eksportfinans' valuation of own debt according to fair value, causing an unrealised gain due to widening of credit spreads, particular in the last quarter. This unrealised gain will be reversed in coming periods if the credit spreads are reduced.

Other operating income increased and amounted to NOK 273m (55). The increase is related to NOK 167.5m as compensation from Ernst & Young auditors regarding the loss of NOK 200m in connection with the Sponsorservice case. In addition, NBN booked an income of NOK 70m related to selling of the international custody operations to JPMorgan. The remaining amount is mainly income from property and IT-services invoiced other Nordea companies outside NBN.

Expenses
Total operating expenses increased by 3% to NOK 4,653m (4,496).

Staff costs is up by 4% to NOK 2,729m (2,615). The increase is related to a higher number of FTE and regular wage growth, while a reduction of reservation for profit sharing and variable salaries reduces the amount. Variable salary, including reservation for profit sharing, was down by NOK 32m and represents 9.6% of total staff cost compared to 11.3% in 2007. The number of full-time equivalents (FTE) at year-end ended at 3,412, up by 4.9%, mainly in the business areas. The average number of full-time equivalent positions in 2008 was 3,356 and the general wage inflation was approx. 6.44% during the year.

Other expenses were NOK 1,793m, up 1% compared to last year, reflecting a focus on cost minimization and increased efficiency, despite higher business volumes.

Depreciation of tangible and intangible assets increased by 21% to NOK 131m.

The cost/income ratio was 42% (55). Excluding the income from Eksportfinans, the cost/income ratio in 2008 would be 46%.

Loan losses
Net loan losses ended at NOK 651m compared to net positive loan losses of NOK 105m last year. The net loan losses of NOK 561m in the last quarter consists both of higher group-wise provisions and individual allowances. The largest provision is made on a new group of Housing and Recreation-home projects of NOK 150m and an addition of NOK 51m related to Real Estate. In addition, individual allowance on customers mainly in Real Estate Management, Construction and Retail amounted to NOK 340m. A total of NOK 565m of the loan losses in 2008 relates to corporate customers.

The increases, from very low levels, result from the economic slowdown in all markets where Nordea operates. Typically, there is a significant lag between the start of the economic slowdown and reported net loan losses. Due to the rapid turnaround in the economic cycle this time, the lag has been shorter, but so far reported loss levels in various sectors follow Nordea's models for a weak economic cycle.

The increase of net loan losses as well as of impaired loans stem from a large number of smaller and medium-sized exposures rather than from few large exposures.

New provisions have been made at an early stage when impairments have been identified. The main part of net loan losses constitutes provisions for performing impaired loans.

Disposals of tangible and intangible assets amounted to a loss of NOK 8m (positive 20).

Taxes
Income tax expense was NOK 1,415m. Excluding the income from equity method in 2008, the tax rate amount to 29%, compared to 25% in 2007. The effective tax rate is therefore above the corporate tax rate level of 28% when excluding equity method; this is mainly due to negative impact of the debt interest distribution due to foreign operations despite the net positive effect of "Fritaksmetoden", leading to tax-free gains/losses on shares and dividends, which causes a low effective tax in 2007.

Net profit
Net profit for the year amounted to NOK 4,330m (2,836), an increase of 53% compared to 2007. Excluding income related to equity method, the change in net profit amounted to 23%. The return on equity was 17.6% (13.2).

Comments on the Balance Sheet - Financial structure

Total assets were up by NOK 107bn or 24% to NOK 549bn at end of 2008.

The increased balance sheet reflects higher business volumes, but also an effect of having balance sheet items in foreign currency; USD against NOK went up with 30% from NOK/USD of 5.40 to 7.02 at year-end. However, the growth has been financed through a variety of sources, of which deposits from customers and financial institutions are the most significant. In addition, NBN took part in the Ministry of Finance facility of obtaining government bonds by swapping covered bonds, as described above, to achieve better funding conditions.

Assets

The growth in total assets was mainly driven by higher *loans and receivables to the public* with a 24% increase, or NOK 87bn, to NOK 447bn. Mortgage lending to households was up by 6% (28) to NOK 149bn (140), reflecting lower activity in the housing market, particularly in the second half of 2008. Lending and receivables to credit institutions ended at NOK 33.6bn, while cash and receivables with Central Bank decreased by NOK 4.1bn to NOK 11.1bn.

Interest-bearing securities increased by NOK 7.3bn to NOK 36.7bn compared to the end of 2007. The main part of the increase has been in Treasury where the portfolio had a value of NOK 24.5bn at year-end.

Derivatives increased by NOK 6.7bn to NOK 7.4bn, mainly due to larger positions in FX derivatives in Treasury.

Liabilities and funding activities

Total liabilities amounted to NOK 522bn (419) at year-end. The increase in lending was mainly financed by a strong growth in deposits and borrowings from credit institutions, which increased by NOK 89bn to NOK 251bn, as well as higher deposits by customers by NOK 18bn to NOK 235bn. Loans and receivables from credit institutions are mainly stemming from related parties in the Nordea group.

Debt securities in issue was reduced by 6% and amounted to NOK 7.3bn (7.7). Such funding has partly been replaced by funding from other companies in the Nordea group.

Subordinated loans increased by NOK 4.1bn to NOK 11.6bn, mainly due to obtaining hybrid capital of USD 290m in the third quarter from Nordea Bank AB (publ) classified as Tier 1 capital.

Equity

Shareholders' equity amounted to NOK 22.8bn at the end of 2007. The net profit for the year 2008 was NOK 4,330m. After deducting the net effect of items booked directly against equity, the equity amounted to NOK 27.1bn at year-end 2008.

Appropriation of net profit for the year

The net profit of the parent company for the year amounted to NOK 3,286m. 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 2008 will therefore be distributed to retained earnings in the balance sheet as of 31 December 2008. The capital adequacy position in NBN is considered good and it has been proposed to pay dividend for 2008 of NOK 3bn, equivalent to 5.44 NOK pr share to the shareholder Nordea Bank AB (publ.). The payment will affect the 2009 equity going forward as described above when the formal decision has been made. For the year 2007 no dividend was paid.

For the General Assembly 9 March 2009 it will be proposed that the net profit for 2008 will be distributed by way of:

- Allocation of dividend of NOK 3000m to Nordea Bank AB (publ).

Off-balance sheet commitments

The bank's business operations include different off-balance sheet items, mainly guarantees and credit commitments.

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

Capital position and capital management

At year-end, NBN Group's risk weighted assets (RWA) were NOK 385bn calculated according to Basel II including transition rules, which allows for a maximum of 10% reduction of RWA in 2008 compared to calculations based on Basel I rules. According to Basel II, before transition rules, RWA were approximately NOK 294bn. The Group's total capital ratio was 9.1% (8.9) and the Tier 1 capital ratio 6.6% (6.6). The corresponding figures for the parent company were 9.1% (9.0) and 6.5% (6.6). Using Basel I rules, the RWA would have been NOK428bn for NBN Group and NOK 388bn 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 Nordea Bank Norge is a going concern and the annual accounts have been prepared based on this assumption.

The Board of Directors considers solidity as per 31 December 2008 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.

Maintaining risk awareness in the organisation is a key component of 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. Authorisations may also vary depending on the internal rating of customers.

The Board of Directors also decides on the limits for market and liquidity risk in the Group.

Board Credit Committee
The Board Credit Committee monitors the development of the credit portfolio on the whole as well as with respect to 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 principles for risk, liquidity and capital management as well as internal principles and control in Nordea.

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

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

• The Asset and Liability Committee (ALCO), chaired by the Chief Financial Officer (CFO), prepares issues of major importance concerning the Group’s financial operations, financial risks and capital management for decision by the CEO in GEM.

• Capital Planning Forum, chaired by the CFO, monitors the development of internal and regulatory capital requirements, the capital base, and decides also upon capital planning activities within the Group.

• The Risk Committee, chaired by the Chief Risk Officer (CRO), monitors developments of risks on an aggregated level.

• The Executive Credit Committee (ECC) and Group Credit Committee (GCC), chaired by the CRO, decide on major credit risk limits and industry policies for the Group. Credit risk limits are granted as individual limits for customers or consolidated customer groups and as industry limits for certain defined industries.

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

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

Group Credit and Risk Control is responsible for the risk management framework, consisting of policies, instructions and guidelines for the whole Group. Group Corporate Centre is responsible for the capital management framework including required capital as well as the capital base. Group Treasury, within Group Corporate Centre, is responsible for SIIR and liquidity risk.

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 and operational risk. This includes the development, validation and monitoring of the rating and scoring systems, as well as credit policy and strategy, credit instructions, guidelines to the credit instructions as well as the credit decision process and the credit control process.

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

Each customer area and product area is primarily responsible for managing the risks arising from its operations.

This responsibility entails identification, control and reporting, while Group Credit and Risk Control consolidates and monitors the risks on Group level and relevant sub levels.

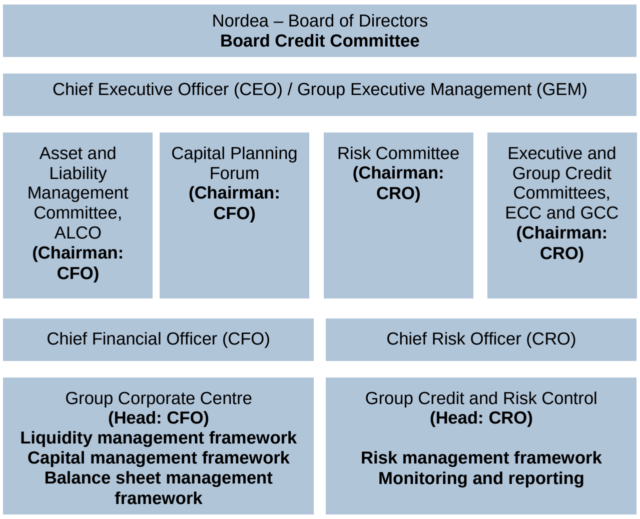
Monitoring and reporting
The control environment in Nordea is based on the principles of separation of duties and strict independence of organisational units. Monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, on a monthly and quarterly basis for credit risk 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 reviews internal risk reporting covering market, credit and liquidity risk per legal entity. Within the credit risk reporting, different portfolio analyses such as credit migration, current probability of default and stress testing are included.

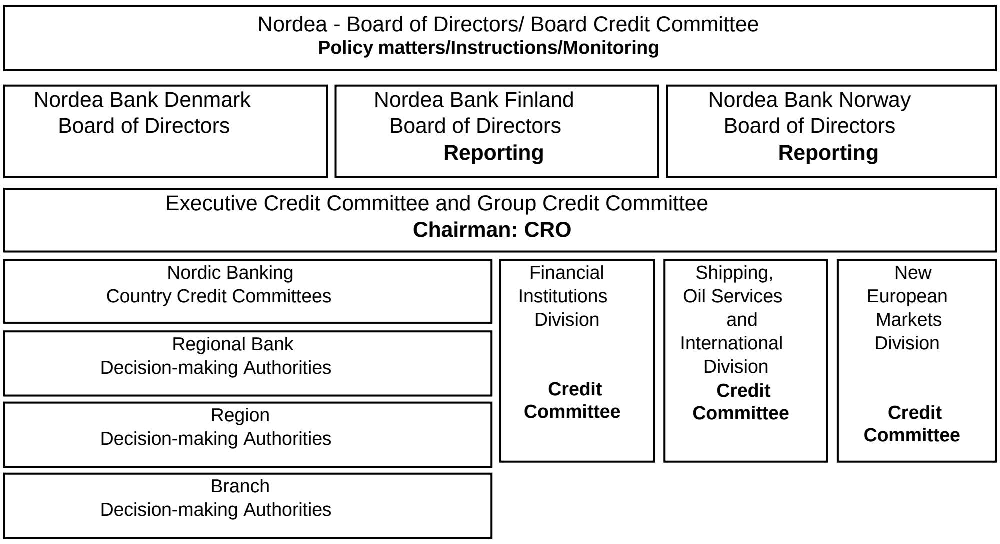
The internal capital reporting includes all types of risks and is reported regularly to the Risk Committee, ALCO, Capital Planning Forum, Group Executive Management and Board of Directors.

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

Risk, Liquidity and Capital Management



Credit decision-making structure



The reason why there is no "Reporting" under Nordea Bank Denmark is that NBD makes decisions. In the other countries the decisions are made in ECC and GCC.

Risk management

Credit Risk management

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

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

Within the powers-to-act granted by the Board of Directors, credit risk limits are approved by decision-making authorities on different levels in the organisation (see figure of the Credit decision process above).

The responsibility for a credit exposure lies with a customer responsible unit. Customers are assigned a rating or score in accordance with the Nordea framework for quantification of credit risk.

Credit risk definition and identification

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

The credit risks in Nordea stem mainly from various forms of lending to the public (corporates and household customers), but also from guarantees and documentary credits, such as letters of credit. 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.

Credit risk may also include counterparty risk, transfer risk and settlement risk. Counterparty risk is the risk that Nordea's counterpart in an FX, interest, commodity, equity or credit derivatives 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 on a financial contract, due to a counterpart's default 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 followed by industry monitoring groups and managed through industry policies, which establish requirements and limits on the overall industry exposure. Corporate customers' environmental risks are also taken into account in the overall risk assessment through the so-called Environmental Risk Assessment Tool (ERAT). This tool is currently being extended to also include assessment of social and political risk.

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).

Decisions and monitoring of credit risk

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 customers' ability to fulfil their obligations and identifying deviations from agreed conditions and weaknesses in the customers' performance.

In addition to building strong customer relationships and understanding each customer's financial position, monitoring of credit risk is based on all available information from internal systems, such as late payments data, behavioural scoring migration and macroeconomic circumstances.

If new information indicates a change in the customer's financial position, the customer responsible unit must evaluate and, if necessary, reassess the rating to reflect whether the credit is impaired or if the customer's repayment ability is threatened.

If it is considered unlikely that the customer will be able to repay its debt obligations, for example the principal, interest or fees, and the situation cannot be satisfactorily remedied, then the exposure is regarded as defaulted.

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
Throughout the process of identifying and mitigating credit impairments, Nordea works continuously to review the quality 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 the customer's future cash flow is impacted 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 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
The primary quantitative tools for assessing credit risk are the rating and scoring models, which lay the foundation for the Probability of Default (PD) estimation. In addition to the rating and scoring models, there are models used to assess such prudential indicators as Loss Given Default (LGD) and Exposure at Default (EAD). Following Nordea's rollout of risk classification methods under the Capital Requirements Directive, the internal quantification of credit risk is now being aligned with external supervisory requirements.

For Regulatory Capital purposes Nordea uses the internal rating based (IRB) approach for the retail segment, ie for household and small business customers and for the corporate and bank segments the IRB Foundation approach.

Rating and scoring
The common element of both rating and scoring is the ability to classify and rank customers according to their default risk. They are used as integrated parts of the risk management and decision-making process in Nordea, including:
• the credit approval process
• calculation of Regulatory Capital (Risk Weighted Amount)
• calculation of Economic Capital and Expected Loss
• monitoring and reporting of credit risk
• performance measurement using the Economic Profit framework

While ratings are assigned to corporate customers, bank counterparts and sovereigns, scoring is used for households and small business customers. Sovereigns include central governments, central banks, regional governments, local authorities and other public sector entities.

A rating is an estimate that exclusively reflects the quantification of the repayment capacity of the customer, ie the risk of customer default. The rating scale in Nordea consists of 18 grades from 6+ to 1- for non-defaulted customers and 3 grades from 0+ to 0- for defaulted customers. The repayment capacity of each rating grade is quantified by a one-year PD.

Rating grade 4– and higher are comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grade 2+ and lower are considered as weak or critical, and require special attention.

Ratings are assigned in conjunction with credit proposals and the annual review of the customers, and approved by the credit committees. However, a customer is downgraded as soon as new information indicates deterioration in the customer's repayment capacity. 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 criteria which, given a set of customer characteristics, produces a rating that ranks the customer based on its repayment capacity. Rating models are based on the principle that it is possible to derive a prediction of future customer performance from the default history of past customers on the basis of their characteristics.

In order to better reflect the risk of customers in industries with highly distinctive characteristics, Nordea has decided upon a differentiation of rating models. Aside from a general corporate model used to rate the majority of industries, a number of specific models have been developed for specific segments, such as shipping and real estate management, taking into account the unique characteristics of these segments. Moreover, in each model the development methodology may vary. These methods range from purely statistical models based on internal data to expert-based models. In general however, all rating models are based on an overall framework, in which financial and quantitative factors are combined with qualitative factors.

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

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.

Loss Given Default
Loss given default (LGD) is measured taking into account the collateral type, the counterpart's balance sheet components and the presence of any structural support. LGD measures the expected realised loss given the default of a customer. Exposures having the same risk characteristics are then grouped into pools.

The LGD model used is based on an overall framework for Loss Given Default and is a highly statistical model based on historical data.

For Regulatory Capital purposes Nordea uses internal estimates of LGD for the retail segment, i.e. for households and small corporate customers. For the corporate and banks segments, Nordea uses the IRB Foundation approach in the calculation of the Regulatory Capital. The Loss Given Default for an exposure is then defined by regulatory requirements.

Exposure at Default
Exposure at default (EAD) is an estimate of how much of an exposure that will be drawn within the period of one year prior to default. EAD is for many products equal to the utilised exposure, but for some products, such as credit lines and derivative contracts, the EAD can be higher than the utilised exposure. The setup for EAD estimation is similar to that for LGD.

EAD is measured as the sum of the utilised amount and the unutilised amount of an exposure multiplied with a Credit Conversion Factor (CCF) as defined by regulatory requirements. The CCF is estimated based on historical data and is a highly statistical model. Exposures of the same kind of products are then grouped into pools.

Validation
Nordea has established an internal validation process in accordance with the Capital Requirements Directive with the purpose of ensuring and improving the performance of Nordea’s models, procedures and systems as well as to ensure the accuracy of the PD, LGD and CCF estimates.

The validation is performed annually and includes both a quantitative as well as a qualitative validation.

The quantitative validation of rating and scoring models for example statistical tests of the models' discriminatory power, ie the ability of the model to distinguish default risk on a relative basis, as well as cardinal accuracy, ie the ability to predict the level of defaults.

Quantification of credit risk
The parameters PD, LGD and CCF are used to quantify Risk-Weighted Amount (RWA), Expected Loss and Economic Capital for credit risk. Expected Loss and Economic Capital are also used in the calculation of Economic Profit.

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, 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, ie loans and receivables to the public and to credit institutions, as well as off-balance-sheet potential claims on customers and counterparts, net after allowances. In addition, total exposure is measured according to the CRD definition of exposure, which also indicates the risk related to derivatives contracts and securities financing. Further information on the CRD definition of exposure, as well as a more detailed analysis of Nordea's credit risk is presented in the Group's Capital adequacy and risk report (Pillar 3) for 2008, available at www.nordea.com.

Nordea's total credit risk exposure has increased by 18% to NOK 680bn during 2008 (579).

The largest credit risk exposure is loans and receivables to the public (lending), which in 2008 increased by 24% to NOK 447bn (360).

Loans and receivables to corporate customers was NOK 285bn (212), an increase by 34%, while lending to household customers was NOK 157bn (147), only a 7% increase. The portion of total lending to corporate customers was 64% (59) and to household customers 35% (41). Lending to public sector has increased by NOK 4bn and represents 1% of the total lending to public.

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to NOK 34bn at the end of 2008 (19).

Loans and receivables to corporate customers
The main increases in the lending portfolio were in the sectors: “Shipping and offshore”, “Energy”, “Industrial capital goods” and “Retail trade”.

Nordea Bank Norge Group

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

NOKm	31 Dec 2008	31 Dec 2007
	Loans and receivables	**Loans and receivables**
To credit institutions	33,575	19,284
- of which banks	0	0
- of which other credit institutions	33,575	19,284
To the public	446,528	360,219
- of which corporate	284,834	212,036
Energy (oil, gas, etc.)	12,454	6,004
Metals and mining materials	1,641	1,160
Paper and forest materials	146	142
Other materials (building materials, etc,)	6,461	2,817
Industrial capital goods	9,585	4,549
Industrial commercial services, etc.	52,592	49,556
Construction and civil engineering	4,829	4,483
Shipping and offshore	56,395	24,577
Transportation	5,411	5,795
Consumer durables (cars, appliances, etc.)	3,617	3,075
Media and leisure	5,407	4,721
Retail trade	13,800	9,023
Consumer staples (food, agriculture, etc.)	15,790	12,326
Health care and pharmaceuticals	1,406	1,051
Financial Institutions	4,404	5,065
Real estate management	76,063	70,483
IT software, hardware and services	1,489	1,040
Telecommunication equipment	141	131
Telecommunication operators	723	336
Utilities (distribution and production)	7,788	5,260
Other	4,692	442
- of which household	156,647	147,282
Mortgage financing	149,413	139,507
Consumer financing	7,234	7,775
- of which public sector	5,046	901
Total Loans and Receivables	**480,102**	**379,503**
Unutilised credit commitments, etc.	161,621	147,959
Guarantees and documentary credits	1,290	19,743
Counterparty risk exposure [1]	354	1,274
Interest-bearing securities issued by public bodies	8,302	859
Other interest-bearing securities	28,399	29,671
Total credit risk exposure in the banking operations	**680,068**	**579,009**

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

Real estate management remains the largest sector in Nordea's lending portfolio, with NOK 76bn (NOK 70bn).

