Nordea

Annual Report 2008

Nordea Bank Danmark

Business registration number 13522197

Nordea Bank Danmark A/S is part of the Nordea Group. Nordea's vision is to be the leading Nordic bank, acknowledged for its people, creating superior value for cutomers 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 5.2 million e-customers. The Nordea share is listed on the NASDAQ OMX Nordic exchange in Stockholm, Helsinki and Copenhagen.

Contents

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

Key financial figures
Group

Income statement (DKKm)	**2008**	**2007**	**Change %**
Net interest income	9,920	8,420	18
Net fee and commission income	3,935	3,414	15
Net gains/losses on items at fair value	-742	844	-188
Equity method	145	234	-38
Other income	469	380	23
Total operating income	**13,727**	**13,292**	**3**
Staff costs	-5,230	-4,885	7
Other expenses	-2,785	-2,765	1
Depreciation of tangible and intangible assets	-142	-108	31
Other operating expenses	-369	-	na
Total operating expenses	**-8,526**	**-7,758**	**10**
Profit before loan losses	**5,201**	**5,534**	**-6**
Loan losses	-1,587	47	-3,477
Operating profit	**3,614**	**5,581**	**-35**
Income tax expense	-893	-1,308	-32
Net profit for the year	**2,721**	**4,273**	**-36**

Business volumes, key items (DKKbn)	**2008**	**2007**	**Change %**
Loans and receivables to the public	613	533	15
Deposits and borrowings from the public	316	278	14
Of which savings deposits	270	233	16
Equity	30	30	0
Total assets	900	838	7

Ratios and key figures	**2008**	**2007**
Return on equity, %	9.1	15.1
Cost/income ratio, %	62	58
Tier 1 capital ratio, %	6.5	6.9
Total capital ratio, %	8.6	9.2
Tier 1 capital, DKKm	28,775	28,258
Risk-weighted amounts, DKKbn	440	409
Number of employees (full-time equivalents)	7,810	7,469

5-year overview
Group

Income statement (DKKm)	2008	2007	2006	2005	2004[1]
Net interest income	9,920	8,420	7,830	7,259	7,026
Net fee and commission income	3,935	3,414	3,409	3,579	2,961
Net gains/losses on items at fair value	-742	844	1,622	825	846
Equity method	145	234	327	116	238
Other income	469	380	188	118	222
Total operating income	**13,727**	**13,292**	**13,376**	**11,897**	**11,293**
General administrative expenses:					
Staff costs	-5,230	-4,885	-4,758	-4,472	-4,351
Other expenses	-2,785	-2,765	-2,504	-2,343	-2,376
Depreciation, amortisation and impairment charges of tangible and intangible assets	-142	-108	-132	-111	-199
Other operating expenses	-369	-	-	-	-
Total operating expenses	**-8,526**	**-7,758**	**-7,394**	**-6,926**	**-6,926**
Loan losses	-1,587	47	664	348	124
Operating profit	**3,614**	**5,581**	**6,646**	**5,319**	**4,491**
Income tax expense	-893	-1,308	-1,770	-1,363	-1,295
Net profit for the year	**2,721**	**4,273**	**4,876**	**3,956**	**3,196**

Balance sheet (DKKm)	2008	2007	2006	2005	2004[1,2]
Loans and receivables to credit institutions	95,229	128,892	117,765	136,987	130,044
Loans and receivables to the public	613,200	533,237	483,794	419,901	351,078
Interest-bearing securities	80,734	89,543	44,689	21,237	140,750
Other assets	110,501	86,271	157,143	186,731	26,453
Total assets	**899,664**	**837,943**	**803,391**	**764,856**	**648,325**
Deposits by credit institutions	260,868	222,701	223,188	207,947	188,174
Deposits and borrowings from the public	315,853	277,972	253,377	242,424	211,830
Debt securities in issue	210,886	205,910	183,020	190,112	176,149
Subordinated liabilities	9,499	9,507	10,401	10,034	9,337
Other liabilities	72,295	92,109	106,421	90,417	39,971
Equity	30,263	29,744	26,984	23,922	22,864
Total liabilities and equity	**899,664**	**837,943**	**803,391**	**764,856**	**648,325**

Ratios and key figures	2008	2007	2006	2005	2004[1]
Return on equity, %	9.1	15.1	19.2	16.7	14.3
Cost/income ratio, %	62	58	55	58	61
Tier 1 capital ratio, %	6.5	6.9	7.1	7.0	6.4
Total capital ratio, %	8.6	9.2	9.8	10.0	9.3
Tier 1 capital, DKKm	28,775	28,258	26,594	23,245	19,320
Risk-weighted assets, DKKbn	440	409	376	330	299
Number of employees (full-time equivalents)	7,810	7,469	7,307	7,322	7,380
Average number of employees	7,583	7,373	7,308	7,305	7,436

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

[1] Restated to IFRS except for IAS 39 implemented 1 January 2005.
[2] Reclassification of non-cash collaterals to "Financial instruments pledged as collateral" from "Interest-bearing securities" have not been done for 2004.

5-year overview
Parent company

Income statement (DKKm)	**2008**	**2007**	**2006**	**2005**	**2004**[1]
Net interest income	7,295	6,154	5,991	5,722	5,714
Net fee and commission income	4,372	3,810	3,717	3,776	3,160
Net gains/losses on items at fair value	-436	967	1,711	829	850
Dividends	70	130	536	290	484
Other income	496	385	115	32	144
Total operating income	**11,797**	**11,446**	**12,070**	**10,649**	**10,351**
General administrative expenses:					
Staff costs	-5,054	-4,702	-4,582	-4,294	-4,183
Other expenses	-2,699	-2,648	-2,341	-2,202	-2,284
Depreciation, amortisation and impairment charges of tangible and intangible assets	-124	-91	-110	-80	-159
Other operating expenses	-369	-	-	-	-
Total operating expenses	**-8,246**	**-7,441**	**-7,033**	**-6,576**	**-6,626**
Loan losses	-1,456	116	666	384	158
Operating profit	**2,095**	**4,121**	**5,703**	**4,458**	**3,883**
Income tax expense	-539	-1,054	-1,433	-1,152	-1,292
Net profit for the year	**1,556**	**3,067**	**4,270**	**3,305**	**2,591**

Balance sheet (DKKm)	**2008**	**2007**	**2006**	**2005**	**2004**[1,2]
Loans and receivables to credit institutions	114,160	147,221	132,054	143,515	109,196
Loans and receivables to the public	348,467	293,869	268,897	229,098	190,518
Interest-bearing securities	144,422	120,488	83,647	40,508	136,086
Investments in group undertakings	7,990	8,001	8,158	6,985	6,323
Other assets	134,798	111,780	171,564	196,803	24,103
Total assets	**749,837**	**681,359**	**664,320**	**616,909**	**466,226**
Deposits by credit institutions	262,667	224,632	225,881	211,528	190,909
Deposits and borrowings from the public	318,296	280,654	255,994	243,186	212,344
Debt securities in issue	-	-	-	-	-
Subordinated liabilities	9,499	9,507	10,401	10,034	9,337
Other liabilities	136,223	142,783	149,833	132,412	35,010
Equity	23,152	23,783	22,211	19,749	18,626
Total liabilities and equity	**749,837**	**681,359**	**664,320**	**616,909**	**466,226**

Ratios and key figures	**2008**	**2007**	**2006**	**2005**	**2004**[1]
Return on equity, %	6.6	13.3	20.4	17.0	14.0
Cost/income ratio, %	70	65	58	62	64
Tier 1 capital ratio, %	7.0	7.4	7.3	7.3	6.9
Total capital ratio, %	9.4	9.9	10.2	10.5	10.2
Tier 1 capital, DKKm	27,818	27,042	25,210	21,786	19,323
Risk-weighted assets, DKKbn	395	368	346	300	274
Number of employees (full-time equivalents)	7,515	7,177	6,991	6,996	7,070
Average number of employees	7,297	7,074	6,998	6,983	7,126

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

[1] Restated to IFRS except for IAS 39 implemented 1 January 2005.
[2] Reclassification of non-cash collaterals to "Financial instruments pledged as collateral" from "Interest-bearing securities" have not been done for 2004.

Business definitions and exchange rates

These definitions apply to the descriptions in the Annual Report.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the difference between expected losses and provisions.

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

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

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

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

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

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

Expected losses
Expected losses reflect the normalised loss level of the individual loan exposure over a business cycle as well as various portfolios.

Abbreviations

AGM	Annual General Meeting
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CRO	Chief Risk Officer
ECC	Executive Credit Committee
GEM	Group Executive Management

Exchange rates applied

(European Central Bank rates of exchange for key currencies as at 31 December 2008)

EUR	745.3	**CHF**	497.5	**DKK**	100.0
GBP	762.7	**JPY**	5.8	**LTL**	215.9
NOK	75.7	**PLN**	179.7	**SEK**	68.2
USD	526.4				

Nordea Bank Danmark Directors' report

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

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

Group organisation

The Nordea Group's organisation was revised from 1 June 2008, in line with the next steps in the development of the Group's operating model.

To further strengthen customer orientation and local market focus and teamwork, a new position as national Head of Banking responsible for customer relations has been established in each of the four Nordic markets reporting to the Head of Nordic Banking.

Product development and product management have been enhanced by the establishment of a new product area, Capital Markets and Savings.

High quality and efficiency in product deliveries, technology and support have been targeted in the new combined product and operations area, Banking Products and Group Operations.

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

Legal structure

Nordea aims at continuous simplification of its legal structure and as regards 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.

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

Nordea is awaiting satisfactory regulatory and legislative solutions, particularly to the deposit guarantee issue. Furthermore, the final regulatory responses to the current financial turmoil are yet to be seen and to be evaluated. Nordea is following up and analysing the changes in process.

The final conversion process in itself is estimated to take up to one year from start to execution.

Subsidiaries and foreign branches

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

NBD has no foreign branches.

Business development in 2008

Results for 2008 showed an increase in net interest income, net fee and commission income and other income. Net gains/losses on items at fair value and equity method decreased compared to 2007. Total operating income showed an increase. Total operating expenses and loan losses increased. Operating profit amounted to DKK 3,614m (DKK 5,581m), and the realised post-tax return on equity was 9.1% (15.1%)

Comments on the income statement (Group)

Operating income

Total operating income increased by 3% to DKK 13,727m (DKK 13,292m), which was primarily related to increased net interest income and net commission income.

Net interest income increased by 18% to DKK 9,920m (DKK 8,420m). The increase in net interest income was mainly driven by a strong increase in lending and deposit volumes and increased margins in corporate lending. Total lending to the public increased by 15% to DKK 613bn (DKK 533bn). Both household mortgage lending and consumer lending increased compared to one year ago. Deposits from the public increased by 14% to DKK 316bn (DKK 278bn).

The increase in net interest income is mainly related to the customer areas Nordic Banking and Institutional and International Banking.

Net fee and commission income increased by 15% to DKK 3,935m (DKK 3,414m). Savings related commissions increased by 26% to DKK 2,390m (DKK 1,898m) mainly due to increased brokerage. The increase in brokerage was attributable to intra group invoicing. Payment commissions were up by 1% to DKK 751m (DKK 744m) due to an increase in card commissions by 4%. Lending related commissions was DKK 1,010m, which is at the same level as in 2007 (DKK 1,007m). Other commission income increased by 12% to DKK 312m (DKK 279m) due to miscellaneous items. Total commission expenses increased by 3% to DKK 528m (DKK 514m) among other things caused by higher commission expenses from cards.

Net gains/losses on items at fair value decreased by DKK 1,586m to DKK -742m (DKK 844m). The decrease is attributable to both lower income from Markets activities and Group Treasury operations in Group Corporate Centre. Net gains/losses on items at fair value were negatively affected by the turbulent financial markets during 2008. The decrease in Group Treasury was mainly attributable to equity investments. Markets activities in Nordea Bank Danmark comprise income mainly from fixed income and equity products. Markets income was to some extent affected by gross positions which are hedged within the Nordea Group.

Profit from companies accounted for under the equity method decreased by 38% to DKK 145m (DKK 234m). Income under the equity method is primarily related to the portfolio of PBS companies, LR Realkredit and private equity investments in Group Treasury. The decrease compared to 2007 is mainly related to LR Realkredit and private equity investments in Group Treasury.

Other operating income was DKK 469m compared to DKK 380m last year. The increase compared to 2007 mainly reflects higher income especially from IT services rendered to Nordea Group companies.

Operating expenses
Total operating expenses increased by 10% to DKK 8,526 (DKK 7,758m).

Staff costs increased by 7% to DKK 5,230m (DKK 4,885m). The rise is primarily attributable to the general wage inflation and increased number of FTEs.

During 2008 the number of FTEs has increased by 5% compared to 2007. Employees measured by full-time equivalents increased by 341 to 7,810 compared to 7,469 in 2007. The average number of full-time equivalent positions was 7,583 (7,373).

Other expenses amounted to DKK 2,785m (DKK 2,765m), up by 1% compared to last year.

Depreciation of tangible and intangible assets increased by DKK 34m to DKK 142m (DKK 108m).

Other operating expenses DKK 369m (DKK 0m) consist of guarantee commission expense for the Danish state guarantee scheme.

The cost/income ratio was up to 62% compared to 58% last year.

Loan losses
Net loan losses were DKK 1,587m (positive DKK 47m), following increased provisions both for collectively and individually assessed loans. Net loan losses also include losses related to the Danish guarantee schemes of DKK 323m.

The increases, from very low levels, result from the economic slowdown in all markets where Nordea Bank Danmark operates. Typically, there is a lag between the start of the economic slowdown and reported net loan losses, but due to the rapid slowdown in the economic cycle, loan losses have increased faster this time. However, the reported loss levels in various sectors follow Nordea' s models for a weak economic cycle.

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

Taxes
Income tax expense was DKK 893m (DKK 1,308m). The effective tax rate was 25% compared to 23% in 2007. The lower effective tax rate in the previous year was mainly related to a positive one-off effect from lowering the tax rate from 28% to 25%.

Net profit
Net profit for the year amounted to DKK 2,721m (DKK 4,273m). The return on equity was 9.1% (15.1%).

Comments on the balance sheet (Group)

The total balance sheet increased by DKK 62bn to DKK 900bn (DKK 838bn), or 7%, during 2008. All balance sheet items in foreign currencies are translated into DKK at the actual year-end currency exchange rates. See Note 1 for more information regarding accounting policies.

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

Assets
Loans and receivables to credit institutions decreased by DKK 34bn to DKK 95bn (DKK 129bn). The decrease is among other things due to an decrease in reverse repurchase transactions.

Loans and receivables to the public increased by DKK 80bn to DKK 613bn (DKK 533bn), of which lending to corporate customers increased by DKK 53bn and lending to personal customers increased by DKK 22bn.

Interest-bearing securities and shares, including financial instruments pledged as collateral, increased by DKK 13bn to DKK 151bn (DKK 139bn).

Liabilities
Deposits by credit institutions increased by DKK 38bn to DKK 261bn (DKK 223bn) mainly related to repurchase transactions.

Deposits and borrowings from the public increased by DKK 38bn to DKK 316bn (DKK 278bn), reflecting higher business volumes.

Debt securities in issue increased by DKK 5bn to DKK 211bn (DKK 206bn) which is related to bonds issued by the subsidiary Nordea Kredit.

Other liabilities decreased by DKK 24bn to DKK 58bn (DKK 82bn), mainly reflecting a decrease in sold, not held, securities.

Equity
Shareholders' equity, including minority interests amounted to DKK 29,744m at the beginning of 2008. The net profit for the year was DKK 2,721m. After deducting the dividend in respect of 2007 to the parent company Nordea Bank AB and postings made directly against equity, equity was DKK 30,263m at the end of the year.

Appropriation of net profit for the year
Shareholders´ equity for the parent company amounted to DKK 23,783m at the beginning of 2008. The net profit of the parent company for the year amounted to DKK 1,556m. After deducting the dividend in respect of 2007 to the parent company Nordea Bank AB and postings made directly against equity, equity was DKK 23,152m at the end of the year.

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

- an allocation of dividend of DKK 1,500m (DKK 2,200m), and
- a transfer of DKK 56m to retained earnings

The proposed dividend payment of DKK 1,500m is equivalent to DKK 30 (DKK 44) per share. The proposed dividend comply with article 13, subarticle 5, in the Danish Financial Stability Act according to which dividend payments may be made within foreign groups. Foreign parent companies may distribute dividends, always provided that such distribution is not subject to the payment of dividends from the Danish subsidiary.

Off-balance-sheet commitments (Group)

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

Credit commitments and unutilised credit lines amounted to DKK 225bn (DKK 146bn), whereas guarantees and granted but not utilised documentary credits as well as other off-balance-sheet commitments totalled DKK 39bn (DKK 35bn).

No reclassification of financial instruments

Nordea has not used the possibility to reclassify interest-bearing securities from the "fair value through profit and loss" category (trading category), according to an amendment to IAS 39 and IFRS 7 from International Accounting Standards Board published in October.

Capital adequacy and ratings

At year-end, the NBD Group's total capital ratio was 8.6% (9.2%) and the tier 1 capital ratio was 6.5% (6.9%). The corresponding figures for the parent company were 9.4% and 7.0% in 2008.

Nordea Bank Danmark A/S has in December 2008 received approval for its internal-rating-based (IRB) models for its Retail credit portfolio. This has impact RWA with a reduction by approx. 20%.

Before transition rules, the NBD Group tier 1 ratio was 9.4% and the total capital ratio was 12.4%.

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

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

Rating, December 2008	Short	Long
Moody's	P-1	Aa1
S&P	A-1+	AA-
Fitch-IBCA	F1+	AA-
DBRS	R-1 (high)	AA

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 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, when deemed necessary, to issue supplementary guidelines and limits.

CRO and CFO

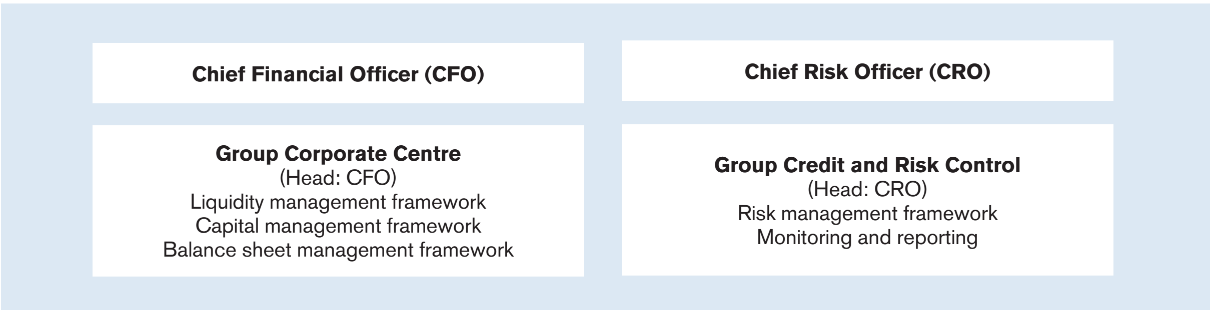
Within the Group, two units, Group Credit and Risk Control and Group Corporate Centre, are responsible for risk, capital, liquidity and balance sheet management.