The portfolio predominantly comprises relatively large and financially strong companies. There is a high level of collateral coverage, especially for exposures which are assigned lower rating grades (3+ or lower).

The shipping exposure increased, both in real growth but also due to strong USD at year-end. 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 wherein 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. 57% of the corporate volume is for lending on a scale up to NOK 400m for each customer.

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

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

Rating distribution
The table below shows the rating distribution by exposure, excluding impaired exposures for corporate customers and institutions. About 74% (81) of the corporate exposure is rated 4- or higher.

Exposure split by risk grade, 31 December 2008

NOKm		Corporate	
Rating	PD	EAD	Average risk weight
6+	0,03 %	1 526	14 %
6	0,03 %	3 381	16 %
6-	0,05 %	2 520	19 %
5+	0,07 %	13 170	24 %
5	0,10 %	32 226	30 %
5-	0,16 %	27 267	36 %
4+	0,24 %	46 002	45 %
4	0,35 %	52 724	55 %
4-	0,53 %	52 365	67 %
3+	0,81 %	30 895	79 %
3	1,19 %	19 523	91 %
3-	2,01 %	21 314	110 %
2+	3,63 %	3 412	104 %
2	6,16 %	4 712	158 %
2-	9,86 %	325	153 %
1+	14,79 %	108	180 %
1	20,71 %	497	238 %
1-	26,93 %	37	207 %

Loans and receivables to household customers
In 2008, mortgage loans increased to NOK 149bn while consumer loans remained steady at NOK 7bn. The portion of total loans represented by mortgage loans to household customers was stable at 95.4% (94.7). Regarding mortgage loans to household customers, the collateral coverage is high, whereas consumer loans have a lower degree of collateral coverage.

Geographical distribution
Lending distributed by borrower domicile shows that the Nordic market accounts for 92% (95). Other EU countries represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited. Nordea has insignificant direct and indirect exposures to the US sub-prime market.

Transfer risk
The total transfer risk allowance and provisions at the end of 2008 was NOK 0m, reduced from 2007 (2). This is due to the fact that during 2008 the remaining transfer risk exposure was moved to Nordea Bank Finland.

Impaired loans
Impaired loans, gross, have increased to NOK 2,490m from NOK 958m during 2008. Allowances for individually assessed loans, including guarantees, increased to NOK 844m from NOK 473m.

The ratio of allowances to cover impaired loans, gross, was 34% (49). In addition, allowances for collectively assessed exposures were NOK 596m (395).

The net effect in the profit and loss account from credit risk impairments was in 2008 net loan losses of NOK 651m (positive with NOK 105m last year), of which NOK 565m (positive 166) relates to corporate customers and NOK 86m to household customers (negative 62).

Restructured loans and receivables in 2008, before restructuring, stand at NOK 62m, and NOK 15m after restructuring. Assets taken over for protection of claims consist mostly of other assets and only a marginal amount of shares, land and buildings.

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.

Nordea Bank Norge Group

Loans and receivables to corporate customers, by size of loan

NOKm	31 Dec 2008	%	31 Dec 2007	%
0-80	81,623	28.7 %	71,483	33.7 %
80-400	80,835	28.4 %	81,959	38.7 %
400-800	48,950	17.2 %	28,220	13.3 %
800-2000	45,921	16.1 %	22,878	10.8 %
2000-4000	23,260	8.2 %	7,496	3.5 %
4000-	4,245	1.5 %	0	0.0 %
Total	**284,834**	**100.0 %**	**212,036**	**100.0 %**

Loans and receivables to household customers, by type of loan

NOKm	31 Dec 2008	%	31 Dec 2007	%
Mortgage loans	149,413	95.4 %	139,507	94.7 %
Consumer loans	7,234	4.6 %	7,775	5.3 %
Total	**156,647**	**100.0 %**	**147,282**	**100.0 %**

Nordea Bank Norge Group
Loans and receivables, impaired loans and allowances, by customer type

31 Dec 2008

NOKm	Loans and receivables, before allowances	..of which, not impaired	Allowances for collectively assessed loans	*Allowances for collectively assessed loans in % of not impaired*	Individually impaired loans and receivables gross: Gross	*in % of lending*	Specific allowances, incl of off balance items	…. in % of Impaired loans gross
To credit institutions	33,575	33,575	0	0.0%	0	0%	0	0%
- of which banks	0	0	0	0.0%	0	0%	0	0%
- of which other financial institutions	33,575	33,575	0	0.0%	0	0%	0	0%
To the public	447,801	445,311	-596	0.1%	2,490	1%	-844	34%
- of which corporate	285,638	283,919	-332	0.1%	1,718	1%	-637	37%
Energy (oil, gas, etc.)	12,454	12,454	0	0.0%	1	0%	0	14%
Metals and mining materials	1,642	1,636	0	0.0%	6	0%	-1	15%
Paper and forest materials	152	140	0	0.0%	13	8%	-6	47%
Other materials (building materials, etc,)	6,511	6,457	0	0.0%	54	1%	-50	92%
Industrial capital goods	9,593	9,578	0	0.0%	15	0%	-8	55%
Industrial commercial services, etc.	52,821	52,618	-76	0.1%	202	0%	-151	75%
Construction and civil engineering	5,059	4,898	-156	3.2%	161	3%	-74	46%
Shipping and offshore	56,446	56,011	0	0.0%	434	1%	-50	12%
Transportation	5,443	5,263	0	0.0%	180	3%	-30	17%
Consumer durables (cars, appliances, etc.)	3,623	3,613	0	0.0%	10	0%	-4	44%
Media and leisure	5,422	5,391	0	0.0%	31	1%	-15	50%
Retail trade	13,882	13,745	-2	0.0%	137	1%	-81	59%
Consumer staples (food, agriculture, etc.)	15,813	15,773	-2	0.0%	40	0%	-21	53%
Health care and pharmaceuticals	1,408	1,402	0	0.0%	6	0%	-2	29%
Financial Institutions	4,404	4,404	0	0.0%	0	0%	0	106%
Real estate management	76,301	75,886	-98	0.1%	415	1%	-141	34%
IT software, hardware and services	1,490	1,488	0	0.0%	2	0%	-1	39%
Telecommunication equipment	141	141	0	0.0%	0	0%	0	0%
Telecommunication operators	725	721	0	0.0%	3	0%	-2	57%
Utilities (distribution and production)	7,788	7,778	0	0.0%	10	0%	0	0%
Other	4,522	4,522	0	0.0%	0	0%	0	0%
- of which household	157,117	156,345	-263		772	0%	-207	27%
Mortgage financing	149,604	149,305	-160		298	0%	-31	10%
Consumer financing	7,513	7,040	-103		473	6%	-176	37%
- of which public sector	5,046	5,046	0		0		0	
Total credit risk exposure in the banking operations	**481,376**	**478,886**	**-596**	**0.1%**	**2,490**	**0**	**-844**	34%

31 Dec 2007

NOKm	Loans and receivables, before allowances	..of which, not impaired	Allowances for collectively assessed loans	*Allowances for collectively assessed loans in % of not impaired*	Individually impaired loans and receivables gross: Gross	*in % of lending*	Specific allowances, incl of off balance items	…. in % of Impaired loans gross
To credit institutions	19,284	19,284	0	0.1%	0	0%	0	0%
- of which banks	0							
- of which other financial institutions	19,284	19,284	0	0.1%	0	0%	0	0%
To the public	361,085	360,127	-397	0.1%	958	0%	-473	49%
- of which corporate	212,614	212,027	-168	0.1%	587	0%	-286	49%
Energy (oil, gas, etc.)	6,005	6,003	0	0.0%	2	0%	0	16%
Metals and mining materials	1,160	1,159	0	0.0%	1	0%	0	6%
Paper and forest materials	143	139	0	0.0%	5	3%	-1	23%
Other materials (building materials, etc,)	2,828	2,788	0	0.0%	40	1%	-11	28%
Industrial capital goods	4,554	4,547	0	0.0%	7	0%	-5	69%
Industrial commercial services, etc.	49,647	49,493	-3	0.0%	154	0%	-89	58%
Construction and civil engineering	4,509	4,435	0	0.0%	74	2%	-26	35%
Shipping and offshore	24,581	24,575	0	0.0%	6	0%	-6	100%
Transportation	5,800	5,781	0	0.0%	19	0%	-5	25%
Consumer durables (cars, appliances, etc.)	3,080	3,069	0	0.0%	11	0%	-5	43%
Media and leisure	4,751	4,701	0	0.0%	50	1%	-30	59%
Retail trade	9,064	8,997	0	0.0%	67	1%	-44	66%
Consumer staples (food, agriculture, etc.)	12,385	12,325	-27	0.2%	61	0%	-32	52%
Health care and pharmaceuticals	1,056	1,049	0	0.0%	7	1%	-5	64%
Financial Institutions	5,065	5,065	0	0.0%	0	0%	0	0%
Real estate management	70,558	70,476	-49	0.1%	81	0%	-27	0%
IT software, hardware and services	1,041	1,038	0	0.0%	2	0%	-1	46%
Telecommunication equipment	131	131	0	0.0%	0	0%	0	0%
Telecommunication operators	336	336	0	0.0%	1	0%	0	24%
Utilities (distribution and production)	5,388	5,387	0	0.0%	0	0%	0	18%
Other	532	532	-90	16.9%	0	0%	0	0%
- of which household	147,644	147,273	-228		371		-187	
Mortgage financing	139,648	139,507	-163		141	3%	-30	68%
Consumer financing	7,996	7,767	-66		229	3%	-157	68%
- of which public sector	827	827	0		0	0%	0	
Total credit risk exposure in the banking operations	**380,369**	**379,411**	**-397**	**0.2%**	**958**	**0**	**-473**	49%

Nordea Bank Norge Group
Loans and receivables, impaired loans and allowances, by geography

31 Dec 2008

NOKm	Loans and receivables, before allowances	..of which, not impaired	Allowances for collectively assessed loans	*Allowances for collectively assessed loans in % of not impaired*	Individually impaired loans and receivables gross: Gross	*in % of lending*	Specific allowances incl off balance items	…. in % of Impaired loans gross
Nordic countries	411,158	408,674	-596	0.1%	2,484	2%	-833	34%
of which Denmark	1,044	1,027	0	0.0%	17	2%	-15	92%
of which Finland	75	75	0	0.0%	0	0%	0	102%
of which Norway	404,786	402,319	-596	0.1%	2,467	1%	-816	33%
of which Sweden	5,253	5,252	0	0.0%	1	0%	-1	100%
Estonia	10	10	0	0.0%	0	0%	0	0%
Latvia	244	244	0	0.0%	0	0%	0	0%
Lithuania	15	15	0	0.0%	0	0%	0	0%
Poland	129	129	0	0.0%	0	0%	0	100%
Russia	0	0	0	0.0%	0	0%	0	0%
EU countries other	12,562	12,561	0	0.0%	2	0%	-1	72%
USA	2,222	2,221	0	0.0%	1	0%	-9	1388%
Asia	4,633	4,632	0	0.0%	1	0%	0	25%
Latin America	10,082	10,081	0	0.0%	1	0%	0	4%
OECD other	280	279	0	0.0%	1	0%	-1	100%
Non-OECD other	6,466	6,466	0	0.0%	0	0%	0	10%
Total	447,801	445,311	-596	0.1%	2,490	1%	-844	34%

31 Dec 2007

NOKm	Loans and receivables, before allowances	..of which, not impaired	Allowances for collectively assessed loans	*Allowances for collectively assessed loans in % of not impaired*	Gross	*in % of lending*	Specific allowances incl off balance items	…. in % of Impaired loans gross
Nordic countries	342,610	341,660	-397	0.1%	944	0%	-462	49%
of which Denmark	616	610	0	0.0%	6	1%	-6	100%
of which Finland	70	70	0	0.0%	0	0%	0	100%
of which Norway	338,906	337,963	-397	0.1%	923	0%	-455	49%
of which Sweden	3,018	3,017	0	0.0%	1	0.03%	-1	94%
Estonia	8	8	0	0.0%	0	0	0	0%
Latvia	0	0	0	0.0%	0	0	0	0%
Lithuania	14	14	0	0.0%	0	0	0	0%
Poland	113	113	0	0.0%	0	0	0	0%
Russia	19	19	0	0.0%	0	0	0	0%
EU countries other	5,823	5,821	0	0.0%	2	0%	-1	73%
USA	978	971	0	0.0%	7	1%	-7	100%
Asia	2,024	2,019	0	0.0%	5	0%	-3	52%
Latin America	6,031	6,031	0	0.0%	0	0%	0	0%
OECD other	395	394	0	0.0%	1	0%	-1	100%
Non-OECD other	3,069	3,075	0	0.0%	0	0%	0	100%
Total	361,085	360,127	-397	0.1%	958	0%	-473	49%

Transfer risk exposure [1]

NOKm	31 Dec 2008	31 Dec 2007
Asia	0	432
Latin America	0	319
Middle East	0	540
Africa	0	0
Total	0	1 291

[1] Under 2008, remaining transfer risk expsosures were moved to Nordea Bank Finland

Past due loans, non-impaired loans

31 Dec 2008

NOKm	Corporate customers	Household customers
6-30 days	1,229	3,968
31-60 days	641	1,333
61-90 days	139	180
>90 days	206	835
Total	2,215	6,316
Past due not impaired/lending in %	0.8 %	4.0 %

31 Dec 2007

NOKm	Corporate customers	Household customers
6-30 days	309	2,150
31-60 days	657	951
61-90 days	28	51
>90 days	62	48
Total	1,056	3,200
Past due not impaired/lending in %	0.3 %	2.2 %

Counterparty risk exposure (after closeout netting and collateral agreements)

	31 Dec 2008			31 Dec 2007		
NOKm	Current exposure	Potential future exposure	Total credit risk	Current exposure	Potential future exposure	Total credit risk
Total	**2,724**	**923**	**3,482**	**185**	**1,628**	**1,274**

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

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

The derivative contracts are evaluated at fair value on an ongoing basis and affect the reported result as well as the balance sheet.

Counterparty risk
Counterparty credit risk is the risk that a counterpart in the derivatives contract defaults prior to maturity of the contract and that Nordea at that time has a contractual claim on the counterpart. Counterparty credit risk is subject to credit limits like other credit exposures and is treated accordingly. Counterparty credit risk arises mainly in the trading book, but also in the banking book as a result of active asset and liability management.

Nordea uses the transaction-based model to calculate the counterparty credit risk, ie the sum of current exposure (replacement cost) and potential future exposure. The potential future exposure is an estimate, which reflects possible changes in the market value of the individual contract during the remaining contract lifetime, and is measured as the notional principal amount multiplied by a risk weight. The size of the risk weight depends on the contract's remaining lifetime and the underlying asset. The total counterparty credit risk exposure at the end 2008 was NOK 3.5bn, of which the current exposure represents NOK 2.7bn.

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 on a regular – typically daily – basis is placed or received to cover the current exposure. The collateral is largely cash, but also government bonds and to a lesser extent mortgage bonds are accepted. The effects of closeout netting and collateral agreements 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 a condition in some of the long-term derivatives contracts that provides the option to terminate contracts at a specific time or upon the occurrence of credit related events. Nordea is using credit derivatives to hedge positions in traded corporate bonds and basket credit derivatives.

Restructured loans and receivables

NOKm	31 Dec 2008	31 Dec 2007
Loans and receivables before restructuring, book value	62	128
Loans and receivables after restructuring, book value	15	6

Assets taken over for protection of claims

NOKm	31 Dec 2008	31 Dec 2007
Current assets, book value:		
Land and buildings	1	1
Shares and other participations		
Other assets	10	6
Total	12	7

Market risk

Market risk is the risk of a loss in the market value of portfolios and financial instruments as a result of movements in financial market variables.

The customer-driven trading activity of Nordea Markets and the investment and liquidity portfolios of Group Treasury are the key contributors to market risk in Nordea.

For all other banking 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 decided target 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. Payments made to parent companies from subsidiaries as dividends are exchanged to the functional currency of the parent company. Furthermore, earnings and cost streams generated in foreign currencies or from foreign branches generate a foreign exchange exposure, which for the individual Nordea companies is handled in each company's foreign exchange position.

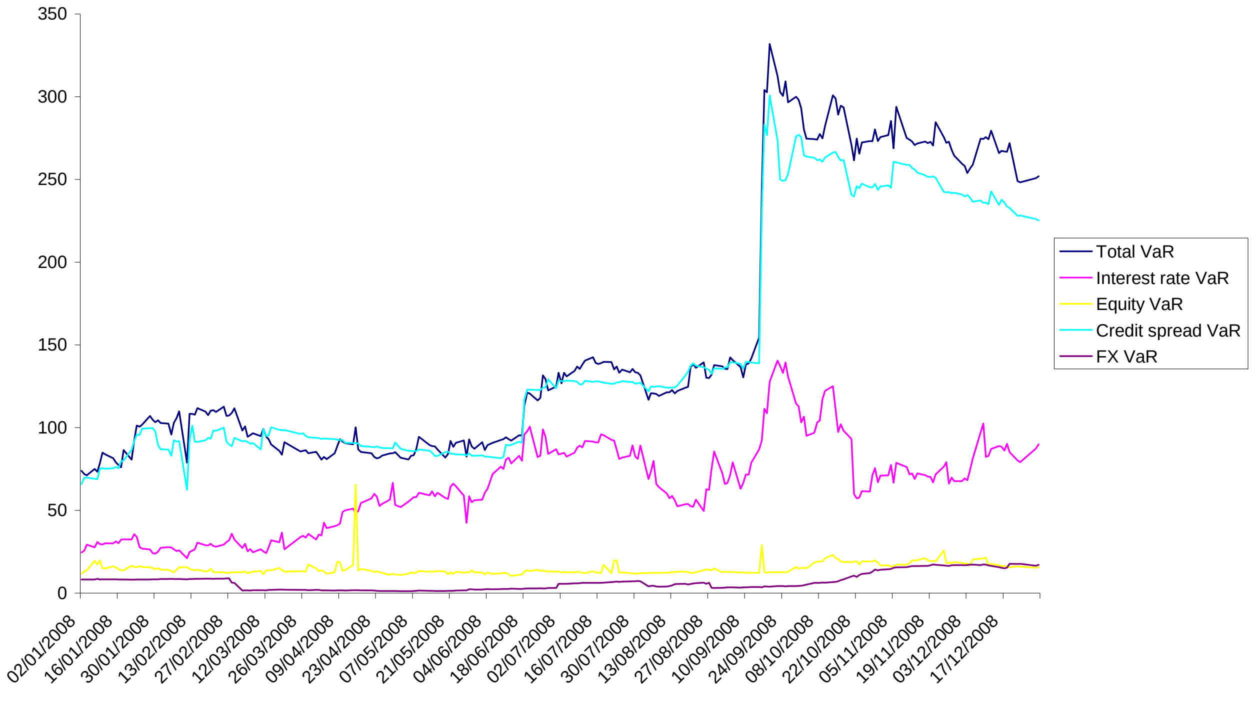
In addition to the immediate change in the market value of Nordea's assets and liabilities from a change in financial market variables, a change in interest rates will also affect the net interest income of Nordea over time. In Nordea this is seen as structural interest income risk and is dealt with under the heading Structural Interest Income Risk in this chapter.

Market risk

Consolidated market risk figures in Nordea Bank Norge as of 31 December 2008

NOKm	Measure	31 Dec 2008	2008 high	2008 low	2008 avg	31 Dec 2007
Total Risk	VaR	251.9	331.8	71.2	155.5	25.1
- Interest Rate Risk	VaR	90.0	140.6	21.1	64.6	25.6
- Equity Risk	VaR	15.8	65.7	10.4	14.9	10.2
- Credit Spread Risk	VaR	225.2	300.8	62.5	145.7	0.0
- Foreign Exchange Risk	VaR	17.1	17.8	1.2	6.7	6.6
Diversification effect		27.7 %				40.8 %
Structured Equity Option Risk	Simulation	6.3	35.3	0.3	22.5	28.6
Commodity Risk	Simulation	3.2	32.7	0.1	15.4	5.7

Market Risk Nordea Bank Norge VaR, NOKm



Market price risk appetite
The Board of Directors has formulated market price risk appetites for both the investment and liquidity portfolios in Group Treasury and the trading activities in Nordea Markets. For Group Treasury, the Board of Directors has set the maximum level of risk for the whole Nordea Group such that it should not lead to an accumulated loss in earnings in excess of EUR 250m at any time in a financial year. The compliance with the risk appetite is ensured by market risk limits and stop-loss rules. For the trading activities in Nordea Markets, the risk appetite and the market risk limits are set in relation to the earnings these activities generate.