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.

Risk, Liquidity and Capital Management governance

Risk, Liquidity and Capital Management



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, and the credit decision and control processes.

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.

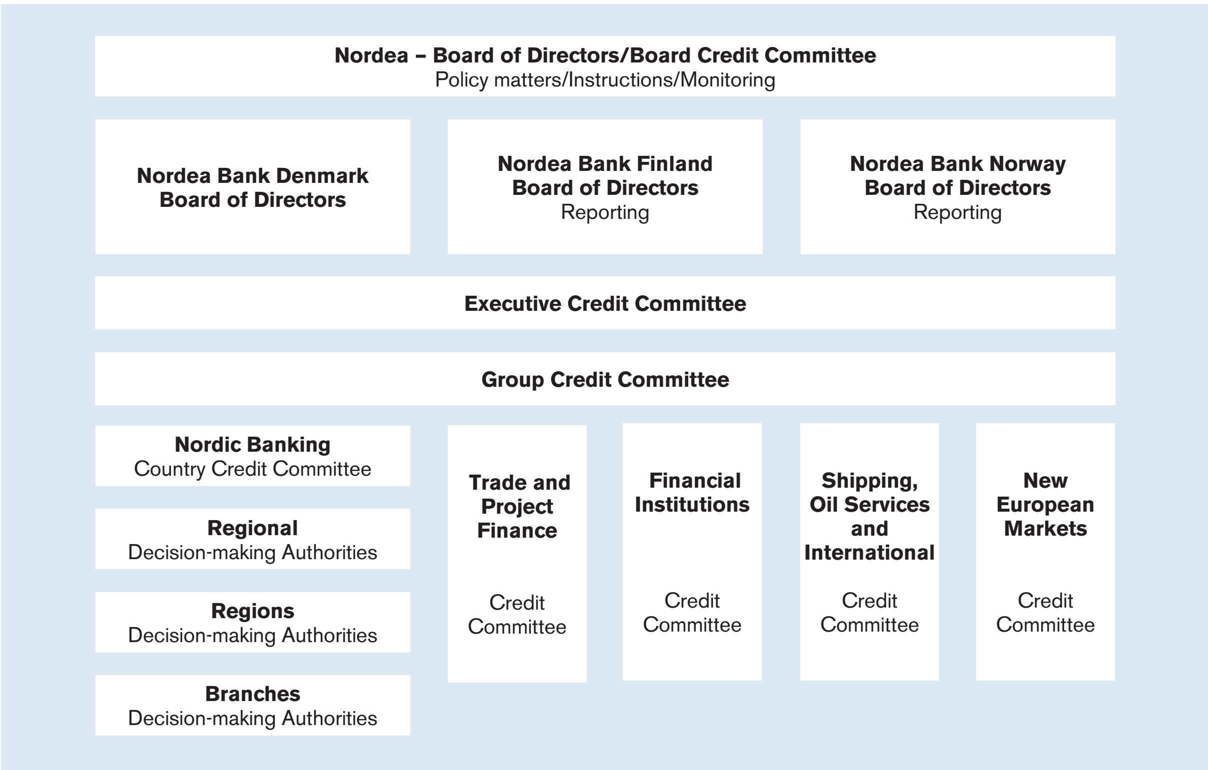
Monitoring and reporting
The control environment in Nordea is based on the principles of separation of duties and strict independence of organisational units. Monitoring and reporting of risk is conducted on a daily basis for market and liquidity risk, on a monthly and quarterly basis for credit risk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

Credit decision-making structure



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).

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 fail to fulfil their agreed obligations and that the pledged collateral does not cover the claims.

Credit risk stems 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.

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 credit risk, transfer risk and settlement risk. Counterparty risk is the risk that a 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 taken also 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, the bank 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).

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, there are models used to assess such prudential indicators as Loss Given Default (LGD) and Exposure at Default (EAD). Following the 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, i.e. 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, 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[1)], scoring is used for households and small business customers.

A rating is an estimate that exclusively reflects the quantification of the repayment capacity of the customer, i.e. the risk of customer default. The rating scale 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.

[1)] Sovereigns include central governments, central banks, regional governments, local authorities and other public sector entities.

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 a 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, e.g. automatic approvals or decision support, as well as the risk management process, where "early warnings" can be issued for high risk customers and portfolio risk levels can be closely monitored. As a supplement to the behavioural scoring models the bank also utilises commercial credit bureau information in the credit process.

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 will be drawn within the period 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 set-up 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, i.e. the ability of the model to distinguish default risk on a relative basis, as well as cardinal accuracy, i.e. 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, i.e. loans and receivables to credit institutions and the public, or off-balance sheet potential claims on customers and counterparts, net after allowances. Exposure also indicates the risk related to derivatives contracts and securities financing. Further information on the definition of exposure, as well as a more detailed analysis of Nordea's credit risk can be found in the Group's Pillar III report for 2008, available at www.nordea.com.

NBD's total credit risk exposure has increased by 17% to DKK 1,173bn during 2008 (DKK 1,001bn). The largest credit risk exposure is loans and receivables to the public, which in 2008 increased by 15% to DKK 613bn (DKK 533bn).
Mortgage loans increased by 8%.

Loans and receivables to corporate customers at the end of 2008 amounted to DKK 363bn (DKK 311bn), an increase of 17%, while lending to household customers increased by 10% to DKK 240bn (DKK 219bn). The portion of total lending going to corporate customers was 59% (58%) and to household customers 39% (41%).

Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, amounted to DKK 95bn at the end of 2008 (DKK 129bn).

Rating distribution
One way in which credit quality can be assessed is through the distribution of non-impaired exposures across rating grades, for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, i.e. retail exposures.

66% of the corporate exposure is rated 4– or higher, with an average rating for this portfolio of 4+. Institutions and retail customers on the other hand exhibit a distribution that is skewed towards the higher rating grades. The portion of NBD's institutional exposure that is rated 5- or higher has remained steady at 99%.

About 84% of the retail exposures are scored C- or higher, which indicates a probability of default of 1% or lower.

Loans and receivables to corporate customers
The main increases in the lending portfolio were in the sectors: "Financial Institutions", "Consumer staples", "Industrial commercial services" and "Real estate management".

Financial Institutions remains the largest sector in NBD's lending portfolio, at DKK 92bn (DKK 59bn). The portfolio predominantly is comprised of relatively large and financially strong companies.

The distribution of loans and receivables to corporates by size of loans shows a high degree of diversification where approx. 51% (55%) of the corporate volume is for lending on a scale up to EUR 50m for each customer. This distribution has been relatively stable in recent years.

Loans and receivables to household customers
In 2008, mortgage loans and consumer loans increased only slightly, to DKK 167bn and DKK 74bn, respectively. The portion of total household loans consisting of mortgage loans was 69% (71%).

Geographical distribution
Lending to the public distributed by borrower domicile shows that the Nordic market accounts for 94% (94%). Other EU countries represent the main part of the lending outside the Nordic countries. The exposure to emerging markets is limited.

Nordea Bank Danmark Group

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

DKKm	31 Dec 2008	31 Dec 2007
To credit institutions	**95,229**	**128,892**
- of which banks	95,229	128,892
- of which other financial institutions	0	0
To the public	**613,200**	**533,237**
- of which corporate	363,404	310,707
Energy (oil, gas etc)	37	23
Metals and mining materials	94	55
Paper and forest materials	1,917	1,958
Other materials (building materials etc)	6,276	5,685
Industrial capital goods	3,889	5,356
Industrial commercial services etc	40,264	38,169
Construction and civil engineering	8,006	8,528
Shipping and offshore	12,556	11,455
Transportation	5,713	6,649
Consumer durables (cars, appliances etc)	5,289	5,668
Media and leisure	8,804	7,688
Retail trade	32,321	29,843
Consumer staples (food, agriculture etc)	61,363	54,879
Health care and pharmaceuticals	5,896	6,222
Financial institutions	92,006	59,214
Real estate management	35,642	34,393
IT software, hardware and services	4,945	4,509
Telecommunication equipment	253	259
Telecommunication operators	3,744	696
Utilities (distribution and production)	6,888	5,382
Other, public and organisations	27,501	24,075
- of which household	240,334	218,716
- mortgage financing	166,770	154,596
- consumer financing	73,565	64,120
of which public sector	9,462	3,814
Total loans and receivables	**708,429**	**662,129**
Credit commitments	224,784	145,986
Guarantees and documentary credits	38,846	35,479
Counterparty risk exposure	2,235	2,674
Interest-bearing securities issued by public bodies	42,343	12,047
Other interest-bearing securities	156,319	142,804
Total credit risk exposure in the banking operations	**1,172,956**	**1,001,119**

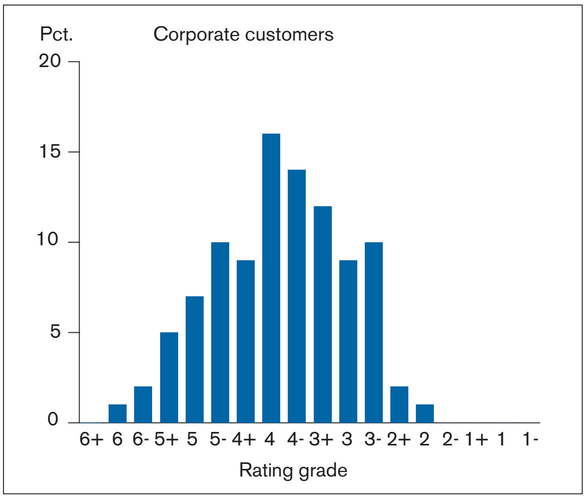
Nordea Bank Danmark A/S

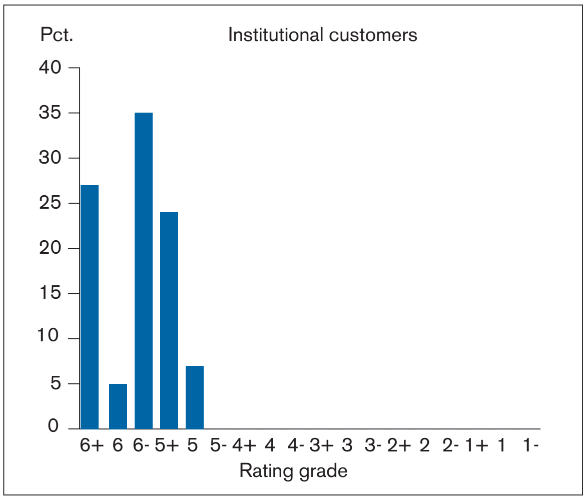
Credit risk exposure, loans and receivables and total exposure
(excluding cash and balances at central banks and settlement risk exposure)

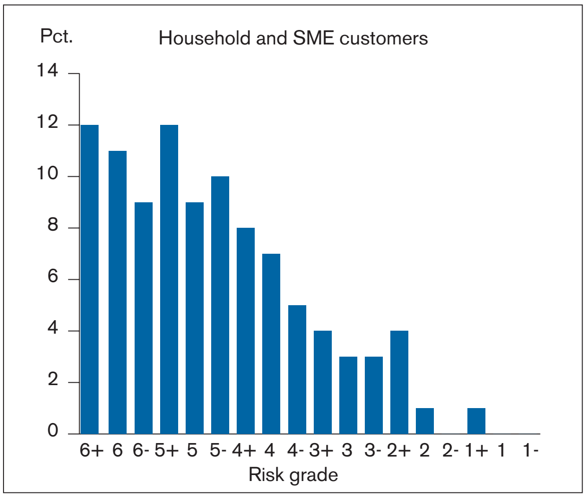
DKKm	31 Dec 2008	31 Dec 2007
To credit institutions	**114,160**	**147,221**
- of which banks	114,160	147,221
- of which other financial institutions	0	0
To the public	**348,467**	**293,869**
- of which corporate	269,934	228,102
Energy (oil, gas etc)	35	22
Metals and mining materials	38	20
Paper and forest materials	1,154	1,332
Other materials (building materials etc)	4,551	4,028
Industrial capital goods	2,810	3,492
Industrial commercial services etc	28,594	28,568
Construction and civil engineering	3,118	3,835
Shipping and offshore	11,809	10,295
Transportation	2,727	2,708
Consumer durables (cars, appliances etc)	4,140	4,387
Media and leisure	4,233	3,671
Retail trade	23,092	20,442
Consumer staples (food, agriculture etc)	26,091	23,083
Health care and pharmaceuticals	3,299	3,771
Financial institutions	106,165	73,999
Real estate management	13,841	15,096
IT software, hardware and services	2,863	2,500
Telecommunication equipment	123	95
Telecommunication operators	3,514	513
Utilities (distribution and production)	5,702	5,163
Other, public and organisations	22,033	21,078
- of which household	69,675	62,911
- mortgage financing	-	-
- consumer financing	69,675	62,911
- of which public sector	8,857	2,856
Total loans and receivables	**462,627**	**441,090**
Credit commitments	205,466	130,533
Guarantees and documentary credits	123,125	118,826
Interest-bearing securities issued by public bodies	42,343	12,047
Other interest-bearing securities	221,275	175,361
Total credit risk exposure in the banking operations	**1,054,836**	**877,857**

Nordea Bank Danmark Group

Exposure 31 Dec 2008, distributed by rating/risk grades







Nordea Bank Danmark Group

Lending to corporate customers, by size of loan

DKKm	31 Dec 2008	%	31 Dec 2007	%
0-10 (EURm)	135,256	37.2	123,486	39.7
10-50 (EURm)	49,906	13.7	46,428	14.9
50-100 (EURm)	29,987	8.3	25,496	8.2
100-250 (EURm)	47,588	13.1	36,452	11.7
250-500 (EURm)	40,687	11.2	28,021	9.0
500- (EURm)	59,980	16.5	50,824	16.4
Total	**363,404**	**100.0**	**310,707**	**100.0**

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Lending to corporate customers, by size of loan

DKKm	31 Dec 2008	%	31 Dec 2007	%
0-10 (EURm)	55,307	20.5	51,653	22.6
10-50 (EURm)	34,278	12.7	34,988	15.3
50-100 (EURm)	25,271	9.4	22,165	9.7
100-250 (EURm)	45,420	16.8	35,326	15.5
250-500 (EURm)	34,405	12.7	24,176	10.6
500- (EURm)	75,253	27.9	59,796	26.2
Total	**269,934**	**100.0**	**228,102**	**100.0**

Nordea Bank Danmark Group

Loans and receivables, impaired loans and allowances, by geography

DKKm	Loans and receivables, before allowances	of which, not impaired	Allow-ances for collectively assessed loans	in % of not impaired	Individually impaired loans and receivables gross: Gross	in % of lending	Specific allow-ances	in % of impaired loans gross	Provisions for off balance items
31 Dec 2008									
Nordic countries									
of which Denmark	536,634	531,997	685	0.13%	4,637	0.86%	2,284	49%	266
of which Finland	1,491	1,491	-	0.00%	-	0.00%	-	0%	-
of which Norway	705	703	-	0.00%	2	0.29%	2	100%	-
of which Sweden	39,043	39,035	-	0.00%	8	0.02%	8	100%	-
Estonia	97	97	-	0.00%	-	0.00%	-	0%	-
Latvia	113	113	-	0.00%	-	0.00%	-	0%	-
Lithuania	249	240	-	0.00%	8	3.39%	8	100%	-
Poland	480	480	-	0.00%	-	0.00%	-	0%	-
Russia	119	119	-	0.00%	-	0.00%	-	0%	-
EU countries other	23,765	23,737	-	0.00%	29	0.12%	29	100%	-
USA	939	938	-	0.00%	1	0.09%	1	100%	-
Asia	1,625	1,625	3	0.18%	-	0.00%	-	0%	-
Latin America	9,311	9,311	-	0.00%	-	0.00%	-	0%	-
OECD other	878	877	-	0.00%	1	0.08%	1	100%	-
Non-OECD other	770	769	0	0.05%	1	0.16%	1	100%	-
Total	**616,218**	**611,532**	**688**	**0.11%**	**4,686**	**0.76%**	**2,333**	**50%**	**266**
31 Dec 2007									
Nordic countries									
of which Denmark	468,606	465,403	359	0.08%	3,203	0.68%	1,637	51%	74
of which Finland	6,992	6,992	-	0.00%	-	0.00%	-	0%	-
of which Norway	833	828	-	0.00%	5	0.61%	5	100%	-
of which Sweden	26,020	26,013	-	0.00%	6	0.02%	6	100%	-
Estonia	77	74	-	0.00%	-	0.00%	-	0%	-
Latvia	100	100	-	0.00%	-	0.00%	-	0%	-
Lithuania	294	294	-	0.00%	4	1.36%	4	94%	-
Poland	496	490	-	0.00%	7	1.37%	7	100%	-
Russia	19	19	-	0.00%	-	0.00%	-	0%	-
EU countries other	19,384	19,340	-	0.00%	44	0.23%	44	100%	-
USA	4,134	4,134	-	0.00%	0	0.01%	0	100%	-
Asia	1,565	1,565	2	0.15%	-	0.00%	-	0%	-
Latin America	2,417	2,417	-	0.00%	-	0.00%	-	0%	-
OECD other	492	492	-	0.00%	0	0.05%	0	100%	-
Non-OECD other	3,872	3,871	1	0.01%	1	0.03%	1	100%	-
Total	**535,302**	**532,032**	**361**	**0,07%**	**3,270**	**0,61%**	**1,704**	**52%**	**74**

Nordea Bank Danmark Group
Transfer risk exposure[1]

DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Asia	996	1,075	1,108
Latin America	143	173	19
Eastern Europe and CIS	1,369	435	236
Middle East	1,012	349	1,108
Africa	326	190	279
Total	**3,846**	**2,222**	**2,750**