Reporting and control processes
A Nordea group wide framework establishes common management principles and standards for the market risk management. This implies that the same reporting and control processes are applied for the market risk exposures in Nordea Markets (the Trading Book) and Group Treasury.

Moreover the same Value-at-Risk (VaR) model is used to measure and manage the consolidated risk and the risk divided into Trading Book and Banking Book risk.

However, certain risk exposures have special characteristics and are monitored and limited separately. For example, this is the case for commodity risk, structured equity options and Fund Linked Derivatives in Markets. The risk on commodity positions, both linear and non-linear, as well as on structured equity derivatives is measured using scenario simulation. The scenarios are based on the sensitivity to changes in the underlying prices and their volatility. Also, the fair value of private equity funds and the investments in hedge funds in Group Treasury are limited and monitored in the daily reporting and control process, but are not included in the VaR numbers. 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 the following:

- senior management taking an active role in the process. The CRO receives reporting on the Group's consolidated market risk every day; GEM receives reports on a monthly basis, and the Board of Directors on a quarterly basis
- defining clear risk mandates (at departmental, desk and individual levels), in terms of limits and restrictions on which instruments may be traded. Adherence to limits is crucial, and should a limit be breached, the decision-making body would be informed immediately
- having a comprehensive policy framework, by which responsibilities and objectives are explicitly outlined. Policies are decided by the Board of Directors, and are complemented by instructions issued by the CRO
- having detailed business procedures that clearly state how policies and instructions are to be implemented,
- having proactive information sharing between trading and risk control
- 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 require an elaborate analysis and documentation of the instruments' features and risk factors
- 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 VaR figures on the positions that a trader, desk or department has during the day.

Measurement methods
As there is no single risk measure that captures all aspects of market risk, Nordea on a daily basis uses several risk measures including 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
Nordea's universal VaR model is a 10-day, 99% confidence model, which uses the expected shortfall approach (sometimes referred to as tVaR, for tail-VaR) and is based on historical simulation on up to two years' historical changes in market prices and rates. This implies that Nordea's historical simulation VaR model uses the average of a number of the most adverse simulation results as an estimate of VaR.

The sample of historical market changes in the model is updated daily. The "square root of ten" rule is applied to scale 1-day VaR figures to 10-day figures. The model is used to limit and measure market risk at all levels both for the Trading Book and in Group Treasury.

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

With the chosen characteristics of Nordea's VaR model, the VaR-figures can be interpreted as the loss that would be exceeded in only one in a 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 a significant impact on the risk figures produced.

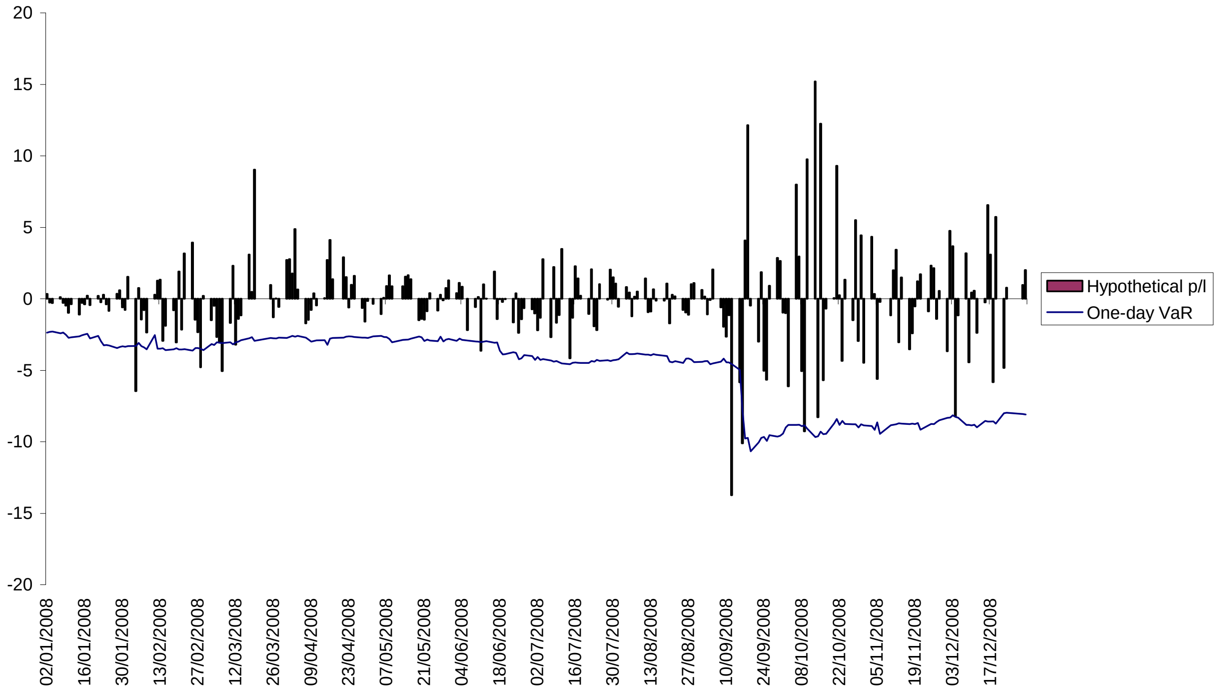
Also, it should be noted that the historical observations of the market variables that are used as inputs may not give an adequate description of their behaviour in the future. In particular the historical values may fail to reflect the potential for extreme market moves.

In the summer of 2007 volatility in the financial markets increased markedly and in the spring of 2008, Nordea's back testing indicated a need for making the model more responsive to changes in market volatility. As a result, in June 2008, the model was adjusted by reducing the look-back period, to one year, and the number of the most adverse simulation results in the estimate of the VaR (ie further out in the left-hand tail of the distribution of historical simulation outcomes).

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 using data on daily financial market developments since the beginning

of 1993. In addition, Nordea's portfolios are stress tested for subjective scenarios, which are most often based on selected historical events prior to 1993 or adverse scenarios relevant at the current state of the economic cycle or geopolitical situation. While these stress tests measure the risk over a shorter time horizon, market risk is also a part of Nordea's comprehensive ICAAP stress testing, which measures the risk over a three year horizon.

Backtest: One-day VaR against hypothetical profit/loss, Nordea Bank Norge



Market risk analysis

Nordea's market risk analysis is based on consolidated risk arising from both Group Treasury and Nordea Markets.

Total VaR

The total VaR was NOK 252m (25) at the end of 2008 demonstrating a considerable diversification effect between interest rate, equity, foreign exchange and credit spread risk, as the total VaR is lower than the sum of the risk in the four categories.

In general, the increased volatility in the financial markets since August 2007 and the responsiveness of the VaR model to the volatility, have implied that the VaR figures were higher at the end of 2008 than at the end of 2007, although underlying exposures were unchanged or have decreased.

Interest rate risk

The total interest rate VaR was NOK 90m (26) at the end of 2008. The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to move adversely, was NOK 263m at the end of 2008 (66).The largest part of NBN's interest rate sensitivity stemmed from interest rate positions in NOK and Euro.

Equity risk

At the end of 2008, Nordea's equity VaR stood at NOK 16m (10). The largest equity exposure was to the energy sector. NBN's equity portfolio is well diversified.

Credit spread risk

Credit spread VaR increased over 2008 to NOK 225m (0), both as a result of the adjusted VaR model and increased market volatility, and of the extension of the credit spread VaR model to include Group Treasury and Nordea Markets Norway. The credit spread VaR model now covers the whole Group. Credit spread risk is to a large extent concentrated on Nordic financials.

Foreign exchange risk

NBN's foreign exchange VaR was NOK 17m (7) at year-end.

Commodity risk

NBN's exposure to commodity risk is solely related to customer-driven activities. The risk was NOK 3m at the end of 2008 (6).

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 and increasing the risk of regulatory sanctions, financial loss or damage to the reputation and confidence in the Group. Operational risk also includes

"Legal Risk", which means the risk that the Group suffers damage due to a deficient or incorrect legal assessment.

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

Information security, physical security, crime prevention and educational and training activities are important components when managing operational risks. To cover this broad scope, the Group security and the Group compliance functions are included in Group Credit and Risk Control, and close cooperation is maintained with Group IT and Group Legal, in order to raise the risk awareness throughout the organisation.

The main processes for managing operational risks are ongoing monitoring through risk self-assessment and the documenting, registering and following up activities related to 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.

Special emphasis is put on quality and risk analysis in change management and product development.

The mitigating techniques consist of continuous improvement initiatives and 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.

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

Liquidity management

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

The Asset and Liability Committee (ALCO), chaired by the 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.

Funding programs are both short-term (US Commercial Papers, European Commercial Papers, Commercial Papers, Certificates of Deposits) and long-term (Swedish and Danish Covered bonds, European Medium Term Notes, Medium Term Notes) in diverse currencies. However, foreign exchange risk is covered. Special focus is given for the composition of the investor base in the terms of geographical range and rating sensitivity. Nordea 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. Nordea stress scenarios are based on assessment of the particular events for which Nordea is presumed to be most vulnerable to taking into account the current business structure and environment. Stress tests focus on the other hand on increased funding need and on the other hand on increased funding price.

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

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

In order to avoid short-term funding pressures, Nordea measures the funding gap risk, which expresses the expected maximum accumulated need for raising liquidity in the course of the next 14 days. Cash flows from both on-balance sheet and off-balance sheet items are included.

Funding gap risk is measured and limited for each currency and as a total figure for all currencies combined. The total figure for all currencies combined is limited by the Board of Directors.

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 by the Board of Directors for the minimum size of the liquidity buffer. The liquidity buffer is set to ensure a total positive cash flow defined by the funding risk measurement and consists of high-grade liquid securities that can be sold or used as collateral in funding operations.
The structural liquidity risk of Nordea is measured and limited by the Board of Directors through the net balance of stable funding, which is defined as the difference between stable liabilities and stable assets. These liabilities primarily comprise retail deposits, bank deposits and bonds with a remaining term to maturity longer than 6 months, and shareholders' equity, while stable assets primarily comprise retail loans, other loans with a remaining term to maturity longer than 6 months and committed facilities.

ALCO has set as a target that the net balance of stable funding should be positive, which means that stable assets must be funded by stable liabilities.

Liquidity risk analysis
The short-term liquidity risk has been held at moderate levels throughout 2008. The average funding gap risk, ie the average expected need for raising liquidity in the course of the next 14 days, has been NOK -19bn (6).

Nordea's liquidity buffer has been in the range of NOK 27-59bn (13-26) throughout 2008 with an average of NOK 33bn (19). Nordea considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular. The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2008. The yearly average for the net balance of stable funding was NOK 48bn (2.5).

Liquidity risk, contractual maturity analysis for financial liabilities

Contractual cash flows

NOKm	31 Dec 2008				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	**311,613**	**172,932**	**11,824**	**3,605**	**499,974**

NOKm	31 Dec 2007				
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**

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 re-pricing periods, volumes or reference rates of assets, liabilities and derivatives do not correspond exactly. Nordea's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures.

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

SIIR measurement methods
The basic measures for SIIR are the two re-pricing gaps measuring the effect on Nordea's net interest income for a 12 months period of a one percentage point increase; respectively decrease, in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period.

Main elements of the customer behaviour and Nordea's decision-making process concerning Nordea's own rates are, however, taken into account. For example in a low interest rate environment, when rates are decreasing further, the total decrease of rates cannot be applied to non-maturity deposits since rates cannot be negative. Similarly in an increasing rate environment Nordea may choose not to increase interest rates on all customer deposits correspondingly.

SIIR analysis
At the end of the year, the SIIR for decreasing market rates was NOK–77m (-324) and the SIIR for increasing rates was NOK 77m (324). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

SIIR, Gap analysis 31 Dec 2008

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	527,969	487,527	25,856	2,044	2,382	6,706	2,789	665	527,969
Non interest bearing assets	21,107	-	-	-	-	-	-	21,107	21,107
Total assets	**549,076**	**487,527**	**25,856**	**2,044**	**2,382**	**6,706**	**2,789**	**21,772**	**549,076**
Liabilities and equity									
Interest bearing liabilities	505,047	480,325	21,472	1,036	830	1,296	88	-	505,047
Non interest bearing liabilities	44,029	-	-	-	-	-	-	44,029	44,029
Total liabilities and equity	**549,076**	**480,325**	**21,472**	**1,036**	**830**	**1,296**	**88**	**44,029**	**549,076**
Off-balance sheet items net	**0**	**16,572**	**-11,112**	**-334**	**-711**	**-2,974**	**-1,442**	**-**	**-**
Exposure		**23,775**	**-6,729**	**675**	**841**	**2,436**	**1,260**	**-22,257**	**-**
Cumulative exposure		**-**	**17,046**	**17,721**	**18,561**	**20,997**	**22,257**	**-0**	**-**

Capital management

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

With the approval in December 2008 to use internal ratings based approach for the major part of the retail customers, NBN had by the end of 2008 totally 84% of the exposure covered by IRB approaches. Nordea will continue to implement the internal ratings based approach for some remaining portfolios.

Nordea is also 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. For operational risk, the standardised approach is applied.

Capital structure policy and ICAAP

In 2008, Nordea Bank Norway tier 1 capital and capital base exceeded the regulatory minimum requirements outlined in CRD. Considering results of capital adequacy stress testing, capital forecasting and growth expectations, Nordea assesses that the buffers held for regulatory capital purposes are sufficient.

The capital structure policy is related to the Internal Capital Adequacy Assessment Process (ICAAP), which according to the CRD should for each bank have the purpose 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.

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

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

Nordea's policy is to ensure that the capital base exceeds the internal capital requirement as well as the regulatory capital requirement

The transition phase of Basel II creates a need to manage the bank using a variety of capital measurements and capital ratios. The table "Capital requirements and RWA" shows that the regulatory transition rules comprise a floor on Nordea's capital requirement when compared to Basel II (Pillar 1) minimum requirements. This difference will fluctuate through the transition period as the floor gradually decreases and Nordea receives approval for internal ratings based models for other portfolios. At present, this difference is NOK 92bn expressed as RWA and NOK 7.3bn expressed as regulatory capital requirement.

At the end of 2008 NBN Group's tier 1 capital ratio was 6.6%, compared to 6.6% at the end of 2007. The capital ratio was 9.1% at the end of 2008 and 8.9% 2007. For Nordea Bank Norge ASA the tier 1 capital ratio was 6.5% at year-end (6.6) and total capital ratio was 9.1% (9.0). For further information, see Note 38 "Capital adequacy".

In addition to regulatory requirements, Nordea has internal capital requirements based on the Economic Capital framework.

Capital requirements – Pillar 1
The table "Capital requirements and RWA" below shows an overview of the Pillar 1 capital requirements at the end of 2008 divided on the risk types. The credit risk comprises more than 93% (93) of the pillar 1 requirement in NBN. Out of the total pillar 1 requirement for credit risk 88% (61) relate to IRB exposures and 12% (39) to standardised exposures. In the IRB approach, 79.4% (94.3) relate to the corporate exposure class, which under the foundation approach has an RWA average of 60% (53) compared with 100% under Basel I.

Operational risk, calculated with the standardised approach, makes up 5% (5) of the total pillar 1 requirement. Nordea benefits from the use of internal models to assess market risk, which makes up 2% (2) of the total pillar 1 requirement.

Further information on capital requirements and the calculation of RWA are available in Nordea's Pillar 3 Report 2008, on www.nordea.com.

Capital requirements and RWA

NOKm	2008 Capital requirement	2008 Basel II RWA	2007 Capital requirement	2007 Basel II RWA
Credit risk	**21,876**	**273,449**	**17,977**	**224,714**
IRB	19,272	240,896	10,963	137,036
of which institution	15,292	191,151	10,337	129,212
of which corporate	810	10,121	553	6,913
of which retail	3,058	38,224	n.a	n.a
retail mortgage	155	1,933	n.a	n.a
other retail	1,775	22,181	n.a	n.a
retail SME	1,129	14,110	n.a	n.a
of which other	112	1,400	73	911
Standardised	**2,604**	**32,553**	**7,014**	**87,678**
of which retail	0	0	5,182	64,775
of which sovereign	64	805	28	348
of which other	2,540	31,748	1,804	22,555
Market risk	**513**	**6,412**	**418**	**5,223**
of which trading book, VaR	269	3,359	64	805
of which trading book, non-VaR	244	3,053	353	4,410
of which FX, non-VaR	0	0	1	8
Operational risk	**1,115**	**13,943**	**993**	**12,413**
Standardised	1,115	13,943	993	12,413
Sub total	**23,504**	**293,804**	**19,388**	**242,350**
Adjustment for transition rules				
Additional capital requirement according to transition rules	7,331	91,632	6,996	87,455
Total	**30,835**	**385,435**	**26,384**	**329,805**

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

Mimimum capital requirements = Risk Weighted Assets * 8%

Risk Weighted Assets = Risk Weight * Exposure at Default (EAD)

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.

Capital adequacy ratios, NOKm

	31 Dec 2008	31 Dec 2007
RWA with transition rules	385 435	329 805
RWA Basel II (pillar 1) before transition rules	293 804	242 350
Regulatory Capital requirement with transition rule	30 835	26 384
Economic Capital	18 852	16 701
Capital base	35 098	29 226
Tier 1 capital	25 566	21 638
Tier 1 ratio including transition rules (%)	6,6%	6,6%
Tier 1 ratio excluding transition rules (%)	8,7%	8,9%
Core capital ratio including transition rules (%)	6,1%	n.a.
Core capital ratio excluding transition rules (%)	8,0%	n.a.
Capital ratio including transition rules (%)	9,1%	8,9%
Capital ratio excluding transition rules (%)	11,9%	12,1%
Capital base / Regulatory Capital requirement before transition rules (%)	149,3%	150,7%

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

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

Capital requirements for market risks (risks in trading book)

All of the risk weighted assets market risks of NOK 6.4bn (5.2) covers 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 VaR models.

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

Capital requirements for operational risk

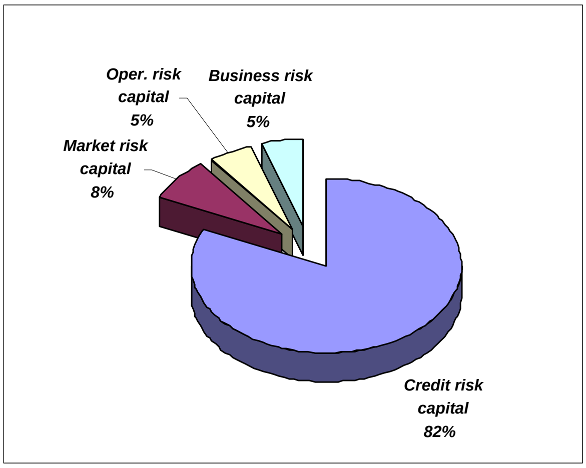
The capital requirement for operational risk is NOK 1.1bn (1) and is calculated using the standardised approach, in which all of the bank's activities are divided into eight business lines: corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management and retail brokerage. The total capital requirement for operational risk is calculated as the simple sum of the capital requirements for each of the business lines within each group and legal entity. The risk for each business line is the beta coefficient multiplied with gross income. The beta coefficients differ between business lines and are in the range from 12% to 18%.

The capital requirements for operational risk is specified in the Note 38 "Capital adequacy".

Capital requirements – Pillar 2

Nordea base the internal capital requirements under the ICAAP on Nordea's Economic Capital framework.

Economic Capital (EC) at 31 December 2008 is calculated to NOK 18.8bn (16.7). The pie chart show EC divided by customer area and risk type and demonstrate that a majority of Nordea's risk is held in the form of credit risk capital within Nordic corporate and personal customers in the Nordic Banking.



Nordea has calculated internal capital requirements using the EC framework since 2001. Pillar 1 of the CRD closes the gap between regulatory capital and EC by improving the risk sensitivity of regulatory capital measurement.
Nordea calculates EC for the following major risk types: credit risk, market risk, operational risk and business 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 corporate 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 t 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 such 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's EC risks are considered on a standalone basis, all unexpected losses are assumed to occur simultaneously. Thus, Nordea uses a conservative correlation matrix approach to estimate the diversification benefits arising from its operations. For instance, credit risk and market risk are both highly correlated with the development of the general economy and thus highly correlated with each other, while life insurance risks and operational risks are not correlated at all. In the end, the diversification effects produce an EC that is lower than the sum of the EC for each risk type.

In addition to calculating EC, Nordea conducts a comprehensive capital adequacy stress test process to analyse the effects of a series of global and local shock scenarios. The results of stress testing are considered, along with potential management interventions, in Nordea's internal capital requirement, thus addressing the pro-cyclicality effects inherent in the pillar 1 capital requirement calculations of the IRB approaches.

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

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

Expected losses
Expected losses reflect the normalised loss level of the individual credit exposure over a business cycle as well as various portfolios. The average expected loss ratio used in the economic profit framework, calculated as expected loss divided by EAD, was 17 basis points as of 31 December 2008 (16 bps as of 31 December 2007) excluding the sovereign and institution exposure classes. Nordea has the ambition to use the same PD, LGD and CCF in internal calculations of EC and expected loss as in regulatory capital calculations. Therefore the expected loss will be recalibrated in 2009 as a consequence of the IRB Retail approval. The corresponding expected loss ratio would have been 22 basis points as of December 31 2008. It should be noted that the Expected Loss ratio is a more stable measure than actual losses, but it will vary with the business cycle as a consequence of shifts in the repayment capacity (PD dimension) and collateral coverage (LGD dimension) distributions.