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

DKKm	2008	2007	2006
Total transfer risk allowance	82	71	103

Nordea Bank Danmark A/S

Loans and receivables, impaired loans and allowances, by geography

DKKm	Loans and receivables, before allowances	of which, not impaired	Allowances for collectively assessed loans	in % of not impaired	Individually impaired loans and receivables gross: Gross	in % of lending	Specific allowances	in % of impaired loans gross	Provisions for off balance items
31 Dec 2008									
Nordic countries									
of which Denmark	274,063	270,875	685	0.26%	3,188	1.18%	1,984	62%	178
of which Finland	1,470	1,470	-	0.00%	-	0.00%	-	0%	-
of which Norway	572	570	-	0.00%	2	0.36%	2	100%	-
of which Sweden	38,830	38,823	-	0.00%	8	0.02%	8	100%	-
Estonia	97	97	-	0.00%	-	0.00%	-	0%	-
Latvia	106	106	-	0.00%	-	0.00%	-	0%	-
Lithuania	237	229	-	0.00%	8	3.55%	8	100%	-
Poland	452	452	-	0.00%	-	0.00%	-	0%	-
Russia	80	80	-	0.00%	-	0.00%	-	0%	-
EU countries other	22,449	22,420	-	0.00%	29	0.13%	29	100%	-
USA	821	820	-	0.00%	1	0.10%	1	100%	-
Asia	1,439	1,439	3	0.20%	-	0.00%	-	0%	-
Latin America	9,241	9,241	-	0.00%	-	0.00%	-	0%	-
OECD other	703	703	-	0.00%	1	0.09%	1	100%	-
Non-OECD other	626	625	0	0.01%	1	0.03%	1	100%	-
Total	**351,186**	**347,949**	**688**	**0,20%**	**3,237**	**0.92%**	**2,033**	**63%**	**178**
31 Dec 2007									
Nordic countries									
of which Denmark	231,793	229,743	359	0.16%	2,050	0.88%	1,390	68%	164
of which Finland	6,948	6,948	-	0.00%	-	0.00%	-	0%	-
of which Norway	649	644	-	0.00%	5	0.78%	5	100%	-
of which Sweden	25,828	25,822	-	0,00%	6	0.02%	6	100%	-
Estonia	77	74	-	0.00%	-	0.00%	-	0%	-
Latvia	87	87	-	0.00%	-	0.00%	-	0%	-
Lithuania	289	289	-	0.00%	4	1.30%	4	100%	-
Poland	473	466	-	0.00%	7	1.43%	7	100%	-
Russia	7	7	-	0.00%	-	0.00%	-	0%	-
EU countries other	18,056	18,012	-	0.00%	44	0.24%	44	100%	-
USA	3,990	3,991	-	0.00%	-	0.00%	-	0%	-
Asia	1,329	1,329	2	0.17%	-	0.00%	-	0%	-
Latin America	2,296	2,296	-	0.00%	-	0.00%	-	0%	-
OECD other	289	289	-	0.00%	0	0.09%	0	100%	-
Non-OECD other	3,576	3,575	1	0.01%	1	0.03%	1	100%	-
Total	**295,686**	**293,570**	**361**	**0.12%**	**2,116**	**0.72%**	**1,456**	**69%**	**164**

Nordea Bank Danmark Group

Loans and receivables, impaired loans and allowances, by customer type

DKKm	Loans and receivables, before allowances	of which, not impaired	Allow-ances for collectively assessed loans	in % of not impaired	Individually impaired loans and receivables gross: Gross	in % of lending	Specific allow-ances	in % of impaired loans gross	Provisions for off balance items
31 Dec 2008									
To credit institutions	**95,229**	**95,229**	**78**	**0.08%**	**-**	**0.00%**	**-**	**0%**	**205**
- of which banks	95,229	95,229	78	0.08%	-	0.00%	-	0%	205
- of which other financial institutions	-	-	-	-	-	0.00%	-	0%	-
To the public	**616,218**	**611,532**	**688**	**0.11%**	**4,686**	**0.76%**	**2,333**	**50%**	**61**
- of which corporate	365,655	362,109	618	0.17%	3,465	0.95%	1,637	47%	56
Energy (oil, gas etc)	37	37	0	0.04%	-	0.00%	-	0%	-
Metals and mining materials	95	91	0	0.05%	4	4.68%	1	25%	-
Paper and forest materials	1,927	1,921	7	0.35%	6	0.31%	3	49%	-
Other materials (building materials etc)	6,302	6,274	11	0.18%	28	0.44%	15	54%	3
Industrial capital goods	3,908	3,901	14	0.37%	7	0.18%	5	66%	-
Industrial commercial services etc	40,511	40,115	25	0.06%	396	0.98%	222	56%	8
Construction and civil engineering	8,208	7,670	32	0.42%	538	6.56%	170	32%	14
Shipping and offshore	12,559	12,549	2	0.02%	10	0.08%	0	0%	-
Transportation	5,775	5,684	32	0.57%	91	1.58%	30	33%	9
Consumer durables (cars, appliances etc)	5,348	5,261	15	0.28%	87	1.63%	44	51%	1
Media and leisure	8,908	8,769	5	0.06%	139	1.56%	99	71%	0
Retail trade	32,612	32,004	36	0.11%	608	1.86%	255	42%	11
Consumer staples (food, agriculture etc)	62,021	61,396	347	0.57%	625	1.01%	310	50%	1
Health care and pharmaceuticals	5,911	5,886	5	0.09%	25	0.42%	10	40%	1
Financial institutions	92,016	92,004	5	0.01%	12	0.01%	4	36%	-
Real estate management	35,740	35,410	24	0.07%	330	0.92%	75	23%	0
IT software, hardware and services	4,993	4,873	5	0.09%	120	2.41%	44	37%	2
Telecommunication equipment	254	254	1	0.26%	0	0.14%	0	6%	-
Telecommunication operators	3,758	3,749	13	0.34%	9	0.23%	1	12%	-
Utilities (distribution and production)	6,903	6,902	15	0.21%	1	0.02%	0	39%	-
Other	27,869	27,442	25	0.09%	427	1.53%	349	82%	6
- of which household	241,100	239,879	70	0.03%	1,221	0.51%	695	57%	5
- mortgage financing	166,799	166,770	-	0.00%	29	0.02%	29	100%	-
- consumer financing	74,301	73,109	70	0.10%	1,192	1.60%	666	56%	5
- of which public sector	9,462	9,462	-	0.00%	-	0.00%	-	0%	-
Total credit risk exposure in the banking operations	**711,447**	**706,761**	**767**	**0.11%**	**4,686**	**0.66%**	**2,333**	**50%**	**266**

Nordea Bank Danmark Group

Loans and receivables, impaired loans and allowances, by customer type

DKKm	Loans and receivables, before allowances	of which, not impaired	Allow-ances for collectively assessed loans	in % of not impaired	Individually impaired loans and receivables gross: Gross	in % of lending	Specific allow-ances	in % of impaired loans gross	Provisions for off balance items
31 Dec 2007									
To credit institutions	**128,894**	**128,894**	**69**	**0.05%**	**-**	**0.00%**	**-**	**0%**	**-**
- of which banks	128,894	128,894	69	0.05%	-	0.00%	-	0%	-
- of which other financial institutions	-	-	-	-	-	0.00%	-	0%	-
To the public	**535,302**	**532,032**	**361**	**0.07%**	**3,270**	**0.61%**	**1,704**	**52%**	**74**
- of which corporate	312,282	309,900	353	0.11%	2,382	0.76%	1,223	51%	73
Energy (oil, gas etc)	23	23	-	0,00%	-	0,00%	-	0%	-
Metals and mining materials	55	50	-	0,00%	5	8.93%	1	12%	-
Paper and forest materials	1,970	1,942	-	0.00%	28	1.41%	12	42%	10
Other materials (building materials etc)	5,703	5,625	-	0.00%	78	1,36%	18	23%	0
Industrial capital goods	5,432	5,283	34	0.64%	149	2.74%	41	28%	5
Industrial commercial services etc	38,423	38,068	-	0.00%	355	0.92%	253	71%	8
Construction and civil engineering	8,632	8,551	60	0.70%	81	0.94%	44	54%	4
Shipping and offshore	11,455	11,455	-	0.00%	-	0.00%	-	0%	-
Transportation	6,695	6,624	14	0.21%	71	1.06%	32	45%	3
Consumer durables (cars, appliances etc)	5,729	5,611	33	0.59%	118	2.05%	28	24%	1
Media and leisure	7,774	7,614	-	0.00%	160	2.06%	86	54%	1
Retail trade	30,030	29,626	-	0.00%	404	1.34%	187	46%	20
Consumer staples (food, agriculture etc)	55,323	54,883	177	0.32%	440	0.80%	267	61%	9
Health care and pharmaceuticals	6,260	6,204	14	0.23%	56	0.90%	24	43%	0
Financial institutions	70,637	70,632	-	0.00%	5	0.01%	2	30%	0
Real estate management	34,414	34,343	-	0.00%	71	0.21%	21	30%	0
IT software, hardware and services	4,538	4,462	-	0.00%	76	1.67%	29	38%	0
Telecommunication equipment	259	258	-	0.00%	1	0.35%	0	44%	-
Telecommunication operators	697	690	-	0.00%	7	0.95%	2	26%	-
Utilities (distribution and production)	5,387	5,381	-	0.00%	6	0.10%	4	79%	-
Other	12,846	12,572	21	0.17%	274	2.13%	172	63%	12
- of which household	219,206	218,318	9	0.00%	888	0.41%	481	54%	1
- mortgage financing	154,602	154,596	-	0.00%	6	0.00%	6	100%	-
- consumer financing	64,604	63,722	9	0.01%	882	1.37%	475	54%	1
- of which public sector	3,814	3,814	-	0.00%	-	0.00%	-	0%	-
Total credit risk exposure in the banking operations	**664,196**	**660,926**	**430**	**0.07%**	**3,270**	**0.49%**	**1,704**	**52%**	**74**

Nordea Bank Danmark A/S

Loans and receivables, impaired loans and allowances, by customer type

DKKm	Loans and receivables, before allowances	of which, not impaired	Allowances for collectively assessed loans	in % of not impaired	Individually impaired loans and receivables gross: Gross	in % of lending	Specific allowances	in % of impaired loans gross	Provisions for off balance items
31 Dec 2008									
To credit institutions	**114,160**	**114,160**	**78**	**0.07%**	**-**	**0.00%**	**-**	**0%**	**205**
- of which banks	114,160	114,160	78	0.07%	-	0.00%	-	0%	205
- of which other financial institutions	-	-	-	-	-	0.00%	-	0%	-
To the public	**351,186**	**347,949**	**688**	**0.20%**	**3,237**	**0.92%**	**2,033**	**63%**	**178**
- of which corporate	272,075	269,362	618	0.23%	2,713	1.00%	1,525	56%	150
Energy (oil, gas etc)	35	35	0	0.05%	-	0.00%	-	0%	-
Metals and mining materials	39	38	0	0.12%	1	2.23%	1	78%	-
Paper and forest materials	1,164	1,160	7	0.58%	4	0.33%	3	75%	0
Other materials (building materials etc)	4,573	4,554	11	0.24%	19	0.41%	11	59%	3
Industrial capital goods	2,829	2,823	14	0.51%	6	0.22%	4	64%	-
Industrial commercial services etc	28,838	28,491	25	0.09%	347	1.20%	218	63%	12
Construction and civil engineering	3,306	2,867	32	1.12%	439	13.28%	156	36%	26
Shipping and offshore	11,811	11,811	2	0.02%	-	0.00%	-	0%	-
Transportation	2,780	2,739	32	1.19%	41	1.47%	20	49%	14
Consumer durables (cars, appliances etc)	4,188	4,118	15	0.36%	70	1.68%	33	47%	12
Media and leisure	4,316	4,208	5	0.12%	108	2.50%	78	72%	21
Retail trade	23,378	22,863	36	0.16%	515	2.20%	250	49%	15
Consumer staples (food, agriculture etc)	26,720	26,304	347	1.32%	416	1.56%	282	68%	28
Health care and pharmaceuticals	3,314	3,296	5	0.15%	18	0.54%	10	55%	1
Financial institutions	106,174	106,164	5	0.00%	10	0.01%	4	39%	0
Real estate management	13,940	13,749	24	0.17%	191	1.37%	75	39%	0
IT software, hardware and services	2,910	2,800	5	0.16%	110	3.79%	43	39%	2
Telecommunication equipment	124	124	1	0.53%	0	0.29%	0	6%	-
Telecommunication operators	3,528	3,527	13	0.36%	1	0.04%	1	72%	-
Utilities (distribution and production)	5,718	5,717	15	0.26%	1	0.01%	0	87%	-
Other	22,390	21,975	25	0.11%	415	1.85%	336	81%	15
- of which household	70,253	69,728	70	0.10%	525	0.75%	508	97%	28
- mortgage financing	-	-	-	0.00%	-	0.00%	-	0%	23
- consumer financing	70,253	69,728	70	0.10%	525	0.75%	508	97%	5
- of which public sector	8,857	8,857	-	0.00%	-	0.00%	-	0%	-
Total credit risk exposure in the banking operations	**465,345**	**462,109**	**767**	**0.17%**	**3,237**	**0.70%**	**2,033**	**63%**	**383**

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Loans and receivables, impaired loans and allowances, by customer type

DKKm	Loans and receivables, before allowances	of which, not impaired	Allowances for collectively assessed loans	in % of not impaired	Individually impaired loans and receivables gross: Gross	in % of lending	Specific allowances	in % of impaired loans gross	Provisions for off balance items
31 Dec 2007									
To credit institutions	**147,223**	**147,223**	**69**	**0.05%**	**0**	**0.00%**	**-**	**0%**	**-**
- of which banks	147,223	147,223	69	0.05%	0	0.00%	-	0%	-
- of which other financial institutions	-	-	-	0.00%	0	0.00%	-	0%	-
To the public	**295,686**	**293,570**	**361**	**0.12%**	**2,116**	**0.72%**	**1,456**	**69%**	**164**
- of which corporate	229,566	227,961	353	0.15%	1,605	0.70%	1,112	69%	160
Energy (oil, gas etc)	22	22	-	0.00%	-	0.00%	-	0%	-
Metals and mining materials	21	20	-	0.00%	1	4.91%	1	58%	-
Paper and forest materials	1,344	1,341	-	0.00%	3	0.25%	2	52%	10
Other materials (building materials etc)	4,046	4,013	-	0.00%	33	0.83%	18	54%	0
Industrial capital goods	3,567	3,493	34	0.97%	75	2.09%	41	55%	5
Industrial commercial services etc	28,821	28,516	-	0.00%	306	1.06%	253	83%	24
Construction and civil engineering	3,938	3,880	60	1.55%	58	1.47%	43	74%	8
Shipping and offshore	10,295	10,295	-	0.00%	-	0.00%	-	0%	-
Transportation	2,744	2,715	14	0.52%	29	1.06%	23	78%	3
Consumer durables (cars, appliances etc)	4,449	4,378	33	0.75%	71	1.60%	28	40%	6
Media and leisure	3,757	3,629	-	0.00%	128	3.40%	86	67%	17
Retail trade	20,627	20,304	-	0.00%	323	1.57%	185	57%	22
Consumer staples (food, agriculture etc)	23,526	23,215	177	0.76%	311	1.32%	266	85%	42
Health care and pharmaceuticals	3,809	3,764	14	0.37%	45	1.18%	24	53%	2
Financial institutions	85,422	85,418	-	0.00%	4	0.01%	2	37%	0
Real estate management	15,117	15,056	-	0.00%	62	0.41%	21	35%	1
IT software, hardware and services	2,529	2,477	-	0.00%	52	2.06%	29	55%	0
Telecommunication equipment	95	94	-	0.00%	1	0.95%	0	44%	-
Telecommunication operators	515	512	-	0.00%	3	0.55%	2	60%	-
Utilities (distribution and production)	5,163	5,163	-	0.00%	0	0.00%	0	36%	-
Otheri	9,755	9,655	21	0.22%	100	1.03%	88	88%	20
- of which household	63,265	62,754	9	0.01%	511	0.81%	345	67%	4
- mortgage financing	-	-	-	0.00%	-	0.00%	-	0%	3
- consumer financing	63,265	62,754	9	0.01%	511	0.81%	345	67%	1
- of which public sector	2,856	2,856	-	0.00%	-	0.00%	-	0%	-
Total credit risk exposure in the banking operations	**442,909**	**440,793**	**430**	**0.10%**	**2,116**	**0.48%**	**1,456**	**69%**	**164**

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Past due loans, non-impaired loans

31 Dec 2008 DKKm	Corporate customers	Household customers
6-30 days	2,624	184
31-60 days	1,288	112
61-90 days	765	49
>90 days	1,525	104
Total	**6,202**	**449**
Past due not impaired/lending in %	1.71%	0.19%
31 Dec 2007		
6-30 days	11,883	527
31-60 days	1,354	88
61-90 days	1,353	56
>90 days	2,128	73
Total	**16,718**	**744**
Past due not impaired/lending in %	5.38%	0.34%

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Past due loans, non-impaired loans

31 Dec 2008 DKKm	Corporate customers	Household customers
6-30 days	2,604	182
31-60 days	1,269	109
61-90 days	751	46
>90 days	1,515	94
Total	**6,139**	**430**
Past due not impaired/lending in %	2.27%	0.62%
31 Dec 2007		
6-30 days	11,860	527
31-60 days	1,338	88
61-90 days	1,341	56
>90 days	2,128	73
Total	**16,668**	**744**
Past due not impaired/lending in %	7.31%	1.18%

Transfer risk
The transfer risk exposure is dominated by a few countries, and is primarily short-term and trade related. To recognise the risk related to lending to developing countries, NBD carries transfer risk allowance and provisions for non-investment grade rated countries. The Russian Federation has now surpassed China as the country contributing the highest to transfer risk, reflecting the country's importance for NBD's Nordic corporate customers.

Impaired loans
Impaired loans, gross, have increased to DKK 4,686m from DKK 3,270m, during 2008. As the current downturn continues, worsened economic conditions for many customers have led to a substantial increase in impaired loans, especially during the last quarter of 2008. Allowances for individually assessed loans increased to DKK 2,333 from DKK 1,704m. The ratio of allowances to cover impaired loans, gross, was 50% (52%). Allowances for collectively assessed exposures were DKK 688m (DKK 361m).

The main increases in impaired loans were in household, consumer financing and in the sectors: "Construction and civil engineering", ”Real estate management” and ”Retail trade”.

Past due loans, which are not considered impaired, decreased for corporate customers to DKK 6,202m (DKKm 16,718). The volume of past due loans for household customers decreased to DKK 449m (DKK 744m) in 2008

Loan losses
The net effect in the profit and loss account from credit risk impairments was in 2008 negative net loan losses of DKK 1,587m (positive with DKK 47m), of which DKK 1,115m (positive with DKK 247m) relates to corporate customers and DKK 472m (negative with DKK 200m) to household customers. NBD realised net impairment losses of DKK 177m (DKK 114m) and recognised new allowances of DKK 2,675m (DKK 1,238m) and reversals of allowances of DKK 1,010m (DKK1,210m). Recoveries on realised losses from previous years were DKK 165m (DKK 190m).

Restructured loans and receivables before restructuring stand at the end of 2008 were DKK 87m (DKK 569m), and after restructuring at DKK 73m (DKK 222m). Assets taken over for protection of claims consist of ”Shares and other participations”.

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

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Restructured loans and receivables current year

DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Loans and receivables before restructuring, book value	87	569	593
Loans and receivables after restructuring, book value	73	222	523

Assets taken over for protection of claims

Current asssets, book value:			
Land and buildings	-	-	-
Shares an other participations	7	-	-
Other assets	-	-	-
Total	**7**	**-**	**-**

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.