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

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

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

The differences between expected loss (EL) and provision made for the related exposures are adjusted for in the capital base. The negative difference (EL is larger than provision) is know as the "shortfall". According to the CRD, the shortfall is deducted from the capital base. For the purpose of Basel II transitional rules, the shortfall is also deducted from the RWA to be neutral from a Basel I perspective.

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

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

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

Summary of items included in capital base

NOKm	31 December 2008	31 December 2007
Calculation of total capital base		
Equity	**27,146**	**22,787**
Hybrid capital loans subject to limits	**2,036**	**0**
Proposed/actual dividend	-3,000	0
Deferred tax assets	0	-1,131
Intangible assets	-354	-263
Deductions for investments in credtit institutions	0	-13
IRB provisions excess (+) / shortfall (-)[1]	-493	-207
Other items, net	232	465
Tier 1 capital (net after deduction)	**25,566**	**21,638**
- of which hybrid capital	2,036	
Additional own funds		
Securities of indeterminate dur. and other instr.	3,468	2,734
Subordinate loan capital	6,557	5,074
Tier 2 capital (before deductions)	**10,025**	**7,808**
Deductions for investments in credtit institutions	0	-13
IRB provisions excess (+) / shortfall (-)[1]	-493	-207
Deductions from original additional own funds	**-493**	**-220**
Tier 2 capital (net after deductions)	**9,532**	**7,588**
Total capital base	**35,098**	**29,226**

Human resources

Nordea has decided that it will go from Good to Great. To make this happen, a number of strategic choices have been made, mainly described in the Organic Growth Strategy for Nordea, which in turn is guided by our Mission and Vision and underpinned by the Nordea Values.

One decision is to place more focus on People, acknowledging that people are the key instrumental part of bringing Nordea from Good to Great.

It's all about people
An important contribution to the People aspect is the Nordea Values. One of the three new values is 'It's all about people'. This value strengthens the focus on people and leadership to enable Nordea to reach its growth targets. The second value 'One Nordea Team' emphasise the importance of working together to bring Nordea from Good to Great. The last value pinpoints the customer aspect, 'Great Customer Experience', only great customer experiences can ensure that Nordea attain its financial objectives.

The annual Employee Satisfaction Index (ESI) in Nordea reveals an excellent score development on the Nordea Values since they where launched in 2007. The scoring for Great Customer Experiences is 80 out of 100 (up 4,1 points), It's all about people is 72 (up 3,5 points), and One Nordea Team is 77 (up 3,4 points). The majority of Nordeas employees perceive that they act consistent with the Nordea Values (75, up 3,6 points).

Acknowledged for its 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. For this reason People is an important factor in the Nordea Vision.

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

People Strategy
As stated above, people are the main key to bring Nordea from Good to Great. However, "Great People delivering Great results" does not happen by chance.

During 2008, the HR Strategy was further developed and re-titled the People Strategy to emphasise even further the people element. The People Strategy is built on characteristics of the financial market, but even more so by the strategic choices made by Nordea. The People Strategy focus on five prioritised areas:

- The employer of choice for those that will move us from Good to Great
- Staffing making sure we have the right person in the right place at the right time

- Mobilising, differentiating & rewarding thereby securing outstanding organisational performance

- Providing opportunities for our people to develop and grow

- Practising the leadership required to enable us to go from Good to Great

Great Leadership
Achieving Great Nordea depends on Great Leadership. The employees' perception of their immediate manager performance in the ESI for 2008 is 78 (out of 100).

A set of Leadership Competencies based on the Nordea Values was rolled out in 2007. The ESI results for the Leadership Competencies shows an increase in the perception of the managers behaviour with reference to the Leadership Competencies.

The right person in the right place
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. Alongside Nordeas strong financial result for 2008, the ESI for satisfaction and motivation is 70, up 3 points from 2007.

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. The People Strategy state several initiatives to ensure we attract and retain the right people at the right place.

Nordea has a special focus on development of graduates. A new Graduate programme will be initiated in autumn 2009. The Nordea Graduate programme will provide the graduate with comprehensive job-rotation, training seminars and a personal mentor. Previous trainee and graduate programmes 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.

Equal opportunities
46% of the full-time employees of Nordea Bank Norge are women. 90% of part-time employees are women. The share of females with personnel responsibility is 34%. 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 450.199 and NOK 558.437, respectively, and reflects a higher number of men in leading and key positions in the Bank.

Nordea value its employees independent of gender, age, disability or cultural background. An important goal for a large company as Nordea is to reflect the diversity in society. The individual qualifications should be the foundation for external recruitment and internal hires. We acknowledge that our employees have different motivation and ambition factors. Right person at the right place is the foundation to create great customer experience in the entire value chain. An active relation to diversity supports Nordeas value "One Nordea Team".

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.

The Norwegian Financial Services Association has developed a programme for female talents, FUTURA, where NBN had participants in 2008, and will continue to do so in 2009.

Number of employees
There has been through the last two years an increase in the number of employees as a result of Nordea's growth ambitions. The number of employees (NOE) in NBN was 3,591 employees at the end of 2008. This represents 3,412 fulltime equivalent positions (FTE).

Sick leave
Sick leave amounted to 37,268 days in 2008 (2007: 33,905), equivalent to 4.83% (2007: 4.52), adjusted for holidays and leave of absence. The relatively low sick leave percentage 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).

Three injuries to human beings have been reported due to accidents or other incidents in NBN in 2008.

The working environment is considered to be good in NBN. 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) was introduced in May 2007 and with an updated programme in May 2008, targeting up to 400 managers and key employees identified as essential to the future development of the total Nordea Group. The LTIP 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 in Nordea Bank AB (publ)'s Annual Report 2008.

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. NBN has implemented guidelines for its traveling activities i.e. video- and telephone conferences replace physical meetings.

An increasing number of the NBN'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, NBN faces a number of claims in 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 NBN or its financial position.

The first half of 2008 NBN booked an income of NOK 167.5m related to the case against Ernst & Young auditors regarding compensation for the loss of NOK 200m in connection with Sponsorservice AS. The case was closed in second quarter and the final result from Borgarting Lagmannsrett which ended at NOK 134m plus interest, has been recognised completely in 2008.

Subsequent events

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

Corporate Social Responsibility

Nordea supports the UN Global Compact, which is a set of ten principles for conducting responsible business, and also the UN Environmental Program Finance Initiative (UNEP FI), a charter and a cooperation forum where financial institutions address environmental aspects of their businesses. Nordea supports the OECD Guidelines for Multinational Enterprises, and is also a signatory to the Equator Principles. The Equator Principles constitute a global financial services industry benchmark for determining, assessing and managing social and environmental risks in project financing

Nordea has since 2002 included environmental risk assessment in its corporate credit decision process. A specific toolkit, Environmental Risk Assessment Tool (ERAT) was developed for this purpose and implemented in the credit procedures. During 2007, the scope of analysis was expanded to also cover social and political risks and, in 2008, a second tool, the Social and Political Risk Assessment Tool (SPRAT) was introduced in the credit assessment process.

Outlook 2009

The macroeconomic development in the Nordic countries has during the latter part of the autumn has shown a sharp slowdown and GDP growth is in 2009 expected to be negative. Nordea Group is therefore preparing for a challenging year. In addition to firm attention on cost, risk and capital management, the focus in 2009 will be to continue doing more business with existing customers, and on a selective basis attracting new high-quality customers in prioritised segments. Market lending growth is expected to be clearly lower in 2009, compared to 2008, however Nordea Group sees potential for growth somewhat more than the market. This is based on the strong platform, stable funding and capital position. Nordea Bank Norway is expected to contribute to the growth.

Cost growth is expected to be somewhat lower than in 2008, as cost growth is managed downwards adjusting operations to the prevailing market conditions.

The rapid speed at which the global and Nordic economies now are weakening clearly means that the credit portfolio will be affected. Based on the current macroeconomic outlook, Nordea plans for net loan losses in 2009 at approx. the same level as in the fourth quarter 2008, ie approx. 50 basis points. The uncertainty regarding future loan loss levels is however significant.

Risk-adjusted-profit, based on normalised tax rate and normalised loan losses, is in 2009 expected to be at approx. the same level as in 2008.

Nordea Group tax rate is expected to be in the range of 23-25%.

Nordea Bank Norge ASA
Oslo, 9 February 2009

Christian Claussen
Chairman of the Board

Carl-Johan Granvik
Deputy chairman of the Board

Mary H. Moe

Steinar Nickelsen

Hege Marie Norheim

Nordea Bank Norge

Income statements

		Group		Parent company	
NOKm	Note	2008	2007	2008	2007
Operating income					
Interest income	3	29,284	21,125	28,431	20,367
Interest expense	3	-20,882	-14,979	-20,854	-14,896
Net interest income	3	**8,402**	**6,146**	**7,577**	**5,471**
Fee and commission income	4	2,105	2,259	2,111	2,263
Fee and commission expense	4	-665	-644	-670	-642
Net fee and commission income	4	**1,440**	**1,615**	**1,441**	**1,621**
Net gains/losses on items at fair value	5	101	308	85	300
Profit from companies accounted for under the equity method	20	841	13	0	0
Dividends and group contribution	6	0	0	265	50
Other operating income	7	273	55	295	83
Total operating income		**11,057**	**8,137**	**9,663**	**7,525**
Operating expenses					
General administrative expenses:					
Staff costs	8	-2,729	-2,615	-2,590	-2,488
Other expenses	9	-1,793	-1,773	-1,745	-1,738
Depreciation, amortisation and impairment charges of tangible and intangible assets	10,21,22	-131	-108	-116	-100
Total operating expenses		**-4,653**	**-4,496**	**-4,451**	**-4,326**
Loan losses	11	-651	105	-580	117
Disposals of tangible and intangible assets		-8	20	-8	0
Operating profit		**5,745**	**3,766**	**4,624**	**3,316**
Income tax expense	12	-1,415	-930	-1,338	-800
Net profit for the year		**4,330**	**2,836**	**3,286**	**2,516**
Attributable to:					
Shareholder of Nordea Bank Norge ASA		4,330	2,836	3,286	2,516
Minority interests		0	0	0	0
Total		**4,330**	**2,836**	**3,286**	**2,516**
Earnings per share, NOK		7.85	5.14	5.96	4.56

Balance sheets

NOKm	Note	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Assets					
Cash and balances with central banks		11,144	15,204	11,144	15,204
Loans and receivables to credit institutions	13	33,575	19,284	60,452	48,354
Loans and receivables to the public	13	446,527	360,219	409,651	325,580
Interest-bearing securities	14	36,657	29,322	36,607	29,272
Financial instruments pledged as collateral	15	58	1,218	58	1,218
Shares	16	1,729	2,086	1,727	2,085
Derivatives	17	7,409	668	7,302	532
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	373	72	279	119
Investments in group undertakings	19	0	0	2,241	2,233
Investments in associated undertakings	20	1,735	616	417	139
Intangible assets	21	354	263	302	205
Property and equipment	22,23	266	270	258	264
Deferred tax assets	12	0	1,131	0	1,207
Other assets	24	5,789	9,084	5,725	9,036
Prepaid expenses and accrued income	25	3,460	2,163	3,196	1,979
Total assets		**549,076**	**441,600**	**539,359**	**437,427**
Liabilities					
Deposits by credit institutions	26	250,804	161,790	246,231	161,457
Deposits and borrowings from the public	27	235,407	217,771	235,413	217,750
Debt securities in issue	28	7,265	7,744	6,076	6,544
Derivatives	17	1,169	2,145	1,046	2,062
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	106	121	27	86
Current tax liabilities	12	110	1,176	14	1,096
Other liabilities	29	10,960	16,443	10,943	16,337
Accrued expenses and prepaid income	30	2,581	2,034	2,196	1,817
Deferred tax liabilities	12	163	0	27	0
Provisions	31	36	7	36	7
Retirement benefit obligations	32	1,779	2,160	1,715	2,093
Subordinated liabilities	33	11,550	7,422	11,550	7,421
Total liabilities		**521,930**	**418,813**	**515,274**	**416,670**
Equity	34				
Minority interest		4	1	0	0
Share capital		3,860	3,860	3,860	3,860
Other reserves		953	953	953	953
Retained earnings		22,329	17,973	19,272	15,944
Total equity		**27,146**	**22,787**	**24,085**	**20,757**
Total liabilities and equity		**549,076**	**441,600**	**539,359**	**437,427**
Assets pledged as security for own liabilities	35	49,711	36,307	49,711	36,307
Contingent liabilities	36	1,290	19,743	1,290	19,972
Commitments excluding derivatives	37	161,621	147,959	169,480	156,637
Derivative commitments	37	164,414	238,919	161,210	228,356

Statement of recognised income and expense

	Group		Parent company	
NOKm	2008	2007	2008	2007
Currency translation differences during the year	17	-6	34	-6
Net expense recognised directly in equity	**17**	**-6**	**34**	**-6**
Net profit for the year	4,330	2,836	3,286	2,516
Total recognised income and expense for the year	**4,347**	**2,830**	**3,320**	**2,510**
Attributable to:				
Shareholder of Nordea Bank Norge ASA	4,347	2,830	3,320	2,510
Minority interests	0	0	0	0
	4,347	**2,830**	**3,320**	**2,510**

Nordea Bank Norge ASA
Oslo, 9 February 2009

Christian Clausen
Chairman of the Board

Carl-Johan Granvik
Deputy chairman of the Board

Mary H. Moe

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Hege Marie Norheim

Cash Flow Statements

NOKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Operating activities				
Operating profit	5,745	3,766	4,624	3,316
Adjustments for items not included in cash flow	1,019	267	1,702	324
Income taxes paid	-1,216	-1,342	-1,216	-1,339
Cash flow from operating activities before changes in operating assets and liabilities	**5,548**	**2,691**	**5,110**	**2,301**
Changes in operating assets				
Change in loans and receivables to credit institutions	966	6,886	22,817	2,980
Change in loans and receivables to the public	-86,959	-53,130	-84,651	-45,729
Change in interest-bearing securities	-7,324	-3,303	-7,324	-2,700
Change in financial assets pledged as collateral	1,160	-1,208	1,160	-1,208
Change in shares	-1,035	-2,987	-1,034	-2,987
Change in derivatives, net	-6,672	2,326	-6,642	2,332
Change in other assets	3,295	-567	3,311	-288
Changes in operating liabilities				
Change in deposits by credit institutions	89,014	29,218	84,774	28,906
Change in deposits and borrowings from the public	17,636	38,895	17,663	38,892
Change in debt securities in issue	-479	-3,435	-468	-3,776
Change in other liabilities	-5,483	4,582	-5,394	4,537
Cash flow from operating activities	**9,667**	**19,968**	**29,322**	**23,260**
Investing activities				
Acquisition of group undertakings	0	-48	-8	-48
Share issue in associated undertakings	-278	0	-278	0
Dividend from associated undertakings	0	50	0	0
Acquisition of property and equipment	-71	-85	-68	-83
Sale of property and equipment	2	22	2	2
Acquisition of intangible assets	-159	-106	-151	-102
Cash flow from investing activities	**-506**	**-167**	**-503**	**-231**
Financing activities				
Issued subordinated liabilities	2,036	1,194	2,036	1,194
Amortised subordinated liabilities	0	-912	0	-912
Dividend paid	0	-1,000		-1,000
Cash flow from financing activities	**2,036**	**-718**	**2,036**	**-718**
Cash flow for the year	**11,197**	**19,083**	**30,855**	**22,311**
Cash and cash equivalents at the beginning of year	**24,584**	**5,501**	**31,803**	**9,492**
Cash and cash equivalents at the end of year	**35,781**	**24,584**	**62,658**	**31,803**
Change	**11,197**	**19,083**	**30,855**	**22,311**

Comments on the cash flow statement

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

Operating activities

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

	Group		Parent company	
NOKm	2008	2007	2008	2007
Depreciation	109	108	101	100
Impairments charges	22	0	15	0
Equity method	-841	-13	0	0
Loan losses	651	-66	580	-79
Unrealised gains/losses	2,113	271	2,111	309
Capital gains/losses (net)	8	-20	8	-1
Change in accruals and provisions	-1,102	-13	-1,187	-2
Translation differences	17	0	34	0
Other	42	0	40	-3
Total	**1,019**	**267**	**1,702**	**324**

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

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

	Group		Parent company	
NOKm	2008	2007	2008	2007
Interest payments received	28,172	20,678	27,270	19,899
Interest expenses paid	20,494	14,677	20,467	14,589

Investing activities

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

	Group	
NOKm	2008	2007
Acquisition of group undertakings		
Cash and cash equivalents	0	2
Intangible assets	0	48
Property and equipment	0	1
Other assets	0	4
Total assets	**0**	**55**
Minority interest	0	1
Other liabilities and provisions	0	4
Total liabilities	**0**	**5**
Purchase price paid[1]	**0**	**50**
Cash and cash equivalents in acquired group undertakings	0	-2
Net effect on cash flow	**0**	**48**

[1] Including translation difference and allocated expenses.

Financing activities

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

Cash and cash equivalents

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Cash and balances with central banks	11,144	15,204	11,144	15,204
Loans and receivables to credit institutions, payable on demand	24,637	9,380	51,514	16,599
	35,781	**24,584**	**62,658**	**31,803**

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

1. Basis for presentation
Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Norwegian Accounting Act with supported regulations have also been applied.

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

2. Comparative figures
The comparative figures for 2007 include effects of changes in the presentation described in section 3 "Changed accounting policies and presentation" below.

3. Changed accounting policies and presentation
The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2007 Annual Report, except for the presentation of received dividends presented separately below.

An addition to the accounting policies has furthermore been made, as an amendment to IAS 39 and IFRS 7 was published in October with effective date 1 July 2008. The impact from this amendment was that financial assets can, in rare circumstances or when the assets meet the definition of loans and receivables, be reclassified out of the fair value through profit or loss category if the assets are no longer held for the purpose of selling or repurchasing in the near term. Nordea has made no reclassification as a consequence of this amendment.

Forthcoming changes in IFRSs
IASB has revised IFRS 3 "Business Combinations", IAS 1 "Presentation of Financial Statements", IAS 23 "Borrowing Costs", amended IAS 27 "Consolidated and Separate Financial Statements" as well as IAS 32 "Financial Instruments: Presentation" and published the new standard IFRS 8 "Operating segments". These new or updated standards will come into force on 1 January 2009, except for IFRS 3 and IAS 27, which will come into force on 1 July 2009. It is voluntarily to adopt these new standards already in 2008, but Nordea has chosen not to implement in advance.

If implemented in advance, IAS 23 would have had a limited impact on the valuation of developed intangible and tangible assets and IFRS 8 would have had an impact on the presentation of operating segments.

In addition to changes in these standards, new interpretations not mandatory for Nordea in 2008, but allowed to implement in advance, that are relevant for Nordea have been published (IFRIC 13, 14, 16). The assessment is that none of these interpretations would have had a significant impact on Nordea if implemented in advance.

The abovementioned new, revised and amended standards and interpretations not yet implemented would, if implemented in 2008, have had only an insignificant impact on Nordea's capital adequacy.

Presentation of received dividends
Received dividends are recognised as "Net gains/losses on items at fair value" and have therefore, to some extent, been reclassified from the item "Dividends". The impact on the income statement in 2008 and on the comparative figures is disclosed in the table below.

	2008		2007	
NOKm	Re-stated	Pre policy change	Re-stated	Re-ported
Net gains/losses on items at fair value	163	120	308	289
Dividends	-	43	-	19

4. Critical judgements and key sources of estimation uncertainty

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

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

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  – goodwill and
  – loans and receivables.
- the actuarial calculations of pension liabilities.
- claims in civil lawsuits.

Fair value measurement

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

Impairment testing

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of 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 related to employees

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. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 32 "Retirement benefit obligations".

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

See also the separate section 18 "Pensions to employees".

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, which are classified as a venture capital organisation within Nordea, are measured at fair value in accordance with the rules set out in IAS 28 and IAS 39.

Profits from companies accounted for under the equity method are reported post-taxes in the income statement. Consequently, the tax expense related to these profits is not included in the income tax expense for Nordea.

Principles of elimination

Intra-group transactions and balances between the consolidated group undertakings are eliminated.

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 accounted for directly in equity.

Changes in Group structure

There have been no significant changes in the Group structure during the year. For details on changes, see note 19 "Investments in Group undertakings".

6. Recognition of operating income

Net interest income

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

Interest income and interest expense related to all balance sheet items in Markets are recognised in the income statement on the line "Net gains/losses on items at fair value". The change was made in 2007 since balance sheet items in Markets, managed and measured on a fair value basis, may be reported at fair value, using the Fair Value Option in IAS 39. The application of FVO is implemented to align the presentation of Markets' operations and to further increase the transparency. Interest income and expense connected to internal placements by and internal funding of Markets are replaced with the related Group external interest income and interest expense.

Net fee and commission income

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

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

Net gains/losses on items at fair value

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

Realised and unrealised gains and losses derive from:

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

Dividends

Dividends received are recognised in the income statement as "Net gains/losses on items at fair value". Income is recognised in the period in which the right to receive payment is established.

Profit from companies accounted for under the equity method

The change in Nordea´s share of the net assets is based on the external reporting provided by the associates and affects the financial statements of Nordea in the period in which the information is available.

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 of financial instruments in the balance sheet

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

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

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

Financial liabilities, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the liability is extinguished. Normally this occurs 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 currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

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

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. 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 order to have a symmetrical accounting treatment of the changes in fair value of the hedged item. 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 three forms of hedge accounting:

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

Fair value hedge accounting
Nordea Bank Norge only applies fair value hedge accounting. Fair value hedge accounting is used when derivatives are hedging changes in fair value of a recognised asset or liability attributable to a specific risk. The risk of changes in fair value of assets and liabilities in Nordea’s financial statements originates mainly from loans, securities and deposits with a fixed interest rate, causing interest rate risk. Changes in fair value from derivatives as well as changes in fair value of the hedged item attributable to the risks being hedged will be recognised separately in the income statement in the item “Net gains/losses on items at fair value”. Given an effective hedge, the two changes in fair value will more or less balance, meaning the net result will be close to zero. The changes in fair value of the hedged item attributable to the risks hedged with the derivative instrument are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value change of the hedged item in a portfolio hedge of interest rate risks is reported separately from the portfolio in “Fair value changes of the hedged items in portfolio hedge of interest rate risk” in accordance with IAS 39.

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

Hedging instruments
The hedging instruments used in Nordea are predominantly interest rate swaps. Currency interest rate swaps and cash instruments are only utilised in a few

transactions. Cash instruments are only used as hedging instruments when hedging currency risk.

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

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

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

If the hedge relationship does not fulfil the requirements, hedge accounting will be terminated. The change in the unrealised value of the derivatives will, prospectively from the last time it was last proven effective, be accounted for in the income statement at fair value through profit or loss. For fair value hedges, 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)
- Debt securities in issue (issued mortgage bonds in Norgeskreditt AS)

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

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

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

New valuation models are subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

For further information, see Note 40 “Assets and liabilities at fair value”.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash and balances with central banks where the following conditions are fulfilled:

- The central bank is domiciled in a country where Nordea is operating under a banking licence
- The balance is readily available at any time

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

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

12. Financial instruments

Classification of financial instruments

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

Financial assets:
- Financial assets at fair value through profit or loss:
  – Held for trading
  – Financial assets upon initial recognition designated at fair value through profit or loss (Fair Value Option)
- Loans and receivables
- Held to maturity investments
- Available for sale financial assets

Financial liabilities:
- Financial liabilities at fair value through profit or loss:
  – Held for trading
  – Financial liabilities upon initial recognition designated at fair value through profit or loss (Fair Value Option)
- Other financial liabilities

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

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

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. 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 also applies the Fair value option on certain financial assets and financial liabilities related to Markets. The classification stems from that Markets is managing and measuring all its financial assets and liabilities to fair value. Consequently, all financial assets and financial liabilities in Markets are classified as Financial assets and financial liabilities at fair value through profit or loss.

Loans and receivables

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

Held to maturity investments

Held-to-maturity investments are initially recognised in the balance sheet at the acquisition price, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method.

Nordea assesses at each reporting date whether there is any objective evidence that the asset is impaired. If there is such evidence, an impairment loss is recorded. The loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows and is recognised as “Loan losses” in the income statement. See section 13 “Loans and receivables” for more information on the identification and measurement of objective evidence of impairment.

Available for sale financial assets

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

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

Other financial liabilities

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

Hybrid (combined) financial instruments

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

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

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

Borrowed securities are recognised off balance sheet in the item "Assets pledged as security for own liabilities".

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

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

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

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

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

Additionally, the sale of securities received in reverse repurchase agreements trigger the recognition of a trading liability (short sale).

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

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

Financial guarantee contracts
Upon initial recognition, the premiums received in issued financial guarantee contracts are recognised as deferred income on the balance sheet. The guarantees are subsequently measured, and recognised on the balance sheet, 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, Liquidity and Capital management. Loans attached to individual customers or groups of customers are identified as impaired if the impairment test indicates objective evidence of impairment

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 become impaired. As a first step in the identification process for impaired loans, Nordea monitors whether there are indicators for impairment (loss event) and whether these represent objective evidence of impairment. More information on the identification of loss events can be found in the "Risk, Liquidity and Capital Management" section, sub-section "Credit risk".

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 carrying amount 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 rating migrations, 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.

Only loss events incurred up to the reporting date are included when performing the assessment of the group.

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

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 carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collaterals and other credit enhancements, 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. A realised loss is recognised and the value of the loan and the related allowance for impairment loss are derecognised with a corresponding gain or loss recognised in the line item "Loan losses" in the income statement. 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 if it performs according to the new conditions. Concessions made in reconstructions are regarded as final losses unless Nordea retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Financial assets that are foreclosed are classified as Available for sale (see section 12 "Financial instruments") and any other asset is reported on the same balance sheet line as similar assets already held by Nordea. For example a property taken over, not held for Nordea's own use, is reported together with other investments properties. At initial recognition, all assets taken over for protection of claims are valued at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset.

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. Consequently, the credit loss line is after the initial recognition of the asset taken over not affected by any subsequent remeasurement of the asset.

14. Leasing

Nordea as lessor

Finance leases

Nordea's leasing operations mainly comprise finance leases. A finance lease is reported as a 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, or if lower, the present value of the minimum lease payments 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 testing of leased assets is performed following the same principles as 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 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, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

15. Intangible assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associates is included in "Investments in associated undertakings". Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

Computer software

Costs associated with maintaining computer software programs are recognised as expenses as incurred. Costs directly associated with major software development investments, with a useful life of three years or more and the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditure directly attributable to preparing the asset for use. Computer software includes also acquired software licenses not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally 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 carrying amount 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 primary segments (by geographic area) 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 carrying amount, an impairment loss is recognised.

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 measured at cost less accumulated depreciation and 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. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

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. Fixtures installed in leased properties are depreciated over the shorter of 10-20 years and the remaining leasing term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any impairment loss is recognised.

17. Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement, except to the extent that the tax effect relates to items recognised directly in equity, in which case the tax effect is recognised in equity.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised, using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

18. Earnings per share

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.

19. Pensions to employees

Pension plans

The companies within Nordea Bank Norge Group have various defined pension 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.

Obligations for defined contribution pension plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. Nordea's net obligation for defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised prior service cost and the fair value of any plan assets are deducted. Actuarial calculations, performed annually, 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 "Retirement benefit obligations").

When establishing the present value of the obligation and the fair value of any plan assets, actuarial gains and losses may arise as a result of changes in actuarial assumptions and experience effects (actual outcome compared to assumptions). The actuarial gains and losses are not recognised immediately in the income statement.

Rather, only 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 excess is recognised in the income statement over the expected average remaining service period of the employees participating in the plan, Otherwise, actuarial gains and losses are not recognised.

When the calculation results in a benefit to the Nordea entity, the recognised asset is limited to the net total of any unrecognised actuarial losses, unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contribution is calculated and accounted for based on the net recognised surplus or deficit by plan.

20. 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 date for NBN Group.

21. Share-based payment

Nordea Bank AB (publ.) has issued Long Term Incentive Programmes in 2007 and 2008. Key employees in Nordea Bank Norge Group also participate in these programmes and are granted share-based and equity-settled rights, i.e. rights to acquire shares in Nordea Bank AB (publ.) at a significant discount to the share price at grant date. According to IFRS 2, the value of such rights is to be expensed. The expense is based on the estimated fair value of each right at grant date. The total fair value of these rights is determined based on the group’s estimate of the number of rights that will eventually vest, which is reassessed at each reporting date, and is expensed on a straight-line basis over the vesting period. The vesting period is the period that the employees have to remain in service in Nordea in order for their rights to vest.

Social security costs are also allocated over the vesting period, in accordance with Norwegian regulation. The provision for social security costs is reassessed on each reporting occasion to ensure that the provision is based on the rights’ fair value at the reporting date.

For more information see Note 8 “Staff costs” and Nordea Bank AB (publ) Annual Report.

22. 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 undertakings included in the Nordea 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. These transactions are eliminated in the consolidated accounts.

Associated undertakings

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

Further information on the associated undertakings included in the Nordea Group is found in notes 20 “Investments in associated undertakings”

Key management personnel

Key management personnel include the Board of Directors, the Control Committee and the Board of Representatives.
For information about compensation and pensions to key management personnel, see Note 8 “Staff costs”. Information concerning other transactions between Nordea and key management personnel is found in Note 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 companies significantly influenced by close family members to these key management personnel. Other related parties also include Nordea Norge Pensjonskasse.

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

23. Segment reporting

Segment reporting structure

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 the result that is not fully allocated to any of the customer areas. These include International Private Banking and Funds.

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, 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 Customer 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 from Group Functions and Product areas to Customer areas based on internal agreements. 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 rates and applied to all assets and liabilities allocated to or accounted for 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 Operations, Group Credit and Risk Control, People and Identity and Group Legal.

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

24. Exchange rates

EUR 1 = NOK	2008	2007
Profit and loss (average)	8.2267	7.9979
Balance sheet (year-end)	9.7400	7.9600
USD 1 = NOK		
Profit and loss (average)	5.6416	5.8443
Balance sheet (year-end)	7.0200	5.4000
SEK 1 = NOK		
Profit and loss (average)	0.8550	0.8661
Balance sheet (year-end)	0.8987	0.8444
DKK 1 = NOK		
Profit and loss (average)	1.1033	1.0766
Balance sheet (year-end)	1.3074	1.0668

Note 2:
Segment reporting

Group

Customer segments	Nordic Banking		Inst. & International Banking		Other customer operations		Total customer areas		Group Corporate Centre		Group Functions and Eliminations		Total	
Income statement, NOKm	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income	5,720	4,439	1,416	1,026	-238	11	6,898	5,476	1,307	466	197	204	8,402	6,146
Net fee and commission income	1,332	1,326	456	438	-281	-69	1,507	1,695	13	12	-80	-92	1,440	1,615
Net gains/losses on items at fair value	809	665	336	193	-481	-590	664	268	-568	29	5	11	101	308
Profit from companies accounted for under the equity method	0	0	841	13	0	0	841	13	0	0	0	0	841	13
Other income	56	35	69	4	92	108	217	147	0	0	56	-92	273	55
Total operating income	**7,917**	**6,465**	**3,118**	**1,674**	**-908**	**-540**	**10,127**	**7,599**	**752**	**507**	**178**	**31**	**11,057**	**8,137**
Staff costs	-1,395	-1,316	-151	-132	-995	-784	-2,541	-2,232	-31	-21	-157	-362	-2,729	-2,615
Other expenses	-2,389	-2,287	-293	-269	693	627	-1,989	-1,929	-76	-142	272	298	-1,793	-1,773
Depreciation of tangible and intangible assets	-53	-41	0	-1	-68	-22	-121	-64	0	0	-10	-44	-131	-108
Total operating expenses	**-3,837**	**-3,644**	**-444**	**-402**	**-370**	**-179**	**-4,651**	**-4,225**	**-107**	**-163**	**105**	**-108**	**-4,653**	**-4,496**
Loan losses	-541	87	-33	11	-77	7	-651	105	0	0	0	0	-651	105
Disposals of tangible and intangible assets	-4	-2	1	0	-5	20	-8	18	-1	0	1	2	-8	20
Operating profit	**3,535**	**2,906**	**2,642**	**1,283**	**-1,360**	**-692**	**4,817**	**3,497**	**644**	**344**	**284**	**-75**	**5,745**	**3,766**
Balance sheet, NOKbn														
Loans and receivables to the public	353	301	91	59	1	1	445	361	-24	0	26	-1	447	360
Other assets	6	4	5	2	25	24	36	30	111	74	-45	-22	102	82
Total assets	**359**	**305**	**96**	**61**	**26**	**25**	**481**	**391**	**87**	**74**	**-19**	**-23**	**549**	**442**
Deposits and borrowings from the public	172	160	66	59	0	1	238	220	1	1	-4	-3	235	218
Other liabilities	22	21	16	11	23	26	61	58	242	164	-16	-21	287	201
Total liabilities	**194**	**181**	**82**	**70**	**23**	**27**	**299**	**278**	**243**	**165**	**-20**	**-24**	**522**	**419**
Equity/economic capital	13	11	5	3	0	0	18	14	1	1	8	8	27	23
Total liabilities and equity	**207**	**192**	**87**	**73**	**23**	**27**	**317**	**292**	**244**	**166**	**-12**	**-16**	**549**	**442**
RAROCAR, %	17	16	37	31									15	12
Other segment items, NOKm														
Capital expenditure	104	111	41	29	1	1	146	141	5	9	64	88	215	238

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

NOKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Interest income				
Loans and receivables to credit institutions	812	658	2,688	1,840
Loans and receivables to the public	26,256	19,179	23,531	17,243
Interest-bearing securities	1,959	1,288	1,956	1,284
Other interest income	257	0	256	0
Interest income	**29,284**	**21,125**	**28,431**	**20,367**
Interest expense				
Deposits by credit institutions	-7,882	-7,059	-7,883	-7,064
Deposits and borrowings from the public	-10,493	-7,888	-10,493	-7,888
Debt securities in issue	-411	-414	-396	-337
Subordinated liabilities	-356	-395	-356	-395
Other interest expenses	-1,740	777	-1,726	788
Interest expense	**-20,882**	**-14,979**	**-20,854**	**-14,896**
Net interest income	**8,402**	**6,146**	**7,577**	**5,471**

Net interest income

NOKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Interest income	28,701	20,777	28,431	20,367
Leasing income, net[1]	583	348	0	0
Interest expenses	-20,882	-14,979	-20,854	-14,896
Total	**8,402**	**6,146**	**7,577**	**5,471**

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

Note 4:
Net fee and commission income

NOKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Asset Management commissions	26	38	26	38
Life insurance	53	68	53	68
Brokerage	94	109	94	109
Custody	152	124	152	124
Deposits	51	37	51	37
Total savings related commissions	376	376	376	376
Payment	462	465	462	465
Cards	655	681	655	681
Total payment commissions	1,117	1,146	1,117	1,146
Lending	77	77	83	83
Guarantees and documentary payments	109	160	109	160
Total lending related to commissions	186	237	192	243
Other commission income	426	500	426	498
Fee and commission income	2,105	2,259	2,111	2,263
Payment expenses	-568	-551	-568	-549
Other commission expenses	-97	-93	-102	-93
Fee and commission expense	-665	-644	-670	-642
Net fee and commission income	1,440	1,615	1,441	1,621

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

	Group		Parent company	
NOKm	2008	2007	2008	2007
Shares/participations and other share-related instruments	266	287	267	288
Interest-bearing securities and other interest-related instruments	-524	-271	-541	-280
Other financial instruments	0	17	0	17
Foreign exchange gains/losses	359	275	359	275
Total	**101**	**308**	**85**	**300**

Net gains/losses for categories of financial instruments

	Group		Parent company	
NOKm	2008	2007	2008	2007
Available for sale assets, realised	25	17	25	17
Financial instruments held for trading[1]	145	414	127	408
Financial instruments under hedge accounting				
of which net gains/losses on hedging instruments	-59	-138	-57	-140
of which net gains/losses on hedged items	-10	15	-10	15
Total	**101**	**308**	**85**	**300**

[1] Deferred day one profits amounts to NOK 0m for 2008 (NOK 0m for 2007)

Note 6:
Dividends

	Parent company	
NOKm	2008	2007
Investments in group undertakings	265	0
Investments in associated undertakings	0	50
Total	**265**	**50**

Note 7:
Other operating income

	Group		Parent company	
NOKm	2008	2007	2008	2007
Income from real estate	16	26	31	40
Other	257	29	264	43
Total	**273**	**55**	**295**	**83**

Note 8:
Staff costs and remuneration to senior executives

	Group		Parent company	
NOKm	2008	2007	2008	2007
Salaries and remunerations	2,009	1,852	1,908	1,766
Pension costs (note 32)	279	284	264	268
Social security contributions	288	297	274	284
Allocation to profit-sharing	29	66	27	60
Other staff costs	124	116	117	110
Total	**2,729**	**2,615**	**2,590**	**2,488**
Number of employees/full time positions				
Full-time equivalents as at 31.12.	3,412	3,254	3,225	3,087
Number of employees as at 31.12	3,591	3,560	3,400	3,367
Average full time equivalents	3,356	3,189	3,174	3,013
Gender distribution Board of Directors				
Per cent at year-end				
- Men	84	81	60	60
- Women	16	19	40	40

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

Pursuant to Section 6-16 of the Norwegian Public Limited Liability Companies Act the Board of Directors of Nordea Bank Norge ASA will issue the following statement to the company's Annual General Meeting 2009:

Compensation to the CEO
The CEO is employed by Nordea Bank AB (publ) and works through the company's Norwegian branch. The CEO receives her salary and other remuneration from Nordea Bank AB (publ). Nordea Bank Norge ASA compensates Nordea Bank AB (publ) for the services rendered by the CEO. This compensation is proposed by the Board of Directors and determined by the Board of Representatives. For 2008 the compensation was fixed at NOK 1,500,000, the same level as in 2006 and 2007. The CEO did not receive any bonuses or non-monetary benefits from Nordea Bank Norge ASA for 2008, and for 2008 did not receive any remuneration in form of shares, options, etc. in the Nordea Bank Norge group, as mentioned in Section 6-16 a, no. 3, see also comments under item 4 below**.**

Senior executives – salary and bonus/variable salary part
For senior executives in general, Nordea's aim is to maintain salaries and other benefits at a competitive level in order to ensure satisfactory recruitment to such positions. Market adjustment, therefore, is a key element in the stipulation. The fixed salary of senior executives are adjusted annually, subject to individual assessments and within the upper average limit determined by the Group Executive Management. This limit is based on the general growth in salaries and costs in the relevant area. Both the general development and more industry-specific figures are considered, for example the general wage settlements in the finance sector. In 2008, an individual incentive scheme also applied to senior executives, comprising a variable salary part, VSP. This scheme is contingent upon the management's decision, and also to a predetermined criteria and limited to a percentage of the regular, fixed salary. The variable salary part, VSP, is a maximum of 25 % of the regular fixed salary. This is paid in addition to the regular, fixed salary and subject to achievement of personal targets. The targets are set annually in co-operation with superior manager. Thus, senior executives in Nordea Bank Norge ASA may receive a maximum of 25 % of their regular, fixed salary as an addition/a bonus within this scheme. In addition, special schemes that may exceeds this level, may also apply to a very limited number of senior executives within specific professional fields. A few employees have a severance pay agreement provided if the employer terminates their assignment. The employees covered by this scheme will receive their regular, fixed salary for a number of months depending on their seniority in their management position, limited to 24 months including their 6 months' period of notice, with the deduction of any income from other employers or assignments.

Senior executives – shares, subscription rights, etc.
The Annual General Meeting of Nordea Bank AB (publ) 2007 adopted a proposal from the Board of Directors for a new Long Term Incentive Programme (LTIP) for managers and key personnel. The programme also covered senior executives in Nordea Bank Norge ASA from 2007, and replaced the former Executive Incentive Programme. The proposal was developed in agreement with major shareholders of the Group, including the Swedish state. The main objective is to improve the Nordea Group's ability to maintain and recruit the best employees for managerial positions. The programme is also intended to contribute to the Group reaching its financial targets by aligning the managers' and key personnel's interests and focus with the Group's strategic focus. The programme refers to shares in the parent company Nordea Bank AB (publ), and is a

combination of so-called matching shares and performance shares, whereby the participants may acquire and lock up maximum 10 per cent of their fixed salary from the company in shares in Nordea Bank AB (publ) at market price. The programme lasts four years with a lock-in 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. These financial targets include an increase in risk-adjusted profit per share and return to shareholders compared with Nordic and European peers. The Annual General Meeting of Nordea Bank AB (publ) in 2008 approved a corresponding programme for the next four years. Participation in the programme is conditional upon the management's decision. The individual participant's possible gain under the programme is limited to EUR 25 per subscription right. The programme covers 56 senior executives in Nordea Bank Norge ASA included from 2007, and 51 senior executives included from 2008. For Nordea Bank Norge ASA the cost of the scheme amounted to NOK 9m in 2008 and NOK 5m in 2007.

Guidelines for 2009
The Board of Directors of Nordea Bank AB (publ) will propose to the company's Annual General Meeting 2009 the establishment of a new "Long Term Incentive Programme", corresponding to the programme referred to in item 4 above, for another four year period based on the same criteria and guidelines.