Risk in derivatives

Derivative contracts are financial instruments, such as futures, forwards, swaps or options that derive their value from underlying interest rates, currencies, equities, credit spreads or commodity prices. The derivative contracts are often OTC traded, i.e. 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. This is performed either directly or in order to hedge positions in assets such as traded corporate bonds, and may include basket credit derivatives. Nordea does not actively use credit derivatives in connection with own credit portfolio. However, through Group Treasury, the Group 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 thus 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, i.e. 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 of 2008 was DKK 2,2bn, of which the current exposure represents DKK 1,2bn. 59% of the total exposure and 55% of the current exposure was towards Financial Institutions.

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.

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

	31 Dec 2008			31 Dec 2007		
DKKm	Current exposure	Potential future exposure	Total credit risk	Current exposure	Potential future exposure	Total credit risk
Total	**1,156**	**1,786**	**2,235**	**486**	**2,271**	**2,674**

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.

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.

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 the Liquidity Risk chapter.

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 and private equity funds and investments in hedge funds in Group Treasury, which are measured using scenario simulation. The scenarios are based on the sensitivity to changes in the underlying prices and their volatility. These risk figures are limited and monitored in the daily reporting and control process, but not included in the VaR numbers. CDOs and CDSs are included in the VaR figures through their sensitivities to changes in interest spreads, in complete analogy with corporate bonds. In addition, jump-to-default exposures and correlation risk are limited and monitored in the daily control process.

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

- 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,
- 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,
- 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 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 requires 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, Jump-to-Default exposure, scenario simulation and other non-statistical risk measures such as basis point values, net open positions and option key figures.

Normal market conditions

Nordea's universal VaR model is a 10-day, 99% confidence model, which uses the expected shortfall approach 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 will be exceeded in only one of 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 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 backtesting 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 lookback period, to one year, and the number of the most adverse simulation results in the estimate of the VaR (i.e. 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.

Market risk analysis

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

Total VaR

The total VaR was DKK 536m (DKK 158m) 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 increased 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 had even decreased.

Interest rate risk

The total interest rate VaR ended 2008 at DKK 394m (DKK 151m). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to move adversely for NBD, was DKK 623m at the end of 2008 (DKK 1,630m).

The largest part of NBD's interest rate sensitivity stemmed from interest rate positions in Danish Kroner and Euro.

Equity risk
At the end of 2008, NBD's equity VaR stood at 210m (DKK 48m). Structured equity option risk was DKK 0 at year-end (DKK 24m).

Credit spread risk
At DKK 3m, credit spread VaR is at an insignificant level.

Foreign exchange risk
NBD's foreign exchange VaR was DKK 26m (DKK 13m) at year-end. By far the largest foreign exchange exposure is to Euro.

Hedge and private equity fund risk
The net asset value of investments in hedge funds was DKK 735m at year-end (DKK 717m), and the fair value of investments in private equity funds was DKK 1,016m (DKK 1,054m). Both types of investments are spread over a number of funds.

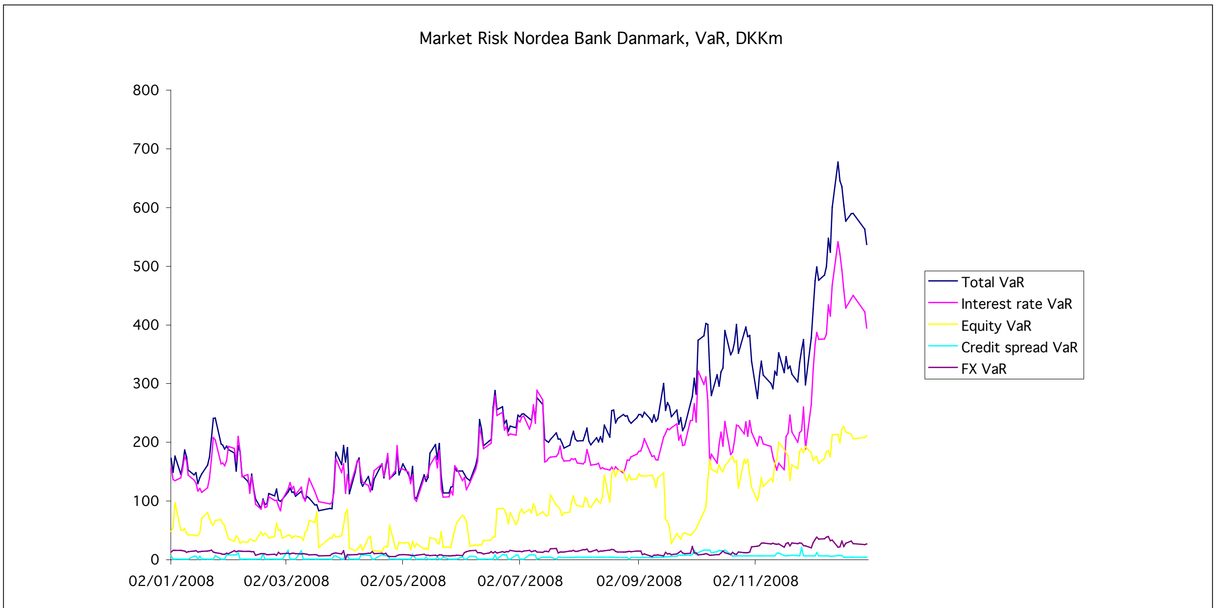
Nordea Bank Danmark Group

Market risk

DKKm	Measure	31 Dec 2008	Maximum	Minimum	Average	31 Dec 2007
Total risk	VaR	535.9	676.1	82.7	235.1	158.0
Interest rate risk	VaR	393.6	540.7	82.6	189.7	151.1
Equity risk	VaR	210.2	226.2	12.9	85.8	48.2
Credit Spread Risk	VaR	3.1	19.6	-	6.0	-
Foreign exchange risk	VaR	25.6	38.4	4.2	13.2	12.5
Diversification effect % of total	VaR	15%				25%
Structured Equity Option Risk	Simulation	-	29.3	-	7.6	24.0
Structured Equity Option	Simulation	-	11.8	-	2.4	2.6

Consolidated market risk exposures

DKKm	Type of exposure	31 Dec 2008	Maximum	Minimum	Average	31 Dec 2007
Hedge Funds	Net asset value	735.3	844.6	716.6	768.0	716.9
Private Equity Funds	Fair value	1,015.9	1,321.0	1,015.2	1,208.4	1,054.3



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.

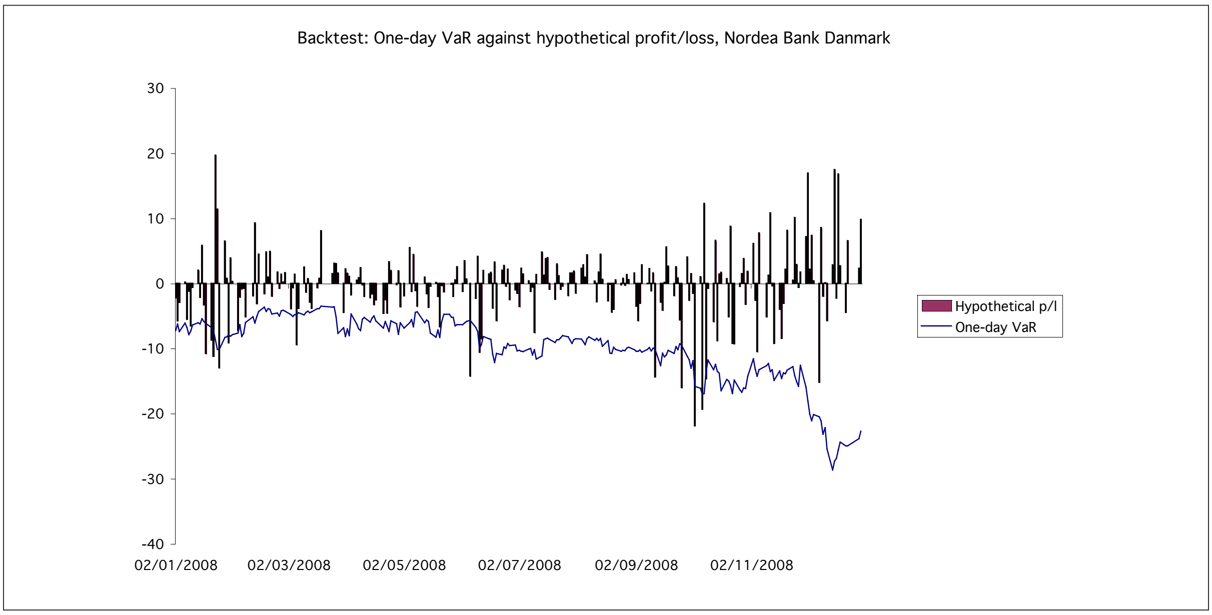
Each unit in Nordea is primarily responsible for managing its own operational risks. Group Credit and Risk Control develops and maintains a framework for identifying, assessing, mitigating, monitoring, controlling and reporting operational risks and supports the line organisation in implementing the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

Liquidity management

Management principles and control

The Board of Directors of Nordea has the ultimate responsibility for the 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 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 consist of policies, instructions and guidelines for the whole Group.

Liquidity risk management

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

Nordea's liquidity management is based on policy statements resulting in different liquidity risk measures, limits and organisational procedures.

Policy statements stipulate that Nordea's liquidity management reflects a conservative attitude towards liquidity risk. Nordea strives to diversify the Group's sources of funding and seeks to establish and maintain relationships with investors in order to manage the market access.

Broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Special focus is given to the composition of the investor base in 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 one 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. The 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 was 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, was DKK -38bn (DKK –41bn).

NBD's liquidity buffer was in the range DKK 53–173bn (DKK 37–125bn) throughout 2008 with an average of DKK 102bn (DKK 76bn). 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 NBD yearly average for the net balance of stable funding was DKK 38bn (DKK 43bn).

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 or decrease, respectively, 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, SIIR for decreasing market rates was DKK –473m (DKK –458m) and SIIR for increasing rates was DKK 216m (DKK 336m). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

Nordea Bank Danmark Group

SIIR Risk, Gap analysis, 31 Dec 2008
Re-pricing gap for increasing interest rates

Interest Rate Fixing Period DKKm	Balance sheet	Within 3 months	3-6 months	6-12 months	1-2 years	2-5 years	>5 years	Non re-pricing	Total
Assets									
Interest-bearing assets	848,712	570,601	8,375	662	9,505	4,252	209,659	45,658	848,712
Non interest-bearing assets	50,952	-	-	-	-	-	-	50,952	50,952
Total assets	**899,664**	**570,601**	**8,375**	**662**	**9,505**	**4,252**	**209,659**	**96,611**	**899,664**
Liabilities									
Interest-bearing liabilities	797,133	529,142	7,592	11,778	29,833	1,990	202,211	14,586	797,133
Non interest-bearing liabilities	102,532	-	-	-	-	-	-	102,532	102,532
Total liabilities	**899,664**	**529,142**	**7,592**	**11,778**	**29,833**	**1,990**	**202,211**	**117,118**	**899,664**
Off-balance sheet items, net		-14,160	-2,803	3,082	19,880	-4,383	-1,617	-	
Exposure		**27,299**	**-2,020**	**-8,034**	**-447**	**-2,121**	**5,830**	**-20,507**	
Cumulative exposure			**25,279**	**17,245**	**16,797**	**14,676**	**20,507**	**-**	

Nordea Bank Danmark Group

Contractual maturity analysis for financial liabilities
Contractual cash flows

Remaining contractual maturity, DKKm, 31 Dec 2008	Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	339,665	303,614	74,695	321,054	1,039,029

Remaining contractual maturity, DKKm, 31 Dec 2007	Payable on demand	Other within 1 year	1-5 years	>5 years	Total
Liabilities	350,667	206,157	44,993	277,311	879,128

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 the internal ratings based approach for the major part of the retail customers Nordea Bank Danmark had by the end of 2008 91% of the exposure covered by the IRB approach. 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 Danmark's 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.

Capital adequacy ratios

Nordea Bank Danmark Group

DKKm	31 Dec 2008	31 Dec 2007
RWA with transition rules	440	409
RWA Basel II (pillar 1) before transition rules	305	325
Regulatory Capital requirement with transition rules	35	33
Economic Capital	20	18
Capital base	38	38
Tier 1 capital	29	28
Tier 1 ratio with transition rules (%)	6.5	6.9
Tier 1 ratio before transition rules (%)	9.4	8.7
Core capital ratio including transition rules (%)	6.5	6.9
Core capital ratio excluding transition rules (%)	9.4	8.7
Capital ratio including transition rules (%)	8.6	9.2
Capital ratio excluding transition rules (%)	12.4	11.6

Nordea Bank Danmark A/S

RWA with transition rules	395	368
RWA Basel II (pillar 1) before transition rules	297	317
Regulatory Capital requirement with transition rules	32	29
Capital base	37	36
Tier 1 capital	28	27
Tier 1 ratio with transition rules (%)	7.0	7.4
Tier 1 ratio before transition rules (%)	9.4	8.5
Core capital ratio including transition rules (%)	7.0	7.4
Core capital ratio excluding transition rules (%)	9.4	8.5
Capital ratio including transition rules (%)	9.4	9.9
Capital ratio excluding transition rules (%)	12.5	11.5

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 DKK 135.5bn expressed as RWA and DKK 10.8bn expressed as regulatory capital requirement.

At the end of 2008 Nordea Bank Danmark's tier 1 capital ratio was 6.5%, compared to 6.9% at the

Nordea Bank Danmark Group

Capital requirements and RWA

DKKm	31 Dec 2008 Capital requirement	31 Dec 2008 Basel II RWA	31 Dec 2007 Capital requirement	31 Dec 2007 Basel II RWA
Credit risk	**20,127**	**251,591**	**22,818**	**285,225**
IRB foundation	19,117	238,964	12,169	152,110
- of which corporate	13,032	162,897	10,900	136,246
- of which institutions	1,265	15,807	1,170	14,629
- which retail	4,433	55,412	-	-
- of which other	388	4,847	99	1,234
Standardised	1,010	12,627	10,649	133,115
- of which retail	430	5,371	9,459	118,235
- of which sovereign	129	1,613	65	816
- of which other	451	5,643	1,125	14,064
Market risk	**2,406**	**30,071**	**1,514**	**18,926**
- of which trading book, VaR	1,226	15,326	596	7,450
- of which trading book, non-VaR	1,143	14,292	900	11,251
- of which FX, non-VaR	36	453	18	224
Operational risk	**1,836**	**22,946**	**1,658**	**20,721**
Standardised	1,836	22,946	1,658	20,721
Total	**24,371**	**304,633**	**25,990**	**324,872**
Adjustment for transition rules				
Additional capital requirement according to transition rules	10,839	135,490	6,736	84,201
Total reported	**35,210**	**440,123**	**32,726**	**409,073**

end of 2007. The capital ratio was 8.6% at the end of 2008 and 9.2% 2007.

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" 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 83% (88%) of the Pillar 1 requirement in Nordea Bank Danmark. Out of the total Pillar 1 requirement for credit risk 95% (53%) relate to IRB exposures, 5% (47%) to standardised exposures. In the IRB approach, 68% (90%) relate to the corporate exposure class, which under the foundation approach has an RWA average of 58% (56%) compared with 100% under Basel I.

Operational risk, calculated with the standardised approach, makes up 8% (6%) of the total Pillar 1 requirement. Nordea benefits from the use of internal models to assess market risk, which makes up 10% (6%) 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 for credit risk
The principles for the calculation of minimum capital requirements for credit risk differ between

Capital requirements for credit risk 31 Dec 2008

Nordea Bank Danmark Group

Exposure class, DKKm	Original exposure	EAD	Average risk weight	RWA	Capital requirement
IRB approach					
Institutions	68,648	60,294	26%	15,807	1,265
Corporate	409,868	279,213	58%	162,897	13,032
Retail	319,367	309,921	18%	55,412	4,433
- of which mortgage	217,715	217,049	13%	27,946	2,236
- of which other retail	101,653	92,872	30%	27,466	2,197
Other non-credit obligation assets	4,847	4,847	100%	4,847	388
Total IRB approach	**802,731**	**654,275**	**37%**	**238,964**	**19,117**
Standardised exposure classes					
Central governments or central banks	33,354	29,243	6%	1,613	129
Regional governments and local authorities	13,797	5,170	0%	0	0
Institutions	6,394	10,843	12%	1,281	102
Corporate	387	341	100%	341	27
Retail	9,806	6,843	75%	5,132	411
Exposures secured by real estates	674	670	36%	239	19
Other[1)]	6,812	6,648	60%	4,021	322
Total Standardised approach	**71,223**	**59,758**	**21%**	**12,627**	**1,010**
Total	**873,954**	**714,034**	**35%**	**251,591**	**20,127**

1) Administrative bodies and non-commercial undertakings, multilateral developments banks, past due items, short term claims, covered bonds, and other items. Associated companies not included.

Capital requirements for market risk 31 Dec 2008

Nordea Bank Danmark Group

	Trading book, VaR		Trading book, non-VaR		Banking book, non-VaR		Total	
DKKm	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk	14,750	1,180	13,252	1,060	-	-	28,002	2,240
Equity risk	894	72	1,043	83	-	-	1,938	155
Foreign exchange risk	1,252	100	-	-	453	36	1,705	137
Commodity risk	-	-	-	-	-	-	-	-
Diversification effect	-1,573	-126	-	-	-	-	-1,573	-126
Total	**15,324**	**1,226**	**14,295**	**1,143**	**453**	**36**	**30,071**	**2,406**

exposure classes, which serve as the basis for the reporting of capital requirements.

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

The table “Capital requirements for credit risk” shows the exposure, exposure at default (EAD), average risk weight percentage, 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)
The table “Capital requirements for market risk” shows required capital for market risk in Nordea Bank Danmark.

Of the DKK 30.1bn (DKK 18.9bn) in market risk RWA, approx. DKK 28.3bn (DKK 18.7bn) 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 Value-at-Risk (VaR) models. Portfolios not reported with VaR models are reported according to the standardised approach (non-VaR figures in the table above) instead.

Capital requirements for operational risk
The capital requirement for operational risk is DKK 1.8bn (DKK 1.7bn) 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 times gross income.

The beta coefficients differ between business lines and are in the range from 12% to 18%.

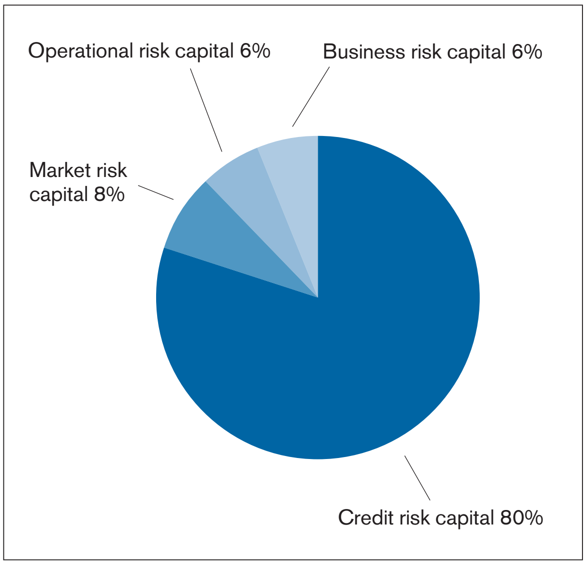
Capital requirements – Pillar 2
Nordea base the internal capital requirements under the ICAAP on Nordea’s Economic Capital framework.