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 as of 31 December 2008. 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
Gunn Wærsted, Man. Dir. of NBN ASA [1]	-	-	-	-	-	-
Christian Claussen, Chairman of the Board of NBN ASA [1]	-	-	-	-	-	-
Arne Liljedahl (01.01.2008 - 17.12.2008) [1]	-	-	-	-	-	-
Carl-Johan Granvik (18.12.2008 - 31.12.2008) [1]	-	-	-	-	-	-
Hege M. Norheim	145	-	-	-	145	-
Anne Karin Kvam (01.01.2008 - 17.12.2008)	36	-	-	-	36	-
Mary Helene Moe (18.12.2008 - 31.12.2008)	5	-	-	-	5	1
Steinar Nickelsen, employees' representative	635	19	19	74	747	1,496
Total CEO and Board of Directors of NBN ASA[1]	**821**	**19**	**19**	**74**	**933**	**1,497**
Inger Johanne Lund, Leader	174	-	-	-	174	-
Finn Fadum [2]	145	-	-	-	145	-
Jan T. Bjerke [3]	183	-	-	-	183	-
Odd Svang-Rasmussen [4]	135	-	-	-	135	-
Total Control Committee of NBN ASA	**637**	**-**	**-**	**-**	**637**	**-**
Total Board of Representatives of NBN ASA[5]	**3,880**	**321**	**60**	**601**	**4,862**	**7,337**
Total remuneration and loans to Senior Executives	**5,338**	**340**	**79**	**675**	**6,432**	**8,834**

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

Comments

[1] Nordea Bank Norge Group does not operate with a seperate 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 Claussen, Arne Liljedahl (CFO up until 15.09.2008) and Carl-Johan Granvik (CRO). 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 1,1m to NB AB in 2008. 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 1,5m for 2008.

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 2008 to all members of the Board of Representatives in NBN was NOK 206,800, of which NOK 163,600 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, Christian Hambro, Jens L. Hofgaard, Nina Iversen, Mary H. Moe, Sissel Stenberg, Anders Utne, John Giverholt, Stein Wessel-Aas and Eli Skrøvset. The fee for the chairman Bjarne Aamodt was NOK 65,900 and for the deputy chairman Cato A. Holmsen NOK 18,500. For Nordea employed members, the following members received up to NOK 7,200 for the services, and none of them were attending more than 2 of the 3 meetings; Jorun Vintervold, Oddvar Hauge, Kari Johanne Mjelde, Anne Sofie Arnesen, Pål Adrian Hellman, Karin Olaug Skattebo, Erik A. Gunnestad and Hedda H. Grundt. The other figures above shows the remunerations these individuals receive in relation to their regular employment with Nordea.

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's employees (including retired employees) totalled NOK 5.09bn. There has been a negative interest margin totalling NOK 8.41m on these loans in 2007. The effect is included in net interest income.

Note 9:
Other expenses

	Group		Parent company	
NOKm	2008	2007	2008	2007
Information technology [1]	549	565	532	551
Marketing	109	109	107	106
Postage, telephone and office expenses	155	149	150	146
Rents, premises and real estate	398	395	395	393
Other [2]	582	555	561	542
Total	**1,793**	**1,773**	**1,745**	**1,738**

[1] Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, were NOK 681m (NOK 728m).
[2] Including fees and remuneration to auditors distributed as follows.

Auditors' fees

During the year the Group has expensed fees of NOK 4.9m including VAT to its external auditors whereof NOK 3.5m was related to auditing functions and NOK 1.4m to advisory and other services.

Note 10:
Depreciation of tangible and intangible assets

Depreciation/amortisation

	Group		Parent company	
NOKm	2008	2007	2008	2007
Property and equipment (Note 22)				
Equipment	58	65	57	64
Buildings	11	6	11	6
Intangible assets (Note 21)				
Other intangible assets	40	35	33	28
Total	**109**	**106**	**101**	**98**

Impairment charges / Reversed impairment charges

	Group		Parent company	
NOKm	2008	2007	2008	2007
Property and equipment (Note 22)				
Equipment	0	2	0	2
Intangible assets (Note 21)				
Goodwill	7	0	0	0
Other intangible assets	15	0	15	0
Total	**22**	**2**	**15**	**2**
Total	**131**	**108**	**116**	**100**

Note 11:
Loan losses

	Group		Parent company	
NOKm	2008	2007	2008	2007
Loan losses divided by class, net				
Loans and receivables to credit institutions	0	0	0	0
- of which write-offs and provisions	0	-10	0	-10
- of which reversals and recoveries	0	10	0	10
Loans and receivables to the public	-624	111	-553	123
- of which write-offs and provisions	-830	-280	-734	-219
- of which reversals and recoveries	206	391	181	342
Off-balance sheet items[1]	-27	-6	-27	-6
- of which write-offs and provisions	-33	-33	-33	-33
- of which reversals and recoveries	6	27	6	27
Total	**-651**	**105**	**-580**	**117**
Specification of Loan losses				
Changes of allowance accounts in the balance sheet	-650	65	-598	67
- of which Loans and receivables[2]	-623	71	-571	73
- of which Off-balance sheet items[1]	-27	-6	-27	-6
Changes directly recognised in the income statement	-1	40	18	50
- of which realised loan losses	-60	-21	-38	-10
- of which realised recoveries	59	61	56	60
Total	**-651**	**105**	**-580**	**117**

[1] Included in Note 31 Provisions

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

Note 12:
Income tax expense

NOKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Current tax[1]	151	1,159	134	1,083
Deferred tax	1,264	-229	1,204	-283
Total	**1,415**	**930**	**1,338**	**800**
[1] Of which relating to prior years (see below)	-4	9	1	1

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 2008	Group 2007	Parent company 2008	Parent company 2007
Profit before tax	5,745	3,766	4,624	3,316
Tax calculated at a tax rate of 28%	1,609	1,054	1,295	928
Effect of different tax rates in other countries	38	19	38	19
Tax-exempt income	-306	-171	-70	-167
Non-deductible expenses	78	19	74	19
Adjustments relating to prior years	-4	9	1	1
Tax charge	**1,415**	**930**	**1,338**	**800**
Average effective tax rate	25%	25%	29%	24%

Deferred tax

NOKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	-1,264	229	-1,204	283
Income tax expense, net	**-1,264**	**229**	**-1,204**	**283**
Deferred tax assets (+)/deferred tax liabilities (-), net				
Deferred tax assets due to tax losses	1,451	30	1,404	23
Deferred tax assets due to temporary differences:				
- Retirement benefit obligations	498	605	480	586
- Property and equipment and intangible assets	-152	-58	42	40
- Financial derivatives	-1,935	536	-1,935	544
- Other	-25	18	-18	14
Deferred tax assets (+)/deferred tax liabilities (-), net	**-163**	**1,131**	**-27**	**1,207**
Movements in deferred tax assets/liabilities, net are as follows:				
Translation differences	4	-9	4	-9
Adjustments related to earlier years	-34	0	-34	0
Deferred tax in the income statement	-1,264	229	-1,204	283
At end of year	**-1,294**	**220**	**-1,234**	**274**

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

Group	Credit institutions		The public[1]		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007	2008	2007
Loans and receivables, not impaired	33,575	19,284	445,442	360,124	479,017	379,408
Impaired loans and receivables:	0	0	2,490	958	2,490	958
- Performing	0	0	460	347	460	347
- Non-performing	0	0	2,030	611	2,030	611
Loans and receivables before allowances	**33,575**	**19,284**	**447,932**	**361,082**	**481,507**	**380,366**
Allowances for individually assessed impaired	0	0	-809	-468	-809	-468
- Performing	0	0	-163	-121	-163	-121
- Non-performing	0	0	-646	-347	-646	-347
Allowances for collectively assessed impaired l	0	0	-596	-395	-596	-395
Allowances	**0**	**0**	**-1,405**	**-863**	**-1,405**	**-863**
Loans and receivables, carrying amount	**33,575**	**19,284**	**446,527**	**360,219**	**480,102**	**379,503**
Maturity information						
Remaining maturity (carrying amount)						
Payable on demand	24,637	9,380	175,188	119,126	199,825	128,506
Maximum 3 months	7,577	9,904	84,557	63,760	92,134	73,664
3–12 months	178	0	32,907	27,910	33,085	27,910
1–5 years	368	0	38,817	37,389	39,185	37,389
More than 5 years	815	0	115,058	112,034	115,873	112,034
Total	**33,575**	**19,284**	**446,527**	**360,219**	**480,102**	**379,503**

Parent company	Credit institutions		The public[1]		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007	2008	2007
Loans and receivables, not impaired	60,452	48,354	408,874	325,683	469,326	374,037
Impaired loans and receivables:	0	0	2,046	656	2,046	656
- Performing	0	0	354	227	354	227
- Non-performing	0	0	1,692	429	1,692	429
Loans and receivables before allowances	**60,452**	**48,354**	**410,920**	**326,339**	**471,372**	**374,693**
Allowances for individually assessed impaired	0	0	-689	-373	-689	-373
- Performing	0	0	-145	-98	-145	-98
- Non-performing	0	0	-544	-275	-544	-275
Allowances for collectively assessed impaired l	0	0	-580	-386	-580	-386
Allowances	**0**	**0**	**-1,269**	**-759**	**-1,269**	**-759**
Loans and receivables, carrying amount	**60,452**	**48,354**	**409,651**	**325,580**	**470,103**	**373,934**
Maturity information						
Remaining maturity (carrying amount)						
Payable on demand	51,513	21,583	174,565	117,940	226,078	139,523
Maximum 3 months	7,578	18,934	83,790	63,574	91,368	82,508
3–12 months	178	7,623	31,301	26,555	31,479	34,178
1–5 years	368	129	27,862	27,054	28,230	27,183
More than 5 years	815	85	92,133	90,457	92,948	90,542
Total	**60,452**	**48,354**	**409,651**	**325,580**	**470,103**	**373,934**

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

Note 13:
Loans and receivables and their impairment cont.

Reconciliation of allowance accounts for impaired loans[1]

Group

NOKm	Credit institutions Individually assessed	Credit institutions Collectively assessed	Credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2008	**0**	**0**	**0**	**-468**	**-395**	**-863**	**-468**	**-395**	**-863**
Provisions	0	0	0	-529	-240	-769	-529	-240	-769
Reversals	0	0	0	110	39	149	110	39	149
Changes through the income statement	**0**	**0**	**0**	**-419**	**-201**	**-620**	**-419**	**-201**	**-620**
Allowances used to cover write-offs	0	0	0	87	0	87	87	0	87
Currency translation differences	0	0	0	-9	0	-9	-9	0	-9
Closing balance at 31 Dec 2008	**0**	**0**	**0**	**-809**	**-596**	**-1,405**	**-809**	**-596**	**-1,405**
Opening balance at 1 Jan 2007	**0**	**0**	**0**	**-546**	**-517**	**-1,063**	**-546**	**-517**	**-1,063**
Provisions	0	-10	-10	-181	-89	-270	-181	-99	-280
Reversals	0	10	10	153	209	362	153	219	372
Changes through the income statement	**0**	**0**	**0**	**-28**	**120**	**92**	**-28**	**120**	**92**
Allowances used to cover write-offs	0	0	0	107	2	109	107	2	109
Currency translation differences	0	0	0	-1	0	-1	-1	0	-1
Closing balance at 31 Dec 2007	**0**	**0**	**0**	**-468**	**-395**	**-863**	**-468**	**-395**	**-863**

Parent company

NOKm	Credit institutions Individually assessed	Credit institutions Collectively assessed	Credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total	Total Individually assessed	Total Collectively assessed	Total
Opening balance at 1 Jan 2008	**0**	**0**	**0**	**-373**	**-386**	**-759**	**-373**	**-386**	**-759**
Provisions	0	0	0	-460	-237	-697	-460	-237	-697
Reversals	0	0	0	83	43	126	83	43	126
Changes through the income statement	**0**	**0**	**0**	**-377**	**-194**	**-571**	**-377**	**-194**	**-571**
Allowances used to cover write-offs	0	0	0	69	0	69	69	0	69
Currency translation differences	0	0	0	-8	0	-8	-8	0	-8
Closing balance at 31 Dec 2008	**0**	**0**	**0**	**-689**	**-580**	**-1,269**	**-689**	**-580**	**-1,269**
Opening balance at 1 Jan 2007	**0**	**0**	**0**	**-461**	**-487**	**-948**	**-461**	**-487**	**-948**
Provisions	0	-10	-10	-131	-88	-219	-131	-98	-229
Reversals	0	10	10	126	187	313	126	197	323
Changes through the income statement	**0**	**0**	**0**	**-5**	**99**	**94**	**-5**	**99**	**94**
Allowances used to cover write-offs	0	0	0	94	2	96	94	2	96
Currency translation differences	0	0	0	-1	0	-1	-1	0	-1
Closing balance at 31 Dec 2007	**0**	**0**	**0**	**-373**	**-386**	**-759**	**-373**	**-386**	**-759**

[1] See Note 11 Loan losses.

Note 13:
Loans and receivables and their impairment cont.

Allowances and provisions

Group	Credit institutions		The public		Total	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007	2008	2007
Allowances for items in the balance sheet	0	0	-1405	-863	-1405	-863
Provisions for off balance sheet items	0	-2	-36	-5	-36	-7
Total allowances and provisions	0	-2	-1,441	-868	-1,441	-870
Parent company						
Allowances for items in the balance sheet	0	0	-1269	-759	-1269	-759
Provisions for off balance sheet items	0	-2	-36	-5	-36	-7
Total allowances and provisions	0	-2	-1,305	-764	-1,305	-766

Key ratios

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
Impairment rate, gross[1], %	0.5	0.3	0.4	0.2
Impairment rate, net[2], %	0.3	0.1	0.3	0.1
Total allowance rate[3], %	0.3	0.2	0.3	0.2
Allowance rate, impaired loans[4], %	32.5	48.9	33.7	56.9
Non-performing loans and receive., not impaired[5]	644	302	608	295

[1] Individually assessed impaired loans and receivables before allowances divided by total loans and receivables before allowances, %.
[2] Individually assessed impaired loans and receivables after allowances divided by total loans and receivables before allowances, %.
[3] Total allowances divided by total loans and receivables before allowances, %.
[4] Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %.
[5] Past due loans and receivables, not impaired due to future cash flows (included in Loans and receivables, not impaired). Figure in NOK.

Note 14:
Interest-bearing securities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Government and government-guaranteed certificates (weighted 0%)	8,302	700	8,302	700
Certificates issued/guaranteed by state owned enterprises (weighted 10%)	0	159	0	159
Certificates issued/guaranteed by financial institutions (weighted 20%)	27,410	26,614	27,360	26,564
Certificates issued/guaranteed by others (weighted 100%)	989	3,057	989	3,057
Own certificates and bonds for market-making purposes (weighted 0%)	0	0	0	0
Total	**36,701**	**30,530**	**36,651**	**30,480**
Where of Financial instruments pledged as collateral (Note 15)	-44	-1,208	-44	-1,208
Total	**36,657**	**29,322**	**36,607**	**29,272**
Listed securities	33,051	25,213	33,001	25,163
Unlisted securities	3,606	4,109	3,606	4,109
Total	**36,657**	**29,322**	**36,607**	**29,272**

Maturity information
Remaining maturity (carrying amount)

Maximum 1 year	15,971	11,962	15,971	11,962
More than 1 year	20,730	18,568	20,680	18,518
Total including portfolio schemes	**36,701**	**30,530**	**36,651**	**30,480**
Where of Financial instruments pledged as collateral (Note 15)	-44	-1,208	-44	-1,208
Total	**36,657**	**29,322**	**36,607**	**29,272**

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.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Repurchase agreements	44	1,208	44	1,208
Securities lending agreements	14	10	14	10
Total	**58**	**1,218**	**58**	**1,218**

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Repurchase agreements				
Other	44	1,208	44	1,208
Total	**44**	**1,208**	**44**	**1,208**

Note 16:
Shares

NOKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Shares held for trading	1,665	2,026	1,665	2,026
Shares available for sale	64	60	62	59
of which shares taken over for protection of claims	0	1	0	1
Total	**1,729**	**2,086**	**1,727**	**2,085**
Listed shares	1,497	1,861	1,497	1,861
Unlisted shares	246	235	244	234
Total	**1,743**	**2,096**	**1,741**	**2,095**
Of which Financial instruments pledged as collateral (Note 15)	-14	-10	-14	-10
Total	**1,729**	**2,086**	**1,727**	**2,085**
Of which expected to be settled after more than 1 year	64	60	62	59

Specification of shares:

31 Dec 2008	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 Holding	2	2	0.111	2	2	0.111
Acta Holding	8	8	1.276	8	8	1.276
AGR Group	5	5	0.421	5	5	0.421
Aker	116	116	1.175	116	116	1.175
AKVA Group	1	1	0.224	1	1	0.224
Bastuban 1 AB	47	47	31.380	47	47	31.380
Bluewater Insurance	1	1	1.158	1	1	1.158
Bulgaria Eiendom Invest AS Ord	11	11	11.830	11	11	11.830
DNO International	9	9	0.231	9	9	0.231
Euroclear	122	122	0.002	122	122	0.002
Ganger Rolf	28	28	0.551	28	28	0.551
Golar	13	13	0.704	13	13	0.704
Golden Ocean Group	1	1	0.063	1	1	0.063
Grenland Group	4	4	1.568	4	4	1.568
Norse Energy Corp.	1	1	0.048	1	1	0.048
Norse Energy Corp.	50	50	3.964	50	50	3.964
Norske Skogindustrier	7	7	0.267	7	7	0.267
Norway Pelagic	10	10	2.201	10	10	2.201
Norwegian Energy Company	101	101	5.197	101	101	5.197
Norwegian Property	3	3	0.223	3	3	0.223
Otrum	7	7	10.041	7	7	10.041
Pride International Inc Com Stk Npv	878	878	4.755	878	878	4.755
Questerre Energy Corporat	1	1	0.053	1	1	0.053
Roxar	2	2	0.214	2	2	0.214
Scorpion Offshore	159	159	16.951	159	159	16.951
Siem Offshore	40	40	1.934	40	40	1.934
Songa Offshore	1	1	0.066	1	1	0.066
Songa Offshore	38	38	2.702	38	38	2.702
Stolt-Nielsen	1	1	0.016	1	1	0.016
Subsea 7	8	8	0.134	8	8	0.134
Øvrige aksjer	4	4		4	4	
Total	1,679	1,679		1,679	1,679	
Of which pledged as collateral (See note 15)	14	14		14	14	
Total	**1,665**	**1,665**		**1,665**	**1,665**	

Note 16:
Shares cont.

Non-current assets						
Blå Holding AS	10	10	16.630	10	10	16.630
Borea Oppurtunity II AS, transje 2	1	1	4.450	1	1	4.450
Borea Oppurtunity II AS. Transje 3	2	2	4.450	2	2	4.450
Bølgen Invest AS	1	1	2.470	1	1	2.470
Fish Pool AS	1	1	0.110	1	1	0.110
Høyteknologisenteret i Bergen AS	1	1	1.140	1	1	1.140
Møre og Romsdal Såkornfond AS	2	2	5.560	2	2	5.560
Norsk Tillitsmann AS	1	1	10.410	1	1	10.410
P-Hus Vekst AS	1	1	5.260	1	1	5.260
Rullebaneutvidelse AS	1	1	1.390	1	1	1.390
S.W.I.F.T 2006	1	1	0.000	1	1	0.002
Saltens Bilruter AS	2	2	2.430	2	2	2.430
Solnør Gaard Golfbane AS	1	1	0.040	1	1	0.040
Sydvestor Vekst AS	6	6	12.500	6	6	12.500
Viking Ship Finance Ltd.	26	26	13.500	26	26	13.500
Andre norske anleggsaksjer	7	7		5	5	
Total	**64**	**64**		**62**	**62**	

Note 17:
Derivatives

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2008, NOKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	87	223	28,989	87	223	28,989
FRAs	41	80	19,740	41	80	19,740
Futures and forwards	0	0	2,398	0	0	2,398
Other	34	2	250	34	2	250
Total	**162**	**305**	**51,377**	**162**	**305**	**51,377**
Equity derivatives						
Equity swaps	58	21	17	58	21	17
Futures and forwards	1,198	5	1,274	1,198	5	1,274
Options	14	4	171	14	4	171
Total	**1,270**	**30**	**1,462**	**1,270**	**30**	**1,462**
Foreign exchange derivatives						
Currency and interest rate swaps	594	0	3,986	594	0	3,986
Currency forwards	5,195	295	71,438	5,195	295	71,438
Total	**5,789**	**295**	**75,424**	**5,789**	**295**	**75,424**
Other derivatives						
Options	8	8	549	8	8	549
Total	**8**	**8**	**549**	**8**	**8**	**549**
Total derivatives held for trading	**7,229**	**638**	**128,812**	**7,229**	**638**	**128,812**
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	180	460	35,302	73	337	32,098
Total	**180**	**460**	**35,302**	**73**	**337**	**32,098**
Foreign exchange derivatives						
Currency and interest rate swaps	0	71	300	0	71	300
Total	**0**	**71**	**300**	**0**	**71**	**300**
Total derivatives used for hedge accou	**180**	**531**	**35,602**	**73**	**408**	**32,398**
Total derivatives	**7,409**	**1,169**	**164,414**	**7,302**	**1,046**	**161,210**

Note 17:
Derivatives cont.