Economic Capital (EC) at 31 December 2008 is calculated to DKK 20bn (DKK 18bn). The pie chart shows EC divided risk type and demonstrates that a majority of Nordea’s risk is held in the form of credit risk capital.

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, business risk and life insurance risk. Additionally, the EC models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea’s internal defined benefit plans, real estate risk and concentration risk.

EC by risk type Nordea Bank Danmark Group



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

Market risk for the banking business is based on scenario simulation and Value-at-Risk (VaR) models scaled to the time horizon and confidence interval in place for EC. Additionally, Nordea uses VaR and simulation modelling to determine EC for interest rate risk in the banking book, market risk in investment portfolios, risk in Nordea's internal defined benefit plans and real estate risk.

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

Business risk represents the earnings volatility inherent in all businesses due to the uncertainty of revenues and costs due to changes in the economic and competitive environment.

The main risk drivers are reputation risk, strategic risk, liquidity risk and indirect effects 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 Expected Loss (EL) ratio used in the economic capital framework, calculated as EL divided by exposure at default (EAD), was 17 basis points as of end of 2008 (16 basis points as of end of 2007) excluding the sovereign and institution exposure classes. Nordea has the ambition to use the same parameters in internal calculations of economic capital and EL as in regulatory capital calculations. Therefore, the EL ratio has been recalibrated as a consequence of the IRB Retail approval to be 22 basis points as of end of 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.

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

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.

According to CRD, half of the deduction for the investment in insurance should be deducted from tier 1 capital and the remaining half from the sum of tier 1 and tier 2.

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.

Summary of items included in the capital base

	NBD Group		NBD A/S	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
Equity	**30,263**	**29,744**	**23,152**	**23,783**
Proposed/actual dividend	-1,500	-2,200	-1,500	-2,200
Minority interests	1,250	1,247	-	-
Deferred tax assets	-	-	-	-71
Equity method	-	-	7,085	5,935
Intangible assets	-750	-288	-710	-245
IRB provisions excess(+)/shortfall (-)	-422	-136	-143	-51
Deduction for investments in credit institutions (50%)	-65	-108	-65	-108
Tier 1 capital (net after deductions)	**28,775**	**28,258**	**27,818**	**27,042**
- of which hybrid capital	-	-	-	-
Tier 2 capital	**9,523**	**9,530**	**9,523**	**9,530**
- of which perpetual subordinated loans	-	-	-	-
IRB provisions excess(+)/shortfall (-)	-422	-136	-143	-51
Deduction for investments in credit institutions (50%)	-65	-108	-65	-108
Total capital base	**37,812**	**37,543**	**37,133**	**36,412**

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.

Human resources

Nordea's employees continue to create great customer experiences as one team living our vision – making it possible.

It's all about people and Nordea's People Strategy

While products and services can easily be copied, people are in the end what will differentiate us from our competitors. Consequently, our people are what will bring Nordea from Good to Great. The clear and actionable People Strategy focuses on selected prioritised areas, namely:

- Building the foundation – HR Basics
- Being 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 and 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

All of these priorities will be guided by and reinforce Nordea's three values: Great customer experiences, One Nordea team and It's all about people.

Building the foundation – HR Basics

Having a good understanding of the people resources and putting solid people processes in place are an integral part of the People Strategy. A prerequisite for this is to have an HR Information System enabling us to collect relevant people data. This system should also support our most important people processes, like performance and talent management. In 2008, this system was implemented in all Nordic countries.

Being the employer of choice for those that will move us from Good to Great

The ability to realise the vision requires that Nordea has the very best employees. This applies both to the ability to attract as well as to retain the very best. To do this, we have worked hard in 2008 to strengthen our brand among selected target groups. Examples of initiatives are speed dating allowing for students to meet with Nordea employees online from all parts of the bank, and labour fairs at selected schools and universities, where we have presented the different opportunities available at Nordea. This work will continue in 2009 with the aim to be even more selective seeking to target those that can best partner with us moving from Good to Great. We will also intensify our efforts to identify and seek to retain those employees currently with Nordea.

Staffing making sure we have the right person in the right place at the right time

Going from Good to Great requires us to have the right person in the right place at the right time. Much effort has been made to do just this in 2008, for example by further developing the recruitment process and through the introduction of an on-boarding process bringing new employees up to speed quickly. We are looking at intensifying this work even further in 2009. This will be done by strengthening our people planning process, translating our business plans to people needs and by further strengthening the recruitment process. In addition, we will seek to improve internal mobility, making sure that we have the right person in the right place at the right time, while at the same time allowing for our employees to grow through new and different experiences.

Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance

Nordea has worked hard to improve performance management at Nordea in 2008. This work will continue in 2009 by further simplifying the process and tools, but equally if not more importantly, by continuing to build a culture where feedback and coaching are a natural part of our culture. More than 85% of all managers went through coaching training in 2008, and we will continue to focus on this area in 2009.

Providing opportunities for our people to develop and grow

We are proud of the improvements made in this area in 2008. For example, the introduction of a number of new academies aimed at developing for example personal bank advisers and branch managers, has led to very tangible improvements of our business results. However, we have no intentions to settle with this. In 2009 we must make sure to further strengthen the tie between the business needs and all that we do in terms of building competencies, ultimately measuring the value of our investment. Related to this, we must also make sure to always look for the effective ways to allow for people to grow, for example by making more use of e-learning than we do today.

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

An organisation's success is to a large degree dependent on its current and future leadership. Our ambitious vision and targets will most certainly require the same for Nordea. Hence, we must grow our current leaders while making sure we identify and develop those that are considered to have the potential to take on greater responsibilities in the future. The foundation for this work is to establish what leadership we shall seek to build, which was addressed in 2008, through the implementation of Nordea's leadership competencies. These leadership behaviours have served as a guide in the development of all leadership programmes in Nordea in 2008, and will continue to do so in 2009. The efforts to strengthen the leadership will continue in 2009, for example by further strengthening our TM process making sure we identify talents early and provide opportunities for them to realise their potential, together with us. While doing this, we will put special focus on females, aiming at increasing the percentage of females in leadership positions in 2009.

Profit-sharing scheme

All employees participate in a unified profit sharing programme. The profit sharing scheme is capped and not based on the value of the Nordea share. For 2008, each employee can receive a maximum of EUR 3,200, of which EUR 2,000 is based on a pre-determined level of risk-adjusted profit, an additional EUR 600 based on the level of customer satisfaction and an additional EUR 600 based on Nordea's relative performance compared to a Nordic peer group as measured by return on equity.

The profit sharing scheme for 2009 has been changed in order to better reflect Nordea's aim to strengthen customer relations. The level of customer satisfaction will be changed to relative customer satisfaction. The possible maximum outcome for the three parameters is unchanged.

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. So, in 2008, a second tool, the Social and Political Risk Assessment Tool (SPRAT) was introduced in the credit assessment process.

State guarantee scheme

In early October 2008, Danish Parliament agreed with banks to set up a guarantee scheme valid for two years, until the end of September 2010, which guarantees the claims of unsecured creditors, excluding covered bonds and subordinated debt, against losses in the participating banks.

Nordea decided for commercial reasons that Nordea Bank Danmark A/S would participate in the scheme. Nordea Bank Danmark A/S guarantees the payment of its portion of DKK 10bn to cover any losses under the guarantee scheme and the payment of an annual guarantee commission amounting to DKK 7.5bn annually for two years. If losses exceed these amounts, additional losses of up to DKK 10bn should also be covered by further guarantee commissions. The total payments are for all participating banks hence capped to DKK 35bn.

The scheme is expected to cost Nordea Bank Danmark A/S an annual commission expense of approx. DKK 1.3-1.5bn, excluding possible additional expenses for the guarantee, which would be reported as loan losses.

A second Danish State guarantee scheme was launched in January 2009, aiming to ensure that there is capital enough in the financial sector. The second scheme contains prolonged guarantees for banks' debt securities and deposits as well as a scheme for injections of core capital into banks' requiring and applying for this.

This second scheme is open for participation until the end of June 2009. Nordea is evaluating whether or not to join the second scheme.

Acquisition

On September 29, 2008 Nordea Bank Danmark A/S signed an agreement to acquire nine branch offices from "Bankaktie-selskabet af 24. august 2008" (Roskilde Bank). The transaction was closed on November 3, when Nordea received final approval from the Danish regulators.

Legal proceedings

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

SAirGroup legal dispute

As previously communicated in the Annual Report a writ has been served on Nordea Bank Danmark in January 2006 based on an avoidance claim of USD 61.2m plus interest by SAirGroup in Nachlassliquidation filed with the Commercial Court of Zürich. The Zürich Commercial Court dismissed the claim in April 2008. The liquidation estate has appealed the case to the Swiss Supreme Court. Nordea is contesting the claim and has made no provisions.

Subsequent events

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

In January 2009 Nordea Bank Danmark A/S has established a EUR 10,000m Medium Term Note (EMTN) Programme listed on the Luxembourg Stock Exchange. In February 2009 Nordea Bank Danmark A/S issued notes with a nominal amount of EUR 1,500m under the Medium Term Note Programme. The notes are due September 2010.

Outlook 2009

Due to the prevailing market conditions, the provided outlook is associated with an unusually high degree of uncertainty.

The macroeconomic development in the Nordic countries has during the latter part of the autumn 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 ontinue doing more business with existing customers, and on a selective basis attracting new customers with solid credit profiles in prioritised segments. Market lending growth is expected to be lower in 2009, compared to 2008, however Nordea Group sees potential for growth somewhat more than the market. Nordea Bank Denmark 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 high speed at which the global and Nordic economies now are weakening means that the credit portfolio will be affected. Based on the current macroeconomic outlook, Nordea Group anticipates net loan losses in 2009 broadly in line with the annualised rate of the fourth quarter 2008. The uncertainty regarding future loan loss levels is however significant.

Risk-adjusted-profit is in 2009 expected to be at approx. the same level as in 2008.

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

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Income statement

DKKm	Note	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Operating income					
Interest income		44,422	34,660	31,908	24,827
Interest expense		-34,502	-26,240	-24,613	-18,673
Net interest income	2	**9,920**	**8,420**	**7,295**	**6,154**
Fee and commission income		4,463	3,928	4,759	4,153
Fee and commission expense		-528	-514	-386	-343
Net fee and commission income	3	**3,935**	**3,414**	**4,372**	**3,810**
Net gains/losses on items at fair value	4	-742	844	-436	967
Profit from companies accounted for under the equity method	20	145	234	-	-
Dividends	5	-	-	70	130
Other operating income	6	469	380	496	385
Total operating income		**13,727**	**13,292**	**11,797**	**11,446**
Operating expenses					
General administrative expenses:					
Staff costs	7	-5,230	-4,885	-5,054	-4,702
Other expenses	8	-2,785	-2,765	-2,699	-2,648
Depreciation, amortisation and impairment charges of tangible and intangible assets	9, 21, 22	-142	-108	-124	-91
Other operating expenses		-369	-	-369	-
Total operating expenses		**-8,526**	**-7,758**	**-8,246**	**-7,441**
Loan losses	10	-1,587	47	-1,456	116
Operating profit		**3,614**	**5,581**	**2,095**	**4,121**
Income tax expense	11	-893	-1,308	-539	-1,054
Net profit for the year		**2,721**	**4,273**	**1,556**	**3,067**
Attributable to:					
Shareholders of Nordea Bank Danmark A/S				1,556	3,067
Minority interests				-	-
Total				**1,556**	**3,067**

Balance sheet

DKKm	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		3,179	3,014	3,179	3,014
Loans and receivables to credit institutions	13	95,229	128,892	114,160	147,221
Loans and receivables to the public	13, 23	613,200	533,237	348,467	293,869
Interest-bearing securities	14	80,734	89,543	144,422	120,488
Financial instruments pledged as collateral	15	59,111	33,412	59,745	34,218
Shares	16	11,597	15,974	11,589	15,967
Derivatives	17	4,314	3,872	4,314	3,872
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	241	184	241	184
Investments in group undertakings	19	46	57	7,990	8,001
Investments in associated undertakings	20	265	219	88	82
Intangible assets	21	750	288	710	245
Property and equipment	22, 23	293	259	237	226
Investment property	24	25	77	5	6
Deferred tax assets	11	-	-	-	71
Current tax assets	11	465	301	849	730
Retirement benefit assets	33	135	132	135	132
Other assets	25	25,041	24,961	48,088	48,617
Prepaid expenses and accrued income	26	5,039	3,521	5,618	4,416
Total assets		**899,664**	**837,943**	**749,837**	**681,359**
Liabilities					
Deposits by credit institutions	27	260,868	222,701	262,667	224,632
Deposits and borrowings from the public	28	315,853	277,972	318,296	280,654
Debt securities in issue	29	210,886	205,910	-	-
Derivatives	17	4,364	3,659	4,364	3,659
Current tax liabilities	11	-	-	-	-
Other liabilities	30	58,276	82,012	126,447	135,695
Accrued expenses and prepaid income	31	8,513	5,577	4,838	3,120
Deferred tax liabilities	11	739	643	55	-
Provisions	32	349	143	465	234
Retirement benefit obligations	33	54	75	54	75
Subordinated liabilities	34	9,499	9,507	9,499	9,507
Total liabilities		**869,401**	**808,199**	**726,685**	**657,576**
Equity	35				
Minority interests		26	26	-	-
Share capital		5,000	5,000	5,000	5,000
Other reserves		-21	-4	-2	1
Proposed dividends		1,500	2,200	1,500	2,200
Retained earnings		23,758	22,522	16,654	16,582
Total equity		**30,263**	**29,744**	**23,152**	**23,783**
Total liabilities and equity		**899,664**	**837,943**	**749,837**	**681,359**
Assets pledged as security for own liabilities	36	137,298	91,709	137,953	92,515
Other assets pledged	37	-	-	-	-
Contingent liabilities	38	38,846	35,479	123,125	118,826
Commitments excluding derivatives	39	224,784	145,986	205,466	130,533
Derivative commitments	17, 39	1,445,616	1,610,655	1,445,616	1,610,655

Statement of recognised income and expense[1]

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Currency translation differences during the year	-14	-5	-	-
Currency hedging	-	-	-	-
Available-for-sale investments:				
Valuation gains/losses taken to equity	-4	-3	-4	-3
Tax on items taken directly to or transferred from equity	1	1	1	1
Net income recognised directly in equity	**-17**	**-7**	**-3**	**-2**
Net profit for the year	2,721	4,273	1,556	3,067
Total recognised income and expense for the year	**2,704**	**4,266**	**1,553**	**3,065**
Attributable to:				
Shareholders of Nordea Bank Danmark A/S			1,553	3,065
Minority interests			-	-
Total			**1,553**	**3,065**

[1] See note 35 Equity for further information.

Cash flow statement

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Operating activities				
Operating profit	3,614	5,581	2,095	4,121
Adjustments for items not included in cash flow	1,659	-68	1,600	3
Income taxes paid	-961	-1,586	-532	-1,185
Cash flow from operating activities before changes in operating assets and liabilities	**4,312**	**3,927**	**3,163**	**2,939**
Changes in operating assets				
Change in loans and receivables to credit institutions	33,720	-7,443	33,760	-11,483
Change in loans and receivables to the public	-78,399	-49,396	-52,879	-24,856
Change in interest-bearing securities	8,809	-44,854	-23,934	-36,841
Change in financial assets pledged as collateral	-25,699	43,672	-25,527	45,027
Change in shares	4,377	1,633	4,378	1,633
Change in derivatives, net	263	-106	263	-106
Change in investment properties	52	-6	1	-5
Change in other assets	-1,624	27,667	-699	15,396
Changes in operating liabilities				
Change in deposits by credit institutions	35,631	-487	35,499	-1,249
Change in deposits and borrowings from the public	37,881	24,595	37,642	24,660
Change in debt securities in issue	4,976	22,890	-	-
Change in other liabilities	-20,872	-15,631	-7,633	-8,687
Cash flow from operating activities	**3,427**	**6,461**	**4,034**	**6,428**
Investing activities				
Acquisition of investments in business combinations	-604	-	-604	-
Sale of investments in group undertakings	12	154	11	153
Acquisition of investments in associated undertakings	-2	-14	-2	-12
Sale of investments in associated undertakings	-	128	-	123
Acquisition of property and equipment	-138	-170	-98	-144
Sale of property and equipment	14	4	6	-
Acquisition of intangible assets	-279	-179	-275	-164
Sale of intangible assets	-	-	-	-
Purchase/sale of other financial fixed assets	-	-	-	-
Cash flow from investing activities	**-997**	**-77**	**-962**	**-44**
Financing activities				
Issued subordinated liabilities	-8	-894	-8	-894
Dividend paid	-2,200	-1,500	-2,200	-1,500
Cash flow from financing activities	**-2,208**	**-2,394**	**-2,208**	**-2,394**
Cash flow for the year	**222**	**3,990**	**864**	**3,990**
Cash and cash equivalents at the beginning of year	11,338	7,348	11,338	7,348
Exchange rate difference	-	-	-	-
Cash and cash equivalents at the end of year	11,560	11,338	12,202	11,338
Change	**222**	**3,990**	**864**	**3,990**

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 Bank Danmark's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Cash flow statement *(cont.)*

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

	Group		Parent company	
DKKm	2008	2007	2008	2007
Depreciation	131	108	113	91
Impairment charges	11	-	11	-
Loan losses	1,381	-47	1,226	-116
Change in provisions	185	-72	210	-43
Profit from associated and group undertakings	-141	-230	27	66
Dividends	94	186	-	-
Other	-2	-13	13	5
Total	**1,659**	**-68**	**1,600**	**3**

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

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

	Group		Parent company	
DKKm	2008	2007	2008	2007
Interest payments received	37,319	33,952	24,854	23,871
Interest expenses paid	-26,543	-25,462	-17,598	-18,465

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 acquisitin and sale of group undertakings are presented separately and consist

	Group		Parent company	
DKKm	2008	2007	2008	2007
Acquisition of business combination				
Cash and cash equivalents	29	-	29	-
Loans and receivables to the public	2,945	-	2,945	-
Property & equipment and intangible assets	236	-	236	-
Other assets	34	-	34	-
Total assets	**3,244**	**-**	**3,244**	**-**
Deposits by credit institutions	2,536	-	2,536	-
Other liabilities and provision	75	-	75	-
Total liabilities	**2,611**	**-**	**2,611**	**-**
Purchase price paid	**633**	**-**	**633**	**-**
Cash and cash equivalents	29	-	29	-
Net effect on cash flow	**604**	**-**	**604**	**-**

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
DKKm	2008	2007	2008	2007
Cash and balances at central banks	3,179	3,014	3,179	3,014
Loans and receivables to credit institutions, payable on demand	8,381	8,324	9,023	8,324
Total	**11,560**	**11,338**	**12,202**	**11,338**

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

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

Notes to the financial statements

Note 1
Accounting policies

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1. Basis for presentation

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

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

On 9 February 2009 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting on 12 March 2009.

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.

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	
DKKm	Restated	Reported	Restated	Reported
Net gains/losses on items at fair value	-742	-744	844	835
Dividends	-	2	-	9

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.

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
- 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".

Claims in civil lawsuits

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

5. Principles of consolidation

Consolidated entities

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

All Group undertakings are consolidated using the purchase method. Under the purchase method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities. The acquisition cost to the Group is established in a purchase price allocation analysis.

In such analysis, the cost of the business combination is established as the fair values of recognised identifiable assets, liabilities and contingent liabilities. The cost of the business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer, in exchange for the net assets acquired, plus any costs directly attributable to the business combination. When the cost of the business combination exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is immediately recognised in the income statement.

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.

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

Investments in associated undertakings
The equity method of accounting is used for associated undertakings where the share of voting rights is between 20 and 50 per cent and/or where Nordea has significant influence. Investments within Nordea's investment activities 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.

Special Purpose Entities (SPE)
In accordance with IFRS Nordea does not consolidate SPEs' assets and liabilities beyond its control. In order to determine whether Nordea controls an SPE or not, Nordea has to make judgements about risks and rewards and assesses the ability to make operational decisions for the SPE in question.

When assessing whether Nordea shall consolidate a SPE, a range of factors are evaluated. These factors include whether the activities of the SPE are being in substance conducted on Nordea's behalf or if Nordea has in substance the decision making powers, the rights to obtain the majority of the benefits or the majority of the residual- or ownership risks.

Nordea consolidates all SPEs, where Nordea has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that Nordea does not have any significant risks or rewards on these assets and liabilities.

SPEs used to allow clients to hold investments are structures that allow one or more clients to invest in an asset or set of assets (e.g. mutual funds), which are generally purchased by the SPE. The risks and rewards of the assets held by the SPE entirely reside with the clients. Typically, Nordea will receive service and commission fees for the creation of the SPE, or because it acts as investment manager, custodian or in some other function. Nordea is the investment manager and has sole discretion about investments and other administrative decisions, but has no or only an insignificant amount of capital invested. In most instances, SPEs used to allow clients to hold investments are not consolidated as Nordea's legal and contractual rights and obligations indicate that Nordea does not have the power to govern the financial and operating policies of these entities. Nordea consequently does not have the objective of obtaining benefits from its activities through such power. Nor does Nordea have the majority of the residual- or ownership risk.

The number of SPEs that Nordea has created is limited. The SPEs that are consolidated in the Group are further described in Note 19 "Investments in Group undertakings".

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

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

Changes in Group structure
There have been no significant changes in the Group structure during the year. A business combination has, on the other hand, been effected as Nordea has acquired nine branches, which constitute a business under IFRS 3, from Roskilde Bank. See note 50 "Acquisitions" for more information.

6. Recognition of operating income and expense

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

Interest income and interest 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". 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
- Other financial instruments, which contains credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, which includes realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from divestments

Dividends
Dividends received are recognised in the income statement as "Net gains/losses on items at fair value" and classified as "Shares/participations and other share-related instruments" in the note. 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 profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in the associated companies. Profits from companies accounted for under the equity method are reported in the income statement post-taxes. Consequently, tax expense related to these profits is excluded from the income tax expense for Nordea.

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.

Other operating expenses
Nordea Bank Danmark's share of the guarantee commission for the Danish state guarantee scheme is evenly recognised on an accrual basis over the term of two years in the item "Other operating expenses". Nordea Bank Danmark's share of the guarantee to cover losses is recognised off-balance sheet in the item "Contingent liabilities". If it is more likely than not that a present obligation exists at the balance sheet date a provision is 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".

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 44 "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".

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

9. Hedge accounting
IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, so-called hedge accounting. 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 and changes in fair value of the hedging instruments and in order to hedge the exposure to variability in cash flows and net investments in foreign operations. 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
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”.

Cash flow hedge accounting
Cash flow hedge accounting is used for the hedging of exposure to variations in future interest payments on asset or liabilities with variable interest rates. The portion of the gain or loss on the hedging instrument, that is determined to be an effective hedge, is recognised directly in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the item “Net gains/losses on items at fair value” in the income statement.

Gains or losses on hedging instruments recognised directly in equity are recognised in the income statement in the same period as interest income or interest expense from the hedged asset or liability.

Hedges of net investments
See separate section 8 “Translation of assets and liabilities denominated in foreign currency”.

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. In cash flow hedges, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective is reclassified from equity to “Net gains/losses on items at fair value” in the income statement.

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:
- Treasury bills
- Interest-bearing securities
- Shares
- Derivatives (listed derivatives)
- Debt securities in issue (issued mortgage bonds in Nordea Kredit Realkreditaktieselskab)

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

- Treasury bills (when quoted prices in an active market are not available)
- Loans and receivables to the public (mortgage loans in the Danish subsidiary Nordea Kredit Realkreditaktieselskab)
- 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 42 "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 41 "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.

The major parts of the sub-categories Financial assets/financial liabilities upon initial recognition designated at fair value through profit or loss are mortgage loans and related issued bonds in the Danish subsidiary Nordea Kredit Realkreditaktieselskab. Assets and liabilities in Nordea Kredit Realkreditaktieselskab are classified as upon initial recognition designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

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”.

This category is used only to a very limited extent in Nordea. See further note 41 ”Classification of financial instruments”.

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

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

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

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

Securities borrowing and lending agreements
Generally, securities borrowing and securities lending transactions are entered into on a collateralised basis. Unless the risks and rewards of ownership are transferred, the securities are not derecognised from or recognised on the balance sheet. In the cases where the counterpart 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 are recognised on the balance sheet as ”Loans and receivables to credit institutions” or as ”Loans and receivables to the public”. Cash collateral received from the counterparts are recognised on the balance sheet as ”Deposits by credit institutions” or as ”Deposits and borrowings from the public”.

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

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

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

Cash received under repurchase agreements 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 41 ”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
All loans not impaired on an individual basis are collectively assessed for impairment. The loans are grouped on the basis of similar credit risk characteristics that are indicative of the debtors’ ability to pay all amounts due according to the contractual terms.

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.

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, which has not yet been identified on an individual basis. 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.

For corporate customers and bank counterparts, 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. These 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. Personal customers and small corporate customers are monitored through scoring models. These are based mostly on historical data, as default rates and loss rates given a default, and experienced judgement performed by management. Rating and scoring models are described in more detail in the separate section on Risk, Liquidity and Capital management.

The collective assessment is performed through a netting principle, i.e. when rated engagements are up-rated due to estimated increases in cash flows, this improvement will be netted against losses on loans that are down-rated due to estimated decreases in cash-flows. Netting is only performed within groups where Nordea assesses that the customers ‘ future cash flows are insufficient to serve the loans in full.

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.

Operating leases

Assets subject to operating leases in the balance sheet are reported in accordance with the nature of the assets, in general as property and equipment. Leasing income is recognised as income on a straightline basis over the lease term. The depreciation of the leased assets is calculated on the basis of Nordea’s depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

Nordea as lessee

Finance leases

In the consolidated accounts finance leases are recognised as assets and liabilities in the balance sheet at the amount equal to the fair value, 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 straightline 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.

Embedded leases

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

15. Intangible assets

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

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea’s share of net identifiable assets of the acquired group undertaking/associated undertaking at the date of acquisition. Goodwill on acquisition of group undertakings is included in ”Intangible assets”. Goodwill on acquisitions of associates is included in ”Investments in associated undertakings”. Goodwill is tested annually for impairment 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 10 years.

Customer related intangible assets
When acquiring customer related contracts the fair value of these contracts is recognised as customer related intangible assets. Amortisation is recognised over the expected lifetime of the contracts.

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

Impairment
Goodwill and other intangible assets with indefinite useful lives are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to indication of impairment. The impairment charge is calculated as the difference between the 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) in Nordea. The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing. If the recoverable amount is less than the 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 straightline basis as follows:

Buildings	30-75 years
Equipment	3-5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. 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. Investment property
Investment properties are primarily properties held to earn rent and capital appreciation. Investment properties are measured at fair value. The best evidence of a fair value is normally given by current prices on an active market for similar property in the same location and condition. In the absence of current prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as ”Net gains/losses on items at fair value”.

18. Taxes
Income tax 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 effects 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. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. 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.

19. Pensions to employees

Pension plans

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

The major defined benefit plans are funded schemes covered by assets in pension funds/foundations. If the fair value of plan assets, associated with a specific pension plan, is lower than the gross present value of the defined benefit obligation, the net amount is recognised as a liability (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.

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

Pension costs

The pension calculations are carried out by country and by pension plan 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 33 "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 Danmark A/S.

Other reserves

Other reserves comprise income and expenses, net after tax effects that are reported in equity in accordance with IFRS. These reserves include revaluation reserves in accordance with IAS 39 (Fair value reserve and Cash flow hedges) as well as translation differences in accordance with IAS 21.

Retained earnings

Retained earnings comprise undistributed profits from previous years.

In addition, Nordea's share of the earnings in associated companies, after the acquisition date, that have not been distributed is included in retained earnings.

21. Share-based payment

Nordea has issued Long Term Incentive Programmes in 2007 and 2008. Employees participating in these programmes are granted share-based and equity-settled rights, i.e. rights to acquire shares in Nordea 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 statement UFR 7 issued by the Swedish Financial Reporting Board: "IFRS 2 and social security contributions for listed enterprises". 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 7 "Staff costs".

22. Related party transactions

Nordea defines related parties as:

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

Shareholders with significant influence

Shareholders with significant influence are shareholders that by any means have a significant influence over Nordea Bank Danmark. Nordea Bank AB has a significant influence over Nordea Bank Danmark A/S.

Group undertakings and other group companies

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

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

Group internal transactions between legal entities are performed according to arm's length principles in conformity with OECD requirements on transfer pricing. 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 note 20 "Investments in associated undertakings".

Key management personnel
Key management personnel includes the following positions:
- The Board of Directors
- The Executive Management

For information about compensation and pensions to key management personnel, see note 7 "Staff costs".

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

23. Segment reporting

Segment reporting structure
Financial results are presented for the two main Customer areas, Nordic Banking and Institutional and International Banking.

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

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

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

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

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 dividends as described above in section 3 "Changed accounting policies and presentation".

Furthermore, the presentation of dividends in the customers´ portfolio schemes has been changed in accordance with the accounting policy of the Nordea Group. Dividends in the portfolio schemes have been reclassified between Net interest income and Net gains/losses on items at fair value.

The impact on the income statement in 2008 and on the comparative figures is disclosed in the tables below.

DKKm	2008 Restated	Pre policy change	2007 Restated	Reported
Net interest income	7,295	7,025	6,154	5,857
Net gains/losses on items at fair value	-436	-168	967	1,257
Dividends	70	72	130	137

As for the Group, an addition to the accounting policies has been made, as an amendment to IAS 39 and IFRS 7 was published in October with effective date 1 July 2008. See section 3 "Changed accounting policies and presentation" for more information. Nordea has made no reclassification as a consequence of this amendment.

Investments in group undertakings and associated undertakings
The parent company's investments in subsidiaries and associated companies are recognised under the cost model.

Dividends paid by group undertakings and associated undertakings to the parent company are recognised in the banks profit when approved by the Annual General Meeting. Dividends from group undertakings and associated undertakings are recognised on the separate income line "Dividends".

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

25. Exchage rates

Exchange rates

EUR 1 = SEK	2008	2007
Income statement (average)	9.6043	9.2498
Balance sheet (at end of period)	10.9361	9.4572
EUR 1 = DKK		
Income statement (average)	7.4560	7.4505
Balance sheet (at end of period)	7.4532	7.4588
EUR 1 = NOK		
Income statement (average)	8.2088	8.0148
Balance sheet (at end of period)	9.8513	7.9739
EUR 1 = PLN		
Income statement (average)	3.5020	3.7790
Balance sheet (at end of period)	4.1483	3.6022

Note 2
Net interest income

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Interest income				
Loans and receivables to credit institutions	5,048	3,912	5,044	3,858
Loans and receivables to the public	30,832	24,920	18,118	14,568
Interest-bearing securities	6,449	4,086	8,230	5,967
Other interest income	2,093	1,742	516	434
Total interest income	**44,422**	**34,660**	**31,908**	**24,827**
Interest expense				
Deposits by credit institutions	-11,564	-7,386	-12,141	-8,323
Deposits and borrowings from the public	-11,894	-10,048	-11,977	-9,843
Debt securities in issue	-10,530	-8,282	0	0
Subordinated liabilities	-489	-479	-489	-479
Other interest expenses	-25	-45	-6	-28
Total interest expense	**-34,502**	**-26,240**	**-24,613**	**-18,673**
Net interest income	**9,920**	**8,420**	**7,295**	**6,154**

Interest income from financial instruments not measured at fair value through profit or loss are caculated to DKK 9,452m (DKK 10,270m). Interest expenses from financial instruments not measured at fair value through profit or loss are calculated to DKK 10,922m (DKK 8,251m).

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Net interest income				
Interest income	43,968	34,215	31,908	24,827
Leasing income, net	454	445	-	-
Interest expense	-34,502	-26,240	-24,613	-18,673
Total	**9,920**	**8,420**	**7,295**	**6,154**

Note 3
Net fee and commission income

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Asset Management commissions	337	331	337	330
Life insurance	52	64	52	64
Brokerage	1,891	1,413	1,828	1,337
Custody	80	56	79	56
Deposits	30	34	30	35
Total savings related commissions	2,390	1,898	2,326	1,822
Payments	472	475	472	475
Cards	279	269	273	261
Total payment commissions	751	744	745	736
Lending	748	713	636	587
Guarantees and documentary payments	262	294	848	856
Total lending related to commissions	1,010	1,007	1,484	1,443
Other commission income	312	279	204	152
Fee and commission income	**4,463**	**3,928**	**4,759**	**4,153**
Payment expenses	-133	-119	-130	-114
Other commission expenses	-395	-395	-256	-229
Fee and commission expenses	**-528**	**-514**	**-386**	**-343**
Net fee and commission income	**3,935**	**3,414**	**4,372**	**3,810**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amount to DKK 772m (DKK 748m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

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

Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amount to DKK 2,281m (DKK 1,807m). The corresponding amount for fee expenses is DKK 0m (DKK 0m).

Note 4
Net gains/losses on items at fair value

	Group		Parent company	
DKKm	2008	2007	2008	2007
Shares/participations and other share-related instruments	-717	1,024	-720	1,023
Interest-bearing securities and other interest-related instruments	-107	-1,029	203	-910
Other financial instruments	-224	393	-226	399
Investment properties	-1	-1	0	-
Foreign exchange gains/losses	307	457	307	455
Total	**-742**	**844**	**-436**	**967**

Net gains/losses for categories of financial instruments

Financial instruments designated at fair value through profit or loss	-4,547	-3.741	-4,547	-3,743
Financial instruments held for trading[1]	3,820	4,587	4,126	4,711
Financial instruments under hedge accounting	-15	-1	-15	-1
of which net losses on hedging instruments	-70	214	-70	214
of which net gains on hedged items	56	-215	56	-215
Other	0	-1	0	0
Net gains/losses on items at fair value	**-742**	**844**	**-436**	**967**

[1] Deffered day one profits amounts to DKK 0m for 2008 (DKK 0m for 2007).

Note 5
Dividends

Investments in group undertakings	-	-	-	-
Investments in associated undertakings	-	-	70	130
Total	**-**	**-**	**70**	**130**

Note 6
Other operating income

Income from group companies	361	293	474	341
Other	108	87	22	44
Total	**469**	**380**	**496**	**385**

Note 7
Staff costs

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Salaries and remuneration (specification below)	-4,193	-3,902	-4,048	-3,750
Pension costs (specification below)	-411	-381	-396	-367
Social insurance contributions	-423	-328	-415	-321
Profit-sharing	-55	-131	-52	-126
Other staff costs	-148	-143	-143	-138
Total	**-5,230**	**-4,885**	**-5,054**	**-4,702**
Salaries and remuneration				
To executives [1]				
- Fixed compensation and benefits	-19	-19	-19	-19
- Performance-related compensation	-4	-7	-4	-7
Total	**-23**	**-26**	**-23**	**-26**
To other employees	-4,170	-3,876	-4,025	-3,724
Total	**-4,193**	**-3,902**	**-4,048**	**-3,750**

[1] Executives include the Board of Directors and Executive Management of the parent company Nordea Bank Danmark (including former members of the Executive Management). Exclusive long-term incentive programmes.

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Pension costs:				
Defined benefits plans (note 33)	-5	-14	-5	-14
Defined contribution plans	-406	-367	-391	-353
Total	**-411**	**-381**	**-396**	**-367**
Salaries and remuneration to the Board of Directors and the Executive Management including pension[1 2]				
The Executive Management	-30	-40	-30	-40
The Board of Directors	-	-	-	-
Total	**-30**	**-40**	**-30**	**-40**

[1] Of which pension DKK 8m (2007: DKK 13m) including former members of the Executive Management DKK 4m (2007: DKK 4m). Exclusive long-term incentive programmes.

[2] Executives amount to 11 (12) individuals in the Group and to 11 (12) individuals in the parent company including former board members and managing directors.

Share-based payment

Group

Conditional Rights LTIP 2008	2008 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	-	-	-
Granted	140,541	279,347	140,541
Forfeited	-	-138,806	-
Exercised	-	-	-
Outstanding at end of year	**140,541**	**140,541**	**140,541**
Of which currently exercisable	-	-	-

Parent

Conditional Rights LTIP 2008	2008 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	-	-	-
Granted	137,462	274,924	137,462
Forfeited	-	-137,462	-
Exercised	-	-	-
Outstanding at end of year	**137,462**	**137,462**	**137,462**
Of which currently exercisable	-	-	-

Note 7
Staff costs *(cont.)*

Group

Conditional Rights LTIP 2007	2008 A Rights	B-C Rights	D Rights	2007 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	121,311	215,564	121,311	-	-	-
Granted	2,015	4,030	2,015	121,311	242,622	121,311
Forfeited	-977	-99,950	-977	-	-27,058	-
Exercised	-	-	-	-	-	-
Outstanding at end of year	**122,349**	**119,644**	**122,349**	**121,311**	**215,564**	**121,311**
Of which currently exercisable	-	-	-	-	-	-

Parent

Conditional Rights LTIP 2007	2008 A Rights	B-C Rights	D Rights	2007 A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	118,391	210,375	118,391	-	-	-
Granted	2,015	4,030	2,015	118,391	236,782	118,391
Forfeited	-977	-97,616	-977	-	-26,407	-
Exercised	-	-	-	-	-	-
Outstanding at end of year	**119,429**	**116,789**	**119,429**	**118,391**	**210,375**	**118,391**
Of which currently exercisable	-	-	-	-	-	-

Long-Term Incentive Programme

Participation in the Long Term Incentive programme (LTIP) requires that the participants take direct ownership by investing in Nordea shares. For each ordinary share the participants acquired and locked in to the LTIP 2007 and LTIP 2008, the participants were granted a conditional A right to acquire one ordinary share ("Matching Share"), based on continued employment, and the conditional B-D rights to acquire three additional ordinary shares, based on fulfilment of certain performance criteria ("Performance Shares"). The performance criteria comprise a target growth in risk adjusted profit per share (RAPPS) in 2007 (B Rights) and in 2008 (C Rights) for LTIP 2007 and in 2008 (B Rights) and in 2009 (C Rights) for LTIP 2008.