	Group			Parent company		
	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
Futures and forwards			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 accou	**275**	**305**	**19,716**	**139**	**226**	**15,364**
Total derivatives	**668**	**2,145**	**238,919**	**532**	**2,062**	**228,357**

Note 17:
Derivatives cont.

31 Dec 2008, NOKm	Group Positive	Group Negative	Parent company Positive	Parent company Negative
Maturity information				
Remaining maturity (carrying amount)				
Maximum 3 months	6182	492	6,181	491
3-12 months	450	234	450	233
1-5 years	774	366	670	255
More than 5 years	3	77	1	67
Total	**7,409**	**1,169**	**7,302**	**1,046**

31 Dec 2007, NOKm	Group Positive	Group Negative	Parent company Positive	Parent company Negative
Maturity information				
Remaining maturity (carrying amount)				
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 18:
Fair value changes in the hedged items in portfolio hedge of interest rate risk

Assets	Group		Parent company	
NOKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Carrying amount at beginning of year	72	352	119	312
Changes during the year				
Revaluation of hedged items	301	-280	160	-193
Carrying amount at end of year	**373**	**72**	**279**	**119**

Of which NOK 263m in the parent company and NOK 356m in the group is expected to be settled after more than 1 year.

The carrying amount at end of year represents accumulated changes in fair value for those repricing time periods in which the hedged item is an asset.

Liabilities

NOKm				
Carrying amount at beginning of year	121	129	86	66
Changes during the year				
Revaluation of hedged items	-15	-8	-59	20
Carrying amount at end of year	**106**	**121**	**27**	**86**

Of which NOK 20m in the parent company and NOK 98m in the group is expected to be settled after more than 1 year.

The carrying amount at end of year represents accumulated changes in the fair value for those repricing time periods in which the hedged item is an asset respectively a liability. When the hedged item is an asset, the change in the fair value of the hedged item is presented within assets and when the hedged item is a liability, the change is presented as a liability.

Note 19:
Investments in group undertakings

Parent company	31 Dec	31 Dec
NOKm	2008	2007
Acquisition value at beginning of year	2,233	2,184
Acquisitions during the year	8	50
Liquidation during the year[4]	0	-1
Acquisition value at end of year	**2,241**	**2,233**
Of which, listed shares	0	0

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

Specification

This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies. The full specification and statutory information are available on request from Nordea Investor Relations.

Parent company

31 Dec 2008	Number of shares	Book value NOKm	Voting power of holding %	Domicile	Registration number
Norgeskreditt AS[3]	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	2,000	1	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	-
First Card AS[1]	200	0	100.0	Oslo	963 215 371
Privatmegleren AS	1,092,569	57	67.0	Oslo	986 386 661
Total		**2,241**			

[1] Dormant companies

[2] The company was formally liquidated 31 December 2008. Settlement is planned in Q1 2009.

[3] Norgeskreditt AS has per 5 January 2009 changed name to Nordea Eiendomskreditt AS.

[4] Trondheim City AS was liquidated in 2008.

Note 20:
Investments in associated undertakings

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Acquisition value at beginning of year	616	653	139	139
Share issue, 13 March 2008	278	-	278	-
Share in earnings[1]	841	-36	-	-
Effect of implementing IFRS through profit and loss	-	49	-	-
Dividend received	-	-50	-	-
Acquisition value at end of year	**1,735**	**616**	**417**	**139**
Of which, listed shares	0	0	0	0

[1] Share in earnings

	Group	
	31 Dec	31 Dec
NOKm	2008	2007
Profit from companies accounted for under the equity method	1,168	-50
Income tax expense	-327	14
Share in earnings	**841**	**-36**

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	2008	2007
Total assets	297,263	218,497
Total liabilities	289,798	215,844
Operating income	1,068	0
Operating profit	5,021	-217

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

31 Dec 2008	Registration number	Domicile	Book value NOKm	Voting power of holding %
Credit institutions				
Eksportfinans ASA	816 521 432	Oslo	1,735	23.21
Total			**1,735**	

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

Note 21:
Intangible assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Goodwill[1]	41	48	0	0
Internally developed software	225	172	225	172
Other intangible assets	88	43	77	33
Total	**354**	**263**	**302**	**205**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Goodwill[1]				
Acquisition value at beginning of year	48	0	0	0
Acquisitions during the year	0	48	0	0
Acquisition value at end of year	**48**	**48**	**0**	**0**
Accumulated impairment charges at beginning of year	0	0	0	0
Impairment charges during the year[2]	-7	0	0	0
Accumulated impairment charges at end of year	**-7**	**0**	**0**	**0**
Total	**41**	**48**	**0**	**0**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
Internally developed software				
Acquisition value at beginning of year	172	82	172	82
Acquisitions during the year	134	90	134	90
Reclassifications	-66	0	-66	0
Acquisition value at end of year	**240**	**172**	**240**	**172**
Accumulated impairment charges at beginning of year	0	0	0	0
Impairment charges during the year	-15	0	-15	0
Accumulated impairment charges at end of year	**-15**	**0**	**-15**	**0**
Total	**225**	**172**	**225**	**172**

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
Other intangible assets				
Acquisition value at beginning of year	173	234	147	212
Acquisitions during the year	25	15	17	11
Sales/disposals during the year	-8	-76	-8	-76
Reclassifications	66	0	66	0
Acquisition value at end of year	**256**	**173**	**222**	**147**
Accumulated amortisation at beginning of year	-130	-171	-114	-161
Amortisation according to plan for the year	-40	-35	-33	-28
Accumulated amortisation on sales/disposals during the year	2	76	2	76
Reclassifications	0	0	0	-1
Accumulated amortisation at end of year	**-168**	**-130**	**-145**	**-114**
Total	**88**	**43**	**77**	**33**

The total amount is expected to be settled after more than 1 year.

[1] Excluding goodwill in associated undertakings.

[2] Impairment charges of goodwill

In the 4th quarter 2008 an assessment of goodwill was performed. Goodwill in connection with the aquisition of Privatmegleren AS (67% ownership), has been written down with NOK 7m (from NOK 48m to NOK 41m). In connection with the assessment of impairment charges future cash flows were discounted. Cash flows including year 2013 were utilized based on financial forecasts, in consideration of expected margins, volumes, sales and cost developments. Cash flows in the longer term (beyond year 2013) were based on best estimates in sector based growth rates. A growth rate of 4% was used. An average capital cost after tax of 8.5% was used when discounting future cash flows.

Note 22:
Property and equipment

NOKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Property and equipment	266	270	258	264
Of which buildings for own use	88	70	87	68
Total	**266**	**270**	**258**	**264**

Taken over for protection of claims				
Land and buildings	1	2	1	2
Total	**1**	**2**	**1**	**2**

Equipment				
Acquisition value at beginning of year	909	872	899	863
Acquisitions during the year	41	55	38	53
Sales/disposals during the year	-18	-18	-18	-18
Reclassifications	0	0	0	1
Acquisition value at end of year	**932**	**909**	**919**	**899**
Accumulated depreciation at beginning of year	-709	-661	-703	-656
Accumulated depreciation on sales/disposals during the year	13	18	13	18
Reclassifications	0	-1	0	-1
Depreciations according to plan for the year	-58	-65	-57	-64
Accumulated depreciation at end of year	**-754**	**-709**	**-747**	**-703**
Accumulated impairment charges at beginning of year	-2	0	-2	0
Impairment charges during the year	0	-2	0	-2
Accumulated impairment charges at end of year	**-2**	**-2**	**-2**	**-2**
Total	**176**	**198**	**170**	**194**

Land and buildings				
Acquisition value at beginning of year	93	63	91	61
Acquisitions during the year	30	30	30	30
Acquisition value at end of year	**123**	**93**	**121**	**91**
Accumulated depreciation at beginning of year	-23	-17	-23	-17
Depreciation according to plan for the year	-11	-6	-11	-6
Accumulated depreciation at end of year	**-34**	**-23**	**-34**	**-23**
Total	**89**	**70**	**87**	**68**

The total amount is expected to be settled after more than 1 year.

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	2008	2007
Gross investments	8,177	5,974
Less unearned finance income	-568	-68
Net investments in finance leases	**7,609**	**5,906**
Less unguaranteed residual values accruing to the benefit of the lessor	0	0
Present value of future minimum lease payments receivable	**7,609**	**5,906**
Accumulated allowance for uncollectible minimum lease payments receivable	0	15

As of 31 December 2008 the gross investment at remaining maturity was distributed as follows:

	Group
	31 Dec
NOKm	2008
2009	3,602
2010	2,371
2011	993
2012	643
2013	168
Later years	400
Total gross investment	**8,177**
Less unearned future finance income on finance leases	-568
Net investment in finance leases	**7,609**

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	2008	2007
Leasing expenses during the year	264	268
Of which		
- minimum lease payments	264	268
- contingent rents	0	0
Leasing income during the year regarding sublease payments	264	268

Note 23:
Leasing cont.

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

	Group	Parent company
	31 Dec	31 Dec
NOKm	2008	2008
2009	210	210
2010	195	195
2011	189	189
2012	182	182
2013	180	180
Later years	1,068	1,068
Total	**2,024**	**2,024**

Note 24:
Other assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Claims on securities settlement proceeds	5,061	8,263	5,061	8,263
Other	728	821	664	773
Total	**5,789**	**9,084**	**5,725**	**9,036**

Of which expected to be settled after more than 1 year NOK 0m.

Note 25:
Prepaid expenses and accrued income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Accrued interest income	3,096	1,984	3,095	1,934
Prepaid expenses	364	179	101	45
Total	**3,460**	**2,163**	**3,196**	**1,979**

Of which expected to be settled after more than 1 year NOK 0m.

Note 26:
Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Central banks	27,055	9,292	27,055	9,292
Other banks	222,657	152,000	218,084	151,667
Other credit institutions	1,092	498	1,092	498
Total	**250,804**	**161,790**	**246,231**	**161,457**
Maturity information				
Remaining maturity (carrying amount)				
Payable on demand	103,606	48,513	99,033	48,180
Maximum 3 months	9,629	15,313	9,629	15,313
3-12 months	134,371	92,504	134,371	92,504
1–5 years	3,033	5,202	3,033	5,202
More than 5 years	165	258	165	258
Total	**250,804**	**161,790**	**246,231**	**161,457**

Note 27:
Deposits and borrowings from the public

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Deposits from the public	235,407	217,771	235,413	217,750
Total	**235,407**	**217,771**	**235,413**	**217,750**

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

Maturity information, Deposits				
Remaining maturity (carrying amount)				
Payable on demand	220,832	204,627	220,838	204,606
Maximum 3 months	12,959	8,621	12,959	8,621
3-12 months	1,582	4,422	1,582	4,422
1–5 years	34	67	34	67
More than 5 years	0	34	0	34
Total	**235,407**	**217,771**	**235,413**	**217,750**

Note 28:
Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Certificates	3,000	3,200	3,000	3,200
Bond loans	4,265	4,544	3,076	3,344
Total	**7,265**	**7,744**	**6,076**	**6,544**
Maturity information, Debt securities in issue				
Remaining maturity (carrying amount)				
Maximum 1 year	4,747	4,771	4,745	4,771
More than 1 year	2,518	2,973	1,331	1,773
Total	**7,265**	**7,744**	**6,076**	**6,544**

Note 29:
Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Liabilities on securities settlement proceeds	4,567	8,770	4,567	8,770
Sold, not held, securities	4,746	4,841	4,746	4,841
Accounts payable	43	110	40	60
Other	1,604	2,722	1,590	2,666
Total	**10,960**	**16,443**	**10,943**	**16,337**

Of which expected to be settled after more than 1 year NOK 3m for both the group and the parent company.

Note 30:
Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Accrued interest	1,587	1,199	1,536	1,149
Other accrued expenses	710	692	660	668
Prepaid income	284	143	0	0
Total	**2,581**	**2,034**	**2,196**	**1,817**

Of which expected to be settled after more than 1 year NOK 1m for the group and NOK 0,7m for the parent company.

Note 31:
Provisions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Transfer risks, off-balance	0	2	0	2
Off-balance sheet	36	5	36	5
Total	**36**	**7**	**36**	**7**

Movement in the balance sheet:

Group	Transfer risks	Off-balance sheet	Total
At beginning of year	2	5	7
New provisions made	0	35	35
Provisions utilised	-2	-4	-6
At end of year	**0**	**36**	**36**

The total amount is expected to be settled within 1 year.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to NOK 36m.

Parent company	Transfer risks	Off-balance sheet	Total
At beginning of year	2	5	7
New provisions made	0	35	35
Provisions utilised	-2	-4	-6
At end of year	**0**	**36**	**36**

The total amount is expected to be settled within 1 year.

Note 32:
Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Pension plans	1,779	2,160	1,715	2,093
Total	**1,779**	**2,160**	**1,715**	**2,093**

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 5,935 people (5,746), of whom 2,420 (2,312) received pension as at 31 December 2008. 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	2008	2007
Discount rate	4.5%	5.0%
Salary increase	3.5%	3.5%
Inflation	2.0%	2.0%
Expected return on assets before taxes	5.5%	6.0%
Expected adjustments of current pensions	2.5%	2.0%
Expected adjustments of basic Social Security	3.0%	2.5%

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced, the pension obligation will increase and vice versa. A one percentage point change in the discount rate will lead to a change in pension obligation of 16% and in pension cost of 25%.

Asset composition

The combined return on assets in 2008 was - 3.1% (7.0%) reflecting that the return on equities and real estate is affected by the finance turmoil. At the end of the year, the equity exposure in the pension fund represented 9% (12%) of total assets.

Note 32:
Retirement benefit obligations cont.

Funded schemes

	2008	2007
Equity	9%	12%
Bonds	71%	65%
Real estate	20%	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 1,779m (NOK 2,160m).

Amounts recognised in the balance sheet at 31 December

	Group		Parent company	
NOKm	2008	2007	2008	2007
PBO (present value of pension obligations)	6,458	5,752	6,271	5,598
Assets	3,732	3,557	3,640	3,474
Funded status - surplus/deficit (-)	**-2,726**	**-2,195**	**-2,631**	**-2,124**
Unrecognised actuarial gains(-)/losses	947	35	916	32
Funded status in the balance sheet	**1,779**	**2,160**	**1,715**	**2,092**
Of which				
retirement benefit obligations	1,779	2,160	1,715	2,093
related to unfunded plans (PBO)	1,291	1,261	1,259	1,230

Overview of surplus or deficit in the plans

Group	Total	Total	Total	Total	Total
NOKm	2008	2007	2006	2005	2004
PBO	6,458	5,752	6,116	5,919	5,273
Plan Assets	3,732	3,557	3,207	3,023	2,576
Funded status - surplus/deficit(-)	**-2,726**	**-2,195**	**-2,909**	**-2,896**	**-2,697**

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	2008	2007	2008	2007
PBO at 1 Jan	5,752	6,116	5,599	5,954
Service cost	215	235	203	221
Interest cost	266	226	259	220
Pensions paid	-322	-267	-317	-258
Curtailments and settlements	15	19	15	19
Actuarial gains(-)/losses	583	-488	562	-470
Change in provision for Social Security Contribution	-51	-89	-50	-87
PBO at 31 Dec	**6,458**	**5,752**	**6,271**	**5,599**

Changes in the fair value of assets

	Group		Parent company	
NOKm	2008	2007	2008	2007
Assets at 1 Jan	3,557	3,207	3,474	3,128
Expected return on assets	218	162	212	158
Pensions paid	-322	-267	-317	-258
Contributions	606	394	590	383
Actuarial gains/losses(-)	-327	61	-319	63
Assets at 31 Dec	**3,732**	**3,557**	**3,640**	**3,474**
Actual return on plan assets	**-109**	**224**	**-107**	**220**

Note 32:
Retirement benefit obligations cont.

Overview of actuarial gains/losses[1]

NOKm	Total 2008	Total 2007	Total 2006
Actuarial gains/losses at 1 Jan	35	591	629
Effect of changes in actuarial and financial assumptions incl experience adjustments	910	-550	-29
Of which:			
- on plan assets	327	-61	-35
- on plan liabilities	583	-489	6
Amortized	2	-6	-9
Actuarial gains/losses at 31 Dec	**947**	**35**	**591**

[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 288m (NOK 284m).

Recognised net defined benefit cost

	Group		Parent company	
NOK m	2008	2007	2008	2007
Service cost	215	235	203	221
Interest cost	266	226	259	220
Expected return on assets	-218	-162	-212	-158
Recognised actuarial gains(-)/ losses	0	5	0	5
Curtailments and settlements	15	19	15	19
Net cost	**278**	**323**	**265**	**307**
Accrued Social Security Contribution	10	-39	9	-39
Pension cost on defined benefit plans	**288**	**284**	**274**	**268**

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. In addition, there has been transfer of employees from NBN ASA to NB AB Norwegian Branch (NUF) during the year affecting the pension cost for the year. The net pension cost is expected to be NOK 407m in 2009 for the NBN Group.
The Group expects to contribute NOK 446m (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	2008	2007	2008	2007
Dated subordinated debenture loans	6,165	4,812	6,165	4,812
Undated subordinated debenture loans	5,385	2,609	5,385	2,609
Other subordinated loans	0	1	0	0
Total	**11,550**	**7,422**	**11,550**	**7,421**
Of which expected to be settled after more than 1 year	11,550	7,421	11,550	7,421

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 356m (395) in 2008.

Subordinated loan capital denominated in foreign currencies forms a part of the Bank's foreign exchange position and therefore, there is no direct foreign exchange risk related to subordinated loans, due to the inherent economic hedge of holding assets on the balance sheet denominated in the same currency.

The terms for all subordinated loans as at 31 December 2008 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	682	Euribor 3 month + 75 basis points
Nordea Bank Norge ASA	1986 - Undated[2]	USD 200	1,404	Libor 6 month + 18.75 basis points
Nordea Bank Norge ASA	2006 - Undated[1]	USD 180	1,264	Libor 3 month + 39 basis points
Nordea Bank Norge ASA	2008 - Undated[3]	USD 290	2,036	Libor 3 month + 450 basis points
Nordea Bank Norge ASA	2005 - 2015[1]	USD 350	2,457	Libor 3 month + 25 basis points
Nordea Bank Norge ASA	2006 - 2016[1]	USD 320	2,246	Libor 3 month + 25 basis points
Nordea Bank Norge ASA	2007 - 2017[1]	EUR 150	1,461	Euribor 3 month + 30 basis point
			11,550	

[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

[3] Call date 10 years from issuance date. Margin increase by 100 basis points if not called.

Note 34:
Equity

Group, NOKm	Share capital[1]	Share premium account	Retained earnings	Minority interests	**Total equity**
Balance at 1 Jan 2008	**3,860**	**953**	**17,973**	**1**	**22,787**
Minority interests (Privatmegleren AS)				3	**3**
Currency translation differences			17		**17**
Net profit for the year			4,330		**4,330**
Share-based payments, Long Term Incentive Programme (LTIP)			9		**9**
Balance at 31 Dec 2008	**3,860**	**953**	**22,329**	**4**	**27,146**
Balance at 1 Jan 2007	**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**

Parent company, NOKm	Share capital[1]	Share premium account	Statutory reserve	Retained earnings	**Total equity**
Balance at 1 Jan 2008	**3,860**	**953**	**0**	**15,944**	**20,757**
Currency translation differences				34	**34**
Net profit for the year				3,286	**3,286**
Share-based payments, Long Term Incentive Programme (LTIP)				8	**8**
Balance at 31 Dec 2008	**3,860**	**953**	**0**	**19,272**	**24,085**
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**

[1] The share capital is NOK 3,859,510,032 (31 December 2007: 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 2008.
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	2008	2007	2008	2007
Assets pledged for own liabilities				
Securities etc	49,711	36,307	49,711	36,307
Total	**49,711**	**36,307**	**49,711**	**36,307**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	41,380	23,441	41,380	23,441
Deposits and borrowings from the public	8,331	12,866	8,331	12,866
Total	**49,711**	**36,307**	**49,711**	**36,307**

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	2008	2007	2008	2007
Guarantees				
Loan guarantees	461	1,486	461	1,486
Other guarantees	829	18,257	829	18,486
Total	**1,290**	**19,743**	**1,290**	**19,972**
Of which counter-guaranteed by:				
Other banks	0	7,026	0	7,026
Other credit institutions	0	191	0	66

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. This explains the fact that contingent liabilities are significantly reduced from 2007 to 2008.

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	2008	2007	2008	2007
Future payment obligations	43	894	40	856
Credit commitments[1]	161,578	147,065	169,440	155,781
Commitments excluding derivatives	**161,621**	**147,959**	**169,480**	**156,637**
Derivatives[2]	**164,414**	**238,919**	**161,210**	**228,356**
Total	**326,035**	**386,878**	**330,690**	**384,993**

[1] Including unutilised portion of approved overdraft facilities.