Additionally, the performance criteria for D-rights is a growth target in total shareholder return (TSR) in comparison with peer Group TSR between 2007 and 2008 for LTIP 2007 and between 2008 and 2009 for LTIP 2008. Full right to exercise in LTIP 2007 was obtained if the RAPPS increased by 15% or more during 2007, and by 12% or more during 2008 and that the TSR between 2007 and 2008 exceeded peer group index by 10 percentage units. Full right to exercise in LTIP 2008 will be obtained if the RAPPS increases by 12% or more during 2008, and by 12% or more during 2009 and that the TSR between 2008 and 2009 ranks as number one in the peer group.

	LTIP 2008 A Rights	B-C Rights	D Rights	LTIP 2007 A Rights	B-C Rights	D Rights
Ordinary share per right	1	1	1	1	1	1
Exercise price	EUR 3.0	EUR 2.0	EUR 2.0	EUR 3.5	EUR 1.5	EUR 1.5
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	24 months	24 months	24 months	24 months	24 months	24 months
Contractual life	48 months	48 months	48 months	48 months	48 months	48 months
First day of exercise	April 2010	April 2010	April 2010	30 April 2009	30 April 2009	30 April 2009
Fair value at grant date[1]	EUR 7.53	EUR 8.45	EUR 4.14	EUR 8.76	EUR 10.49	EUR 7.76

[1] The fair value is measured through the use of option pricing models with the following input factors: weighted average share price EUR 12.33 for LTIP 2007 and EUR 11.08 for LTIP 2008, right life is estimated to 3 years for LTIP 2007 and to 2.5 years for LTIP 2008, expected dividends are deducted, risk free rate 4.20% for LTIP 2007 and 3.83 % for LTIP 2008 and expected employee turn over in the programme is set to 3% for LTIP 2007 and 4% for LTIP 2008. Expected volatility is set to 20% for LTIP 2007 and to 21% for LTIP 2008 based on historical data. As the exercise price is significantly below the share price, the value has a limited sensitivity to expected volatility and risk-free interest. The value of the D rights is calculated based on market related conditions.

The expense is recognised in each sub-group and entity, applying the IFRS accounting standard, with a counter entry in equity. The recognition is based on the total number of matching shares bought by the participants in each sub-group or entity.

The expected expense for LTIP 2007, DKK 34m, and for LTIP 2008, DKK 17m, are expensed over a period of 24 months. The maximum expense equals approximately DKK 42m for LTIP 2007 and DKK 42m for LTIP 2008. The total expense for 2008 arising from LTIP 2007 amounts to DKK 11.5m and for LTIP 2008 to DKK 3.6m. The amounts include social charges, where applicable.

Note 7
Staff costs *(cont.)*

For the parent company, the total expected expense for LTIP 2007 amounts to DKK 34m and for LTIP 2008 to DKK 16m, which is also expensed over a period of 24 months. The maximum cost equals approximately DKK 41m for LTIP 2007 and DKK 41m for LTIP 2008. The total expense for 2008 arising from LTIP 2007 amounts to DKK 11.2m and for LTIP 2008 to DKK 3.6m of which DKK 1.6 is related to the executive management and DKK 0m is related to the Board of Directors. The amounts include social charges, where applicable.

Note 8
Other expenses

	Group		Parent company	
DKKm	2008	2007	2008	2007
Information technology[1]	-1,083	-1,078	-1,058	-1,056
Marketing	-107	-115	-95	-95
Postage, telephone and office expenses	-350	-352	-339	-342
Rents, premises and real estate	-758	-677	-758	-667
Other[2]	-487	-543	-449	-488
Total	**-2,785**	**-2,765**	**-2,699**	**-2,648**

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

Auditors' remuneration				
Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit	-5	-6	-4	-5
Of which remuneration for non-audit services	-1	-2	-1	-2

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

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

Depreciation/amortisation				
Property and equipment (note 22)				
Equipment	-94	-76	-84	-66
Buildings	0	0	0	0
Intangible assets (note 21)				
Goodwill	-	-	-	-
Internally developed software	-35	-32	-28	-25
Other intangible assets	-2	-	-2	-
Total	**-131**	**-108**	**-113**	**-91**
Impairment charges/Reversed impairment charges				
Property and equipment (note 22)				
Equipment	-	-	-	-
Buildings	-	-	-	-
Intangible assets (note 21)				
Goodwill	-	-	-	-
Internally developed software	-11	-	-11	-
Other intangible assets	-	-	-	-
Total	**-11**	**-**	**-11**	**-**
Total	**-142**	**-108**	**-124**	**-91**

Note 10
Loan losses

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Loan losses divided by class, net				
Loans and receivables to credit institutions	1	8	1	8
- of which write-offs and provisions	-	-	-	-
- of which reversals and recoveries	1	8	1	8
Loans and receivables to the public	-1,382	-18	-1,227	72
- of which write-offs and provisions	-2,611	-1,224	-2,330	-1,059
- of which reversals and recoveries	1,229	1,206	1,103	1,131
Off-balance-sheet items[1]	-206	57	-231	36
- of which write-offs and provisions	-240	-129	-275	-130
- of which reversals and recoveries	34	186	44	166
Total	**-1,587**	**47**	**-1,456**	**116**
Specification of changes in loan losses				
Changes of allowance accounts through the balance sheet	-1,575	-28	-1,444	52
- of which loans and receivables[2]	-1,369	-86	-1,213	15
- of which off-balance-sheet items[1]	-206	58	-231	36
Changes directly recognised in the income statement	-12	75	-13	64
- of which realised loan losses	-177	-114	-166	-105
- of which realised recoveries	165	189	153	169
Total	**-1,587**	**47**	**-1,456**	**116**

[1] Included in note 32 Provisions.
[2] Included in note 13 Loans and receivables and their impairment.

Note 11
Taxes

Income tax expense

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Current tax[1]	-797	-1,397	-413	-969
Deferred tax (specification below)	-96	89	-126	-85
Total	**-893**	**-1,308**	**-539**	**-1,054**
[1] Of which tax relating to prior years	25	4	26	8

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

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Profit before tax	3,614	5,581	2,095	4,121
Tax calculated at a tax rate of 25% (25%)	-903	-1,395	-524	-1,030
Effect of change in tax rate from 28% to 25%	-	78	-	-17
Tax charges not related to profit	-	-	-	-
Other direct taxes	-	-	-	-
Tax-exempt income	47	29	22	6
Non-deductible expenses	-47	-14	-47	-11
Adjustments relating to prior years	25	4	26	8
Change of tax rate	-	-	-	-
Not creditable foreign taxes	-15	-11	-15	-10
Tax charge	**-893**	**-1,308**	**-539**	**-1,054**
Average effective tax rate	25%	23%	26%	26%

Deferred tax

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences	-96	11	-126	-68
Deferred tax due to change of tax rate	-	78	-	-17
Income tax expense, net	**-96**	**89**	**-126**	**-85**
Deferred tax assets				
Deferred tax assets due to temporary differences	-	71	-	71
Offset against tax liabilities	-	-71	-	-
Total	**-**	**-**	**-**	**71**
of which expected to be settled after more than 1 year	-	-	-	-
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences	-739	-714	-55	-
Offset against tax liabilities	-	71	-	-
Total	**-739**	**-643**	**-55**	**-**
of which expected to be settled after more than 1 year	-771	-704	-87	-
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets/liabilities in loans and advances to the public	-674	-706	-	-
Deferred tax assets/liabilities in intangible assets	-137	-64	-127	-54
Deferred tax assets/liabilities in property and equipment	44	65	45	66
Deferred tax assets/liabilities in retirement benefit assets	-	2	-	-
Deferred tax assets/liabilities in other provisions	28	60	27	59
Deferred tax assets/liabilities, net	**-739**	**-643**	**-55**	**71**

Note 11
Income tax expense *(cont.)*

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Movements in deferred tax liabilities, net are as follows:				
Deferred tax relating to items recognised directly in equity	-	-	-	-
Change due to new tax rules	-	-	-	-
Deferred tax in the income statement	-96	89	-126	-85
At end of year	**-96**	**89**	**-126**	**-85**
Deferred tax recognised directly in equity				
Deferred tax relating to changed accounting policies	-	-	-	-
Deferred tax relating to available-for-sale investments	-	-	-	-
Deferred tax relating to cash flow hedges	-	-	-	-
Deferred tax relating to revaluation of tangible assets	-	-	-	-
Total	**-**	**-**	**-**	**-**
Unrecognised deferred tax assets				
Unused tax losses	-	-	-	-
Unused tax credits	-	-	-	-
Other deductible temporary differences	-	-	-	-
Total	**-**	**-**	**-**	**-**

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

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

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

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

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

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Loans etc				
The Executive Management	5	5	0	0
The Board of Directors	0	0	0	0
Security				
The Executive Management	5	5	0	0
The Board of Directors	-	-	-	-

Interest income on these loans amounts to DKK 0.2m (DKK 0.2m) in the Group and DKK 0.0m (DKK 0.0m) in the parent company.

Loans to members of the bank's Board of Directors and Executive Management consist of current accounts with overdraft facilities and mortgage loans with Nordea Kredit on usual customer terms, and at the end of 2008 interest on the loans was payable at the rate of 6.82% and 5.1328% per year, respectively. Interest on Loans to family members of the Board of Directors and Executive Management was payable at a rate of 5.25% per year.

The key management personnel interest rate for loans and receivables is 2.95 percentage point lower than the corresponding interest rate for external customers. However, mortgage loans are granted at the same credit terms as for external customers. The employee interest rate for loans and receivables is 4 percentage points lower than the corresponding interest rate for external customers. Loans and receivables to family members of key management personnel are granted on the same credit terms as for other employees.

The Group has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any key management personnel.

Note 13
Loans and receivables and their impairment

DKKm	Total Group 31 Dec 2008	Total Group 31 Dec 2007	Total Parent company 31 Dec 2008	Total Parent company 31 Dec 2007
Loans and receivables, not impaired	706,761	660,926	462,109	440,793
Impaired loans and receivables:	4,686	3,270	3,237	2,116
- Performing	3,424	2,394	2,207	1,366
- Non-performing	1,262	876	1,030	750
Loans and receivables before allowances	**711,447**	**664,196**	**465,346**	**442,909**
Allowances for individually assessed impaired loans	-2,333	-1,704	-2,033	-1,456
- Performing	-1,532	-1,049	-1,232	-801
- non-performing	-801	-655	-801	-655
Allowances for collectively assessed impaired loans	-685	-363	-685	-363
Allowances	**-3,018**	**-2,067**	**-2,718**	**-1,819**
Loans and receivables, carrying amount	**708,429**	**662,129**	**462,627**	**441,090**

DKKm	Credit institutions Group 31 Dec 2008	Credit institutions Group 31 Dec 2007	Credit institutions Parent company 31 Dec 2008	Credit institutions Parent company 31 Dec 2007	The public[1] Group 31 Dec 2008	The public[1] Group 31 Dec 2007	The public[1] Parent company 31 Dec 2008	The public[1] Parent company 31 Dec 2007
Loans and receivables, not impaired	95,229	128,894	114,160	147,223	611,532	532,032	347,949	293,570
Impaired loans and receivables:	-	-	-	-	4,686	3,270	3,237	2,116
- Performing	-	-	-	-	3,424	2,394	2,207	1,366
- Non-performing	-	-	-	-	1,262	876	1,030	750
Loans and receivables before allowances	**95,229**	**128,894**	**114,160**	**147,223**	**616,218**	**535,302**	**351,186**	**295,686**
Allowances for individually assessed impaired loans	-	-	-	-	-2,333	-1,704	-2,033	-1,456
- Performing	-	-	-	-	-1,532	-1,049	-1,232	-801
- non-performing	-	-	-	-	-801	-655	-801	-655
Allowances for collectively assessed impaired loans	-	-2	-	-2	-685	-361	-685	-361
Allowances	**-**	**-2**	**-**	**-2**	**-3,018**	**-2,065**	**-2,718**	**-1,817**
Loans and receivables, carrying amount	**95,229**	**128,892**	**114,160**	**147,221**	**613,200**	**533,237**	**348,467**	**293,869**
Maturity information								
Remaining maturity (carrying amount)								
Payable on demand	8,300	8,300	9,000	8,700	95,900	83,500	109,000	96,300
Maximum 3 months	83,500	117,500	101,700	135,500	105,000	68,000	104,800	67,200
3–12 months	2,100	1,700	2,100	1,700	8,500	13,800	7,300	12,100
1–5 years	800	800	800	800	48,900	42,000	41,000	35,600
More than 5 years	500	500	500	500	354,900	325,900	86,300	82,700
Total	**95,200**	**128,800**	**114,100**	**147,200**	**613,200**	**533,200**	**348,400**	**293,900**

[1] Finance leases, where the Nordea 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[2]

Total

	Group			Parent company		
Loans and receivables, DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**-1,704**	**-363**	**-2,067**	**-1,456**	**-363**	**-1,819**
Provisions	-1,989	-445	-2,434	-1,719	-445	-2,164
Reversals	944	121	1,065	830	121	951
Changes through the income statement	**-1,045**	**-323**	**-1,369**	**-889**	**-323**	**-1,213**
Allowances used to cover write-offs	416	-	416	312	-	312
Currency translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2008	**-2,333**	**-685**	**-3,018**	**-2,033**	**-685**	**-2,718**
Opening balance at 1 Jan 2007	**-2,131**	**-295**	**-2,426**	**-1,933**	**-295**	**-2,228**
Provisions	-987	-123	-1,110	-832	-123	-955
Reversals	969	55	1,024	915	55	970
Changes through the income statement	**-18**	**-68**	**-86**	**83**	**-68**	**15**
Allowances used to cover write-offs	444	-	444	393	-	393
Currency translation differences	1	-	1	1	-	1
Closing balance at 31 Dec 2007	**-1,704**	**-363**	**-2,067**	**-1,456**	**-363**	**-1,819**

Credit institutions

	Group			Parent company		
Loans and receivables, DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**-**	**-2**	**-2**	**-**	**-2**	**-2**
Provisions	-	-	-	-	-	-
Reversals	-	1	1	-	1	1
Changes through the income statement	**-**	**1**	**1**	**-**	**1**	**1**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2008	**-**	**-1**	**-1**	**-**	**-1**	**-1**
Opening balance at 1 Jan 2007	**-**	**-10**	**-10**	**-**	**-10**	**-10**
Provisions	-	-	-	-	-	-
Reversals	-	8	8	-	8	8
Changes through the income statement	**-**	**8**	**8**	**-**	**8**	**8**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2007	**-**	**-2**	**-2**	**-**	**-2**	**-2**

The public

	Group			Parent company		
Loans and receivables, DKKm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**-1,704**	**-361**	**-2,065**	**-1,456**	**-361**	**-1,817**
Provisions	-1,989	-445	-2,434	-1,719	-445	-2,164
Reversals	944	120	1,064	830	120	950
Changes through the income statement	**-1,045**	**-325**	**-1,370**	**-889**	**-325**	**-1,214**
Allowances used to cover write-offs	416	-	416	312	-	312
Currency translation differences	-	-	-	-	-	-
Closing balance at 31 Dec 2008	**-2,333**	**-686**	**-3,019**	**-2,033**	**-686**	**-2,719**
Opening balance at 1 Jan 2007	**-2,131**	**-285**	**-2,416**	**-1,933**	**-285**	**-2,218**
Provisions	-987	-123	-1,110	-832	-123	-955
Reversals	969	47	1,016	915	47	962
Changes through the income statement	**-18**	**-76**	**-94**	**83**	**-76**	**7**
Allowances used to cover write-offs	444	-	444	393	-	393
Currency translation differences	1	-	1	1	-	1
Closing balance at 31 Dec 2007	**-1,704**	**-361**	**-2,065**	**-1,456**	**-361**	**-1,817**

[2] See note 10 Loan losses.

Note 13
Loans and receivables and their impairment *(cont.)*

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
Allowances for items in the balance sheet	-3,018	-2,067	-2,718	-1,819
Provisions for off balance sheet items	-347	-142	-464	-233
Total allowances and provisions	**-3,365**	**-2,208**	**-3,182**	**-2,051**

	Credit institutions				The public			
	Group		Parent company		Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007	2008	2007	2008	2007
Allowances for items in the balance sheet	0	-2	0	-2	-3,018	-2,064	-2,718	-1,816
Provisions for off balance sheet items	-283	-67	-283	-67	-64	-75	-181	-166
Total allowances and provisions	-283	-69	-283	-69	-3,082	-2,139	-2,899	-1,982

Key ratios

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
Impairment rate, gross[3], %	0.7	0.4	0.7	0.5
Impairment rate, net[4], %	0.3	0.1	0.3	0.1
Total allowance rate[5], %	0.4	0.3	0.6	0.4
Allowance rate, impaired loans[6], %	49.8	72.1	62.8	68.8
Non-performing loans and receivables, not impaired[7], DKKm	352	305	161	305

	Credit institutions				The public			
	Group		Parent company		Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007	2008	2007	2008	2007
Impairment rate, gross[3], %	0.0	0.0	0.0	0.0	0.8	0.4	0.9	0.7
Impairment rate, net[4], %	0.0	0.0	0.0	0.0	0.4	0.1	0.3	0.2
Total allowance rate[5], %	0.0	0.0	0.0	0.0	0.5	0.4	0.8	0.6
Allowance rate, impaired loans[6], %	0.0	0.0	0.0	0.0	49.8	72.1	62.8	68.8
Non-performing loans and receivables, not impaired[7], DKKm	0	0	0	0	352	305	161	305

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

Note 14
Interest-bearing securities

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Issued by public bodies	42,343	12,047	42,343	12,047
Issued by other borrowers	97,355	110,150	161,677	141,901
Total	**139,698**	**122,197**	**204,020**	**153,948**
Listed securities	139,466	122,197	203,788	153,948
Unlisted securities	232	-	232	-
Total	**139,698**	**122,197**	**204,020**	**153,948**

Of which DKK 17,265m (DKK 0m) held at amortised cost
with a nominel amount of DKK 17,400m (DKK 0m)

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Maturity information				
Remaining maturity (carrying amount)				
Maximum 1 year	28,800	10,900	39,700	19,100
More than 1 year	110,900	111,300	164,300	134,800
Total	**139,700**	**122,200**	**204,000**	**153,900**
Of which financial instruments pledged as collateral (note 15)	-58,964	-32,654	-59,598	-33,460
Total	**80,734**	**89,543**	**144,422**	**120,488**

Note 15
Financial instruments pledged as collateral

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

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Repurchase agreements	58,964	32,654	59,598	33,460
Securities lending agreements	147	758	147	758
Total	**59,111**	**33,412**	**59,745**	**34,218**

Note 15
Financial instruments pledged as collateral *(cont.)*

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

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Repurchase agreements				
Interest-bearing securities	58,964	32,654	59,598	33,460
Shares	-	-	-	-
Other	-	-	-	-
Securities lending agreements				
Interest-bearing securities	-	-	-	-
Shares	147	758	147	758
Other	-	-	-	-
Securitisations				
Interest-bearing securities	1,330	1,397	-	-
Other	-	-	-	-
Total	**60,441**	**34,809**	**59,745**	**34,218**
Liabilities associated with the assets				
Repurchase agreements				
Deposits by credit institutions	49,031	26,883	49,686	27,711
Deposits and borrowings from the public	10,211	6,427	10,211	6,427
Other	-	-	-	-
Securities lending agreements				
Deposits by credit institutions	-	-	-	-
Deposits and borrowings from the public	-	-	-	-
Other	-	-	-	-
Securitisations				
Debt securities in issue	1,303	1,371	-	-
Other	-	-	-	-
Total	**60,545**	**34,681**	**59,897**	**34,138**

Note 16
Shares

Shares held for trading	11,744	16,732	11,736	16,725
Total	**11,744**	**16,732**	**11,736**	**16,725**
Listed shares	9,727	14,937	9,727	14,937
Unlisted shares	2,017	1,795	2,009	1,788
Total	**11,744**	**16,732**	**11,736**	**16,725**
Of which financial instruments pledged as collateral (note 15)	-147	-758	-147	-758
Total	**11,597**	**15,974**	**11,589**	**15,967**
Of which expected to be settled after more than 1 year	1,815	1,526	1,807	1,519

Note 17
Derivatives and hedge accounting

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2008, DKKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	769	196	557,980	769	196	557,980
FRAs	35	36	56,838	35	36	56,838
Futures and forwards	1,466	2,872	576,703	1,466	2,872	576,703
Options	12	2	139	12	2	139
Other	-	-	-	-	-	-
Total	**2,282**	**3,106**	**1,191,660**	**2,282**	**3,106**	**1,191,660**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	170	165	89,183	170	165	89,183
Options	4	1	0	4	1	0
Other	-	-	-	-	-	-
Total	**174**	**166**	**89,183**	**174**	**166**	**89,183**
Foreign exchange derivatives						
Currency and interest rate swaps	-	-	-	-	-	-
Currency forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	31	16	58,935	31	16	58,935
Total	**31**	**16**	**58,935**	**31**	**16**	**58,935**
Credit derivatives						
Credit default swaps	1,706	8	28,820	1,706	8	28,820
Total rate of return swaps	-	-	-	-	-	-
Total	**1,706**	**8**	**28,820**	**1,706**	**8**	**28,820**
Other derivatives						
Swaps	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Total derivatives held for trading	**4,194**	**3,296**	**1,368,598**	**4,194**	**3,296**	**1,368,598**

Note 17
Derivatives and hedge accounting *(cont.)*

31 Dec 2008, DKKm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	24	325	34,581	24	325	34,581
FRAs	-	-	-	-	-	-
Futures and forwards	4	11	0	4	11	0
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**28**	**336**	**34,581**	**28**	**336**	**34,581**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	92	732	42,437	92	732	42,437
Currency forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**92**	**732**	**42,437**	**92**	**732**	**42,437**
Other derivatives						
Swaps	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Total derivatives used for hedge accounting	**120**	**1,068**	**77,018**	**120**	**1,068**	**77,018**
Of which						
- Fair value hedges	120	1,068	77,018	120	1,068	77,018
- Cash flow hedges	-	-	-	-	-	-
- Net investment hedges	-	-	-	-	-	-
Total derivatives held for trading	4,194	3,296	1,368,598	4,194	3,296	1,368,598
Total derivatives used for hedge accounting	120	1,068	77,018	120	1,068	77,018
Total derivatives	**4,314**	**4,364**	**1,445,616**	**4,314**	**4,364**	**1,445,616**

Note 17
Derivatives and hedge accounting *(cont.)*

31 Dec 2007, DKKm	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
	Positive	Negative	amount	Positive	Negative	amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	95	55	40,370	95	55	40,370
FRAs	45	40	15,300	45	40	15,300
Futures and forwards	2,840	2,966	1,302,150	2,840	2,966	1,302,150
Options	5	12	203	5	12	203
Other	-	-	-	-	-	-
Total	**2,985**	**3,073**	**1,358,023**	**2,985**	**3,073**	**1,358,023**
Equity derivatives						
Equity swaps						
Futures and forwards	110	99	70,174	110	99	70,174
Options	1	-	0	1	-	0
Other	-	-	-	-	-	-
Total	**111**	**99**	**70,174**	**111**	**99**	**70,174**
Foreign exchange derivatives						
Currency and interest rate swaps	3	-	297	3	-	297
Currency forwards	2	2	94,270	2	2	94,270
Options	42	37	408	42	37	408
Other	-	-	-	-	-	-
Total	**47**	**39**	**94,975**	**47**	**39**	**94,975**
Credit derivatives						
Credit default swaps	475	9	29,826	475	9	29,826
Total rate of return swaps	-	-	-	-	-	-
Total	**475**	**9**	**29,826**	**475**	**9**	**29,826**
Other derivatives						
Swaps	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Total derivatives held for trading	**3,618**	**3,220**	**1,552,998**	**3,618**	**3,220**	**1,552,998**

Note 17
Derivatives and hedge accounting *(cont.)*

	Group			Parent company		
	Fair value		Total nom	Fair value		Total nom
31 Dec 2007, DKKm	Positive	Negative	amount	Positive	Negative	amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	232	302	46,977	232	302	46,977
FRAs	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**232**	**302**	**46,977**	**232**	**302**	**46,977**
Equity derivatives						
Equity swaps	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Foreign exchange derivatives						
Currency and interest rate swaps	22	137	10,679	22	137	10,679
Currency forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**22**	**137**	**10,679**	**22**	**137**	**10,679**
Other derivatives						
Swaps	-	-	-	-	-	-
Futures and forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**
Total derivatives used for hedge accounting	**254**	**439**	**57,656**	**254**	**439**	**57,656**
Of which						
- Fair value hedges	254	439	57,656	254	439	57,656
- Cash flow hedges	-	-	-	-	-	-
- Net investment hedges	-	-	-	-	-	-
Total derivatives held for trading	3,618	3,220	1,552,998	3,618	3,220	1,552,998
Total derivatives used for hedge accounting	254	439	57,656	254	439	57,656
Total derivatives	**3,872**	**3,659**	**1,610,654**	**3,872**	**3,659**	**1,610,654**

Note 17
Derivatives and hedge accounting *(cont.)*

Group

DKKm	31 Dec 2008 Positive	31 Dec 2008 Negative	31 Dec 2007 Positive	31 Dec 2007 Negative
Maturity information				
Remaining maturity (carrying amount)				
Maximum 3 months	2,086	2,672	2,978	3,118
3-12 months	816	523	179	217
1-5 years	1,271	865	612	237
More than 5 years	141	304	103	87
Total	**4,314**	**4,364**	**3,872**	**3,659**

Parent company

DKKm	31 Dec 2008 Positive	31 Dec 2008 Negative	31 Dec 2007 Positive	31 Dec 2007 Negative
Maturity information				
Remaining maturity (carrying amount)				
Maximum 3 months	2,086	2,672	2,978	3,118
3-12 months	816	523	179	217
1-5 years	1,271	865	612	237
More than 5 years	141	304	103	87
Total	**4,314**	**4,364**	**3,872**	**3,659**

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

Assets

DKKm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Carrying amount at beginning of year	-38	69	-38	69
Changes during the year:				
Change in accounting principles	-	-	-	-
Revaluation of hedged items	255	-107	255	-107
Carrying amount at end of year	**217**	**-38**	**217**	**-38**
of which expected to be settled after more than 1 year	200	-22	200	-22
Liabilities				
Carrying amount at beginning of year	-222	-389	-222	-389
Changes during the year:				
Change in accounting principles	-	-	-	-
Revaluation of hedged items	198	167	198	167
Carrying amount at end of year	**-24**	**-222**	**-24**	**-222**
of which expected to be settled after more than 1 year	-8	-104	-8	-104
Net book value at end of year	**241**	**184**	**241**	**184**

Note 19
Investments in group undertakings

Parent company

DKKm	31 Dec 2008	31 Dec 2007
Acquisition value at beginning of year	7,943	7,947
Acquisitions during the year	-	-
Mergers during the year	-	-
Adjustment to equity lower of cost	0	-4
Reclassifications	-	-
Translation differences	-	-
Acquisition value at end of year	**7,943**	**7,943**
Accumulated impairment charges at beginning of year	-	-
Impairment charges during the year	-	-
Through mergers	-	-
Translation differences	-	-
Accumulated impairment charges at end of year	**-**	**-**
Total	**7,943**	**7,943**
Shares in Nordea Bank AB, Stockholm	46	58
Total	**7,990**	**8,001**
Of which, listed shares	46	58

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

Group companies

31 Dec 2008	Number of shares	Carrying amount 2008 DKKm	Carrying amount 2007 DKKm	Voting power of holding %	Domicile	Registration number
Nordea Bank Danmark A/S						
Subsidiary undertakings						
Nordea Finans Danmark A/S	20,006	483	483	100	Høje-Taastrup	89805910
Nordea Kredit Realkreditaktieselskab	17,172,500	7,428	7,428	100	Copenhagen	15134275
Danbolig A/S	1	6	6	100	Copenhagen	13186502
Structured Finance Servicer A/S	2	2	2	100	Copenhagen	24606910
Nordea Finance Ltd.	2	24	24	100	London	1654761
Hermes Mortgage Ltd.	5,000	-	-	100	London	1620201
Nordea Nominees Ltd.	20,002	-	-	100	London	1096657
Unidanmark Asset Company Ltd.	20,000	-	-	100	London	984871
Nordea Trade Services Ltd.	2	-	-	100	Hong-Kong	0454861400310059
Total		**7,943**	**7,943**			

Note 19
Investments in group undertakings *(cont.)*

Special Purpose Entities (SPE's) - Consolidated

31 Dec 2008, DKKm	Purpose	Duration	Nordea share of the investment	Total issue	Accounting treatment
CMO Denmark A/S [1]	Collateralised mortgage obligation	> 5 years	89	246	Consolidated
Kalmar Structured Finance A/S [2]	Credit Linked Note	> 5 years	186	1,057	Consolidated
Total			**275**	**1,303**	

[1] Collateralised Mortgage Obligations Denmark A/S (CMO Denmark A/S) was established with the purpose to issue CMOs in order to meet specific customer preferences in terms of credit risk, interest rate risk, prepayment risk, maturity etc. The SPE purchased a pool of mortgage bonds and reallocated the risks through tranching a similar bond issue (CMOs). At year end 2008 the total notional of outstanding bonds were DKK 246m available to investors. Nordea holds bonds issued by CMO Denmark A/S as part of offering a secondary market for the bonds. The investment amounted to DKK 89m as of year end 2008.

[2] Kalmar Structured Finance A/S was established to allow customers to invest in structured products in the global credit markets. The SPE enters into Credit Default Swaps (CDS) and hereby acquires a credit risk on an underlying portfolio of names (like corporate names) and at the same time the SPE issues Credit Linked Notes (CLN) with a similar credit risk that reflects the terms in the CDSs. Nordea is the counterpart in the derivative transactions. The total notional of outstanding CLNs in this category was DKK 1,057m at year end 2008. Nordea holds CLNs issued by the SPE as part of offering a secondary market for the notes. The investment amounted to DKK 186m at year end 2008.

Note 20
Investments in associated undertakings

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Acquisition value at beginning of year	219	522	82	288
Acquisitions during the year	2	14	2	12
Sales during the year	-	-128	-	-123
Share in earnings	141	230	-	-
Dividend received	-94	-186	-	-
Adjustment to equity lower of cost	-	-	-27	-62
Reclassifications	-3	-233	32	-32
Acquisition value at end of year	**265**	**219**	**88**	**82**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**265**	**219**	**88**	**82**
Of which, listed shares	-	-	-	-

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

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

DKKm	Group 31 Dec 2008	Group 31 Dec 2007
The associated undertakings' aggregated balance sheets and income statements can be summarised as follows:		
Total assets	6,401	5,076
Total liabilities	4,622	3,353
Operating income	592	513
Operating profit	170	259

Nordeas' share of contingent liabilities in associated undertakings amounts to DKK 394m (DKK 457m).

31 Dec 2008, DKKm	Registration number	Domicile	Parent company	Group	Voting power of holding %
Credit institutions					
LR-realkredit	26045304	Copenhagen	10	10	39
Total			**10**	**10**	
Other					
Fleggaard Busleasing	134650777	Harrislee	-	3	39
KFU-AX II A/S	25894286	Frederiksberg	11	11	34
Agro & Ferm A/S	29636672	Esbjerg	0	0	34
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	65	33
Axcel IKU Invest A/S	24981800	Billund	7	7	33
PBS Holding A/S	67007719	Ballerup	32	50	28
Multidata Holding A/S	27226027	Ballerup	6	91	28
KIFU-AX II A/S	25893662	Frederiksberg	13	13	26
E-nettet Holding A/S	21270776	Copenhagen	-	15	20
Nordea Fleet (NF-fleet A/S)	29185263	Copenhagen	-	0	20
Total			**78**	**255**	
Total			**88**	**265**	

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

Note 21
Intangible assets

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Goodwill [1]	135	-	135	-
Internally developed software	521	288	481	245
Other intangible assets	94	-	94	-
Total	**750**	**288**	**710**	**245**

[1] Excluding goodwill in associated undertakings.

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Goodwill				
Acquisition value at beginning of year	15	15	15	15
Acquisitions during the year	135	-	135	-
Sales/disposals during the year	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**150**	**15**	**150**	**15**
Accumulated amortisation at beginning of year	-15	-15	-15	-15
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Amortisation according to plan for the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of the year	**-15**	**-15**	**-15**	**-15**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**135**	**-**	**135**	**-**
Internally developed software				
Acquisition value at beginning of year	335	170	285	135
Acquisitions during the year	279	179	275	164
Sales/disposals during year	-	-55	-	-55
Reclassifications	-	41	-	41
Translation differences	-	-	-	-
Acquisition value at end of year	**614**	**335**	**560**	**285**
Accumulated amortisation at beginning of year	-47	-55	-40	-55
Accumulated amortisation on sales/disposals during the year	-	55	-	55
Amortisation according to plan for the year	-35	-32	-28	-25
Reclassifications	-	-15	-	-15
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-82**	**-47**	**-68**	**-40**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-11	-	-11	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-11**	**-**	**-11**	**-**
Total	**521**	**288**	**481**	**245**

Note 21
Intangible assets *(cont.)*

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Other intangible assets				
Acquisition value at beginning of year	-	-	-	-
Acquisitions during the year	97	-	97	-
Through mergers	-	-	-	-
Sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**97**	**-**	**97**	**-**
Accumulated amortisation at beginning of year	-	-	-	-
Through mergers	-	-	-	-
Amortisation according to plan for the year	-2	-	-2	-
Accumulated amortisation on sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Accumulated amortisation at end of year	**-2**	**-**	**-2**	**-**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**94**	**-**	**94**	**-**

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

Impairment test
A cash generating unit, defined as segment per acquired legal entity, is the basis for the goodwill impairment test.

Cash flows in the near future (up to two years) are based on financial forecasts, derived from forecasted margins, volumes, sales and cost development. Longer term cash flows (more than two years) are based on estimated sector growth rates. In the Nordic market an average growth rate of approx. 4% has been used.

Cash flows are risk adjusted using normalised loan losses.

The derived cash flows are discounted at the Group's defined post-tax average cost of equity of 8.5% (equal to what is used for internal performance management purposes).

The impairment tests conducted in 2008 did not indicate any need for goodwill impairment.

Note 22
Property and equipment

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Property and equipment	293	259	237	226
Of which buildings for own use	14	14	14	14
Total	**293**	**259**	**237**	**226**
Equipment				
Acquisition value at beginning of year	827	872	765	742
Acquisitions during the year	142	170	102	145
Through mergers	-	-	-	-
Sales/disposals during the year	-21	-174	-14	-81
Reclassifications	-21	-41	-	-41
Translation differences	-	-	-	-
Acquisition value at end of year	**927**	**827**	**853**	**765**
Accumulated depreciation at beginning of year	-582	-691	-553	-583
Through mergers	-	-	-	-
Accumulated depreciation on sales/disposals during the year	14	170	8	81
Reclassifications	14	15	-	15
Depreciations according to plan for the year	-94	-76	-84	-66
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-648**	**-582**	**-629**	**-553**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**279**	**245**	**223**	**212**
Land and buildings				
Acquisition value at beginning of year	53	53	22	22
Acquisitions during the year	-	-	-	-
Through mergers	-	-	-	-
Sales/disposals during the year	-	-	-	-
Reclassifications	-	-	-	-
Translation differences	-	-	-	-
Acquisition value at end of year	**53**	**53**	**22**	**22**
Accumulated depreciation at beginning of year	-39	-39	-7	-7
Through mergers	-	-	-	-
Accumulated depreciation on sales/disposals during the year	-	-	-	-
Reclassifaciations	-	-	-	-
Depreciation according to plan for the year	0	0	0	0
Translation differences	-	-	-	-
Accumulated depreciation at end of year	**-39**	**-39**	**-7**	**-7**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Impairment charges during the year	-	-	-	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**14**	**14**	**14**	**14**

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

Note 23
Leasing

Nordea as a lessor

Finance leases

The Nordea Bank Danmark Group owns assets leased to customers under finance lease agreements. Finance lease agreements are reported as receivables from the lessee included in ”Loans and receivables to the public” (see note 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	
DKKm	31 Dec 2008	31 Dec 2007
Gross investments	8,018	8,273
Less unearned finance income	-353	-364
Net investments in finance leases	**7,665**	**7,909**
Less unguaranteed residual values accruing to the benefit of the lessor	-	-
Present value of future minimum lease payments receivable	**7,665**	**7,909**
Accumulated