[2] For further information see note 17 Derivatives and Hedge accounting

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	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Calculation of total capital base				
Equity	**27,146**	**22,787**	**24,085**	**20,757**
Proposed/actual dividend	-3,000	0	-3,000	0
Deferred tax assets	0	-1,131	0	-1,207
Intangible assets	-354	-263	-302	-205
IRB provisions shortfall (-)[2]	-494	-207	-460	-197
Deduction for investment in credit institutions	0	-13	0	-13
Actuarial loss on pensions liabilities booked against equity[1]	232	465	225	450
Other items, net	0	0	0	0
Hybrid capital	2,036	0	2,036	0
Tier 1 capital	**25,566**	**21,638**	**22,584**	**19,585**
Tier 2 capital	**10,025**	**7,808**	**9,514**	**7,421**
- of which perpetual subordinated loans	3,468	2,609	3,349	2,609
IRB provisions shortfall (-)[2]	-493	-207	-460	-197
Deduction for investment in credit institutions	0	-13	0	-13
Total capital base	**35,098**	**29,226**	**31,638**	**26,796**

[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.

Note 38:
Capital adequacy

Capital requirements 31 Dec 2008

	Group			Parent company		
	Capital requirement	Basel II RWA	Basel I RWA	Capital requirement	Basel II RWA	Basel I RWA
Credit risk	**21,876**	**273,449**	**421,722**	**19,885**	**248,556**	**382,911**
IRB foundation	19,272	240,896		17,921	224,012	
- of which corporate	15,292	191,151		13,996	174,944	
- of which institutions	810	10,121		809	10,113	
- of which retail	3,058	38,224		3,048	38,102	
of which retail SME	155	1,933		150	1,878	
of which retail real estate	1,774	22,181		1,772	22,148	
of which retail other	1,129	14,110		1,126	14,076	
- of which other	112	1,400		68	853	
Standardised	2,604	32,553		1,964	24,544	
- of which sovereign	64	805		60	749	
- of which other	2,540	31,748		1,904	23,795	
Market risk	**513**	**6,412**	**6,540**	**386**	**4,826**	**4,935**
- of which trading book, VaR	269	3,359		269	3,359	
- of which trading book, non-VaR	244	3,053		117	1,467	
Operational risk	**1,115**	**13,943**		**1,062**	**13,275**	
Standardised	1,115	13,943		1,062	13,275	
Sub total	**23,504**	**293,804**	**428,262**	**21,333**	**266,657**	**387,846**
Adjustment for floor rules						
Additional capital requirement according to floor rules	7,331	91,631		6,592	82,404	
Total	**30,835**	**385,435**	**428,262**	**27,925**	**349,061**	**387,846**

Capital ratio

	Basel II	Basel I	Basel II	Basel I
Tier I ratio, %	6.6	6.0	6.5	5.8
Capital ratio, %	9.1	8.2	9.1	8.2

Analysis of capital requirements

Exposure class	Average risk weight (%)	Capital requirement	Average risk weight (%)	Capital requirement
Corporate	60	15,292	61	13,996
Institutions	25	810	25	809
Retail	21	3,058	21	3,048
Sovereign	4	64	4	60
Other	38	2,652	42	1,972
Total credit risk		**21,876**		**19,885**

Risk-weighted assets for credit and market risks 31 Dec 2007

	Group	Parent company
Credit risks	224,714	195,888
Market risks	5,223	5,223
Total risk-weighted assets	**229,937**	**201,111**
Capital ratios 2007		
Tier 1 capital ratio, %	6.6	6.6
Total capital ratio, %	8.9	9.0

Note 39:
Classification of financial instruments

Group

NOKm, 31 Dec 2008	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated 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	11,144							11,144
Loans and receivables to credit institutions[1]	29,228			4,347				33,575
Loans and receivables to the public[1]	446,527							446,527
Interest-bearing securities		16,889	19,768					36,657
Financial instruments pledged as collateral			58					58
Shares[2]			1,665			64		1,729
Derivatives			7,229		180			7,409
Fair value changes of the hedged items in portfolio hedge of interest rate risk			373					373
Investments in associated undertakings							1,735	1,735
Intangible assets							354	354
Property and equipment							266	266
Other assets	574			5,062			153	5,789
Prepaid expenses and accrued income	3,460							3,460
Total	**490,933**	**16,889**	**29,093**	**9,409**	**180**	**64**	**2,508**	**549,076**

[1] In the parent bank Nordea Bank Norge ASA the split between Loans and receivables to credit institutions and Loans and receivables to the public is NOK 60,452m (59,238) and NOK 409,651m (373,569) at year-end. The change from NBN group figures relates mainly to the wholly owned subsidiary Norgeskreditt AS. Norgeskreditt AS' loans in NBN ASA are classified as Loans and receivables to credit institutions in the parent company, while the loans are eliminated in the group figures and Norgeskreditt AS' balance sheet is consolidated. This increase Loans and receivables to the public in the above disclosed NBN group figures. There are insignificant changes between NBN ASA and NBN Group on the other lines and therefore no separate disclosure is made for the parent bank.

[2] 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 2008	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions		14,346		236,458		250,804
Deposits and borrowings from the public		183		235,224		235,407
Debt securities in issue				7,265		7,265
Derivatives	638		531			1,169
Fair value changes of the hedged items in portfolio hedge of interest rate risk				106		106
Current tax liabilities					110	110
Other liabilities	4,746	4,567		1,498	149	10,960
Accrued expenses and prepaid income				1,871	710	2,581
Deferred tax liabilities					163	163
Provisions					36	36
Retirement benefit obligations					1,779	1,779
Subordinated liabilities				11,550		11,550
Total	**5,384**	**19,096**	**531**	**493,972**	**2,947**	**521,930**

Note 39:
Classification of financial instruments cont.

Group

NOKm, 31 Dec 2007	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated 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**	**0**	**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	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated 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**

Note 40:
Assets and liabilities at fair value

Group

NOKm	31 Dec 2008		31 Dec 2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	11,144	11,144	15,204	15,204
Loans and receivables to credit institutions	33,575	33,575	19,284	19,287
Loans and receivables to the public	446,527	446,556	360,219	360,324
Interest-bearing instruments	36,657	36,657	29,322	29,322
Financial instruments pledged as collateral	58	58	1,218	1,218
Shares	1,729	1,729	2,086	2,086
Derivatives	7,409	7,409	668	668
Fair value changes of the hedged items in portfolio hedge of interest rate risk	373	373	72	72
Investments in associated undertakings	1,735	1,735	616	616
Intangible assets	354	354	263	263
Property and equipment	266	266	270	270
Deferred tax assets	0	0	1,131	1,131
Other assets	5,789	5,789	9,084	9,084
Prepaid expenses and accrued income	3,460	3,460	2,163	2,163
Total assets	**549,076**	**549,105**	**441,600**	**441,708**

	Book value	Fair value	Book value	Fair value
Liabilities				
Deposits by credit institutions	250,804	250,828	161,790	161,820
Deposits and borrowings from the public	235,407	235,407	217,771	217,772
Debt securities in issue	7,265	7,293	7,744	7,717
Derivatives	1,169	1,169	2,145	2,145
Fair value changes of the hedged items in portfolio hedge of interest rate risk	106	106	121	121
Current tax liabilities	110	110	1,176	1,176
Other liabilities	10,960	10,960	16,443	16,444
Accrued expenses and prepaid income	2,581	2,581	2,034	2,034
Deferred tax liabilities	163	163	0	0
Provisions	36	36	7	7
Retirement benefit obligations	1,779	1,779	2,160	2,160
Subordinated liabilities	11,550	11,550	7,422	7,423
Total liabilities	**521,930**	**521,982**	**418,813**	**418,819**

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 carrying amounts 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 carrying amount for short-term financial assets and financial liabilities. The carrying amount is a reasonable approximation of fair value due to limited credit risk and short time to maturity.

Fair value is set to carrying amount, 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 40:
Assets and liabilities at fair value cont.

Determination of fair value from quoted market prices or valuation techniques

The following table presents the valuation methods used to determine fair values of financial instruments carried at fair value .

Group	31 Dec 2008			31 Dec 2007		
NOKm	Instruments with quoted prices (Level 1) [1]	Valuation technique using observable data (Level 2) [2]	Valuation technique using non-observable data (Level 3) [3]	Instruments with quoted prices (Level 1) [1]	Valuation technique using observable data (Level 2) [2]	Valuation technique using non-observable data (Level 3) [3]
Assets						
Interest-bearing securities	16,046	3,652	70	24,742	5,733	54
Financial instruments pledged as collateral	58			1		
Shares	1,542		186	1,936		160
Derivatives	120	7,109		183		
Total	17,766	10,761	256	26,862	5,733	214
Liabilities						
Derivatives	-45	-593	0	-150	-1,690	0
Total	-45	-593	0	-150	-1,690	0

[1] Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. This category includes listed equity shares, exchange-traded derivatives, and government issued securities.

[2] Level 2 consists of financial assets and financial liabilities which do not have quoted market prices directly available from an active market, and where fair values are estimated using valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing at the balance sheet date. This is the case for the majority of OTC derivatives, and for many unlisted instruments and other items which are not traded in active markets. As for example certificates where issuers are non-government.

[3] Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities and private equity funds, and for certain complex or structured financial instruments.

Note 41:
Assets and liabilities in foreign currencies

Group NOKbn, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	0	19	0	13	0	2	34
Loans and receivables to the public	22	8	3	322	85	7	447
Interest-bearing securities	19	0	0	17	1	0	37
Other assets	1	0	0	27	1	2	31
Total assets	**42**	**27**	**3**	**379**	**87**	**11**	**549**
Liabilities and equity							
Deposits by credit institutions	24	11	0	72	138	6	251
Deposits and borrowings from the public	19	3	1	186	25	1	235
Debt securities in issue	0	0	0	6	1	0	7
Subordinated liabilities	2	0	0	0	10	0	12
Other liabilities and equity	0	0	0	43	1	0	44
Total liabilities and equity	**45**	**14**	**1**	**307**	**175**	**7**	**549**
Position not reported in the balance sheet	**4**	**-4**	**1**	**-61**	**66**	**0**	**6**
Net position, currencies	**1**	**9**	**3**	**11**	**-22**	**4**	**6**

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**	**0**
Net position, currencies	**0**	**0**	**0**	**0**	**-1**	**1**	**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. The transactions are conducted under standard agreements employed by financial markets participants.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	21,983	6,309	21,983	6,309
- of which repledged or sold	21,983	6,309	21,983	6,309

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 2008 the value of the borrowed securities totalled NOK 20,619m (2,402) whereof NOK 956m (2,402) has been repledged. NBN has received cash of NOK 65m (868) as collateral and has paid NOK 20,160m (445) 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.

	Associated undertakings[1]		Other related parties[1]	
Group	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Assets				
Loans and receivables	0	64	24,787	9,621
Derivatives	0	0	4,910	173
Other assets	0	0	1,169	434
Total assets	**0**	**64**	**30,866**	**10,228**
Liabilities				
Deposits	21	27	205,443	138,604
Debt securities in issue	0	0	1,062	32
Derivatives	0	0	524	1,143
Subordinated liabilities	0	0	10,146	6,341
Other liabilities	0	0	1,402	964
Total liabilities	**21**	**27**	**218,577**	**147,084**
Off balance				
Contingent liabilities	0	2,776	0	0

	Associated undertakings[1]		Other related parties[1]	
Group	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007
Net interest income				
Interest income	0	0	752	601
Interest expense	0	0	7,062	6,429
Total income and expenses	**0**	**0**	**-6,310**	**-5,828**

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

Note 43:
Related-party transactions cont.

Parent company	Group undertakings		Associated undertakings		Nordea Norge Pension Foundations	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007	2008	2007
Assets						
Loans and receivables	26,936	29,091	0	64	0	0
Other assets	261	171	0	-	0	0
Total assets	**27,197**	**29,262**	**0**	**64**	**0**	**0**
Liabilities						
Deposits	537	41	21	27	176	54
Total liabilities	**537**	**41**	**21**	**27**	**176**	**54**
Off balance						
Contingent liabilities	0	229	0	2,776	0	0

Parent company	Group undertakings		Associated undertakings		Nordea Norge Pension Foundations	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
NOKm	2008	2007	2008	2007	2008	2007
Net interest income						
Interest income	1,878	1,182	0	0	6	3
Interest expense	33	5	0	0	0	-
Total income and expenses	**1,845**	**1,177**	**0**	**0**	**6**	**3**

Compensations to Key Management personnel

Compensations and loans and receivables to key management personnel are specified in Note 8.

Note 44:
Securities

Parent company	31 Dec 2008			31 Dec 2007		
NOKm	Cost	Book value	Market value	Cost	Book value	Market value
Certificates and bonds						
Listed	31,621	33,001	33,001	25,270	25,163	25,163
Unlisted	3,651	3,606	3,606	4,101	4,109	4,109
Total certificates and bonds [1]	**35,272**	**36,607**	**36,607**	**29,371**	**29,272**	**29,272**
Equities and investments						
Listed [3]	2,777	1,482	1,482	1,686	1,851	1,851
Unlisted	192	183	183	83	175	175
Total short-term equities and investments [2]	2,969	1,665	1,665	1,769	2,026	2,026
Equities and investments held as fixed assets [3]	62	62	62	59	59	59
Total equities and investments	**3,031**	**1,727**	**1,727**	**1,828**	**2,085**	**2,085**

[1] Of which	Trading portfolio	11,982	12,041	12,041	5,844	5,813	5,813
	Banking portfolio	23,290	24,566	24,566	23,527	23,459	23,459
[2] Of which	Trading portfolio	2,969	1,665	1,665	1,769	2,026	2,026
	Banking portfolio	0	0	0	0	0	0

[3] Equities and investments held as fixed assets

Opening balance as at 01.01.2008	59
Aquisitions during the year	3
Disposals during the year	-6
Write-downs during the year	-1
Effect of foreign exchange	7
Closing balance as at 31.12.2008	62

Average balance and interest rate	Parent company			
	2008		2007	
	NOKm	Interest %	NOKm	Interest %
Interest-bearing securities	27,826	6.8	25,591	5.0

Note 45:
Specification of balance sheet items distributed by 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	10,479					665	11,144
Loans and receivables to credit institutions	51,513	7,578	178	368	815		60,452
Loans and receivables to the public	175,145	83,790	31,301	27,862	91,553		409,651
Interest-bearing securities	1,714	5,926	8,287	18,158	2,522		36,607
Financial assets pledged as collateral		58					58
Shares						1,727	1,727
Derivatives		5,900	1,402				7,302
Fair value changes of the hedged items in portfolio hedge of interest rate risk				279			279
Investments in group undertakings						2,241	2,241
Investments in associated undertakings						417	417
Intangible assets						302	302
Property and equipment						258	258
Other assets	5,673					52	5,725
Prepaid expenses and accrued income	284	2,811				101	3,196
Total assets	**244,808**	**106,063**	**41,168**	**46,667**	**94,890**	**5,763**	**539,359**
Deposits by credit institutions	88,403	20,261	134,371	3,031	165		246,231
Deposits and borrowings from the public	220,838	12,959	1,582	34			235,413
Debt securities in issue	1,690	3,014	42	1,330			6,076
Derivatives		1,009	37				1,046
Fair value changes of the hedged items in portfolio hedge of interest rate risk			27				27
Current tax liabilities		14					14
Other liabilities	5,559	4,852				532	10,943
Accrued expenses and prepaid income		2,150				46	2,196
Deferred tax liabilities				27			27
Provisions						36	36
Retirement benefit obligations					1,715		1,715
Subordinated liabilities	682			7,428	3,440		11,550
Equity						24,085	24,085
Total liabilities and equity	**317,172**	**44,259**	**136,059**	**11,850**	**5,320**	**24,699**	**539,359**
Liquidity exposure gap on balance sheet items	-72,364	61,804	-94,891	34,817	89,570	-18,936	0
Net cash flow from financial derivatives	0	5,912	234	588	0	0	6,734
Net total on all items	**-72,364**	**67,716**	**-94,657**	**35,405**	**89,570**	**-18,936**	**6,734**

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

Note 46:
Covered bonds

In Q4 2008 the Norwegian authorities decided to present an offer to the banks intended to achieve better conditions for funding. The facility included issuance of treasury bills or other 3 years' government bonds regardes as more liquid in the financial market compared to other securities. As collateral for the government bonds issued by Norges Bank, the banks may provide covered bonds. Nordea Bank Norge (NBN) is not defined as a credit institution and, therefore, cannot issue these types of securities. However, NBN's fully owned subsidiary Norgeskreditt AS (NK) is a credit institution and can issue covered bonds in accordance with the regulations. Therefore, in December, NBN sold off parts of its loan portfolio to Norgeskreditt consisting of well secured housing/household loans. The compensation from NK partly consisted of covered bonds and a trade credit in the form of a deposit from NBN. In addition, NBN issued a subordinated loan to NK in order to cover any credit losses in the portfolio and for liquidity purposes.

If necessary, NBN will supply NK with more capital by increasing the subordinated loan if the credit losses exceed the principal and interest on the subordinated loan. A swap agreement has been made to eliminate interest rate risk in NK as a consequence of this transaction. Furthermore, NBN will act as an agent for NK and manage the portfolio, which means that the customer will have the same contact person and customer relationship with Nordea as before.

Based on an overall evaluation, the book value of the transferred loans was determined to be the best estimate of their fair value. This is in principal explained by the loans in the portfolio that have a floating market rate and that the credit risk will still remain in NBN after the transfer. Furthermore, the customer relationships will remain in NBN as the customer administration and contact will remain in NBN, and NBN will act as agent for NK. The transfer will not create any added value in this respect.

The actual transaction has been reported as a net amount in both NBN and NK, in accordance with IAS 32 and IAS 39 with respect to netting and derecognition. As most of the risk related to the loan portfolio will remain in NBN, this is still to be included in NBN's balance as a consequence of IFRS . All cash flows relating to the different elements of this transaction will also be offset, and therefore the impact of the transaction on both NBN and NK's financial statements will be approximately zero. This means that NOK 24.4 bn will still be classified as loans to the public in NBN's books and not in NK's books at year end, in line with IFRS. Below shows the gross balance sheet figures at year-end:

Main figures relating to the transaction, in NOKm:	Nordea Bank Norge ASA balance sheet
Mortgag portfolio, sold to NK	(24,402)
Covered bonds issued, compensation from NK	15,000
Deposit in NK (loan to NK from NBN, trade credit)	9,402
Subordinated loan	500
Cash, paid to NK for the subordinated loan	(500)
Net balance sheet effect per 31 December 2008	-

At year-end 2008, NOK 5,333m of the NOK 15bn covered bonds received has been used in a transaction with Norges Bank.

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

AUDITOR'S REPORT FOR 2008

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the Nordea Bank Norge ASA as of 31 December 2008, showing a profit of NOK 3.286.000.000 for the parent company and a profit of NOK 4.330.000.000 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 2008, 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, 9 February 2009
KPMG AS

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

STATEMENT BY EXECUTIVE AND SUPERVISORY BOARD

The supervisory and executive board have today considered and approved the condensed consolidated annual report of Nordea Bank Norge ASA as at 31 December 2008 including condensed consolidated comparative figures as at 31 December 2007 (“the annual report”).

The annual report has been prepared in accordance with IFRS as adopted by the EU and additional Norwegian disclosure requirements for annual financial reports of listed and State-owned public limited companies. We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the Group’s assets, liabilities, financial position as at 31 December 2008 and as at 31 December 2007 and of the results of the Group’s operations and cash flows for the year 2008 and the year 2007.

According to our best knowledge, the Board of Director’s report gives a true and fair view of important incidents in the accounting period and the effect on the annual accounts. The description of the most relevant risk factors the company faces the coming year, including disclosure of related party transaction, gives to our knowledge true and fair view.

Oslo, 9 February 2009

Executive board:

Gunn Wærsted
Managing director

Supervisory board:

Christian Clausen Chairman	Carl-Johan Granvik Deputy chairman	Mary H. Moe
Hege Marie Norheim	Steinar Nickelsen Employee representative	

Report of the control committee

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

During 2008 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 Control Committee has examined the accounts for 2008 and is of the view that they are in accordance with prevailing accounting regulations and International Financial Reporting Standards settled by the European Union. 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 are adopted as presented.

With reference to other aspects of the accounts for 2008 the Control Committee refers to the auditor's report of 9 February 2009 and supports the views expressed therein concerning the submitted annual accounts.

Oslo, 9 March 2009

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

Board of Directors

The Board of Directors in 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 ASA is Gunn Wærsted.

Board of Directors 31 December 2008

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

Carl-Johan Granvik
Born 1949. Executive Vice President, Chief Risk Officer, Head of Group Credit and Risk Control and Country Senior Executive in Finland. Member and Vice Chairman of the Board since 2008.

Mary H. Moe
Born 1946. Assistant Director General in Department of Business Development and Sports of City of Oslo. Member since 2008.

Hege Marie Norheim
Born 1967. Senior Vice President, E&P Norway, Reserves and Business Development of StatoilHydro ASA. Member since 2001.

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

Deputy members

Hans Christian Krogh Riise
Deputy employee representative

Jorun Vintervold
Deputy employee representative

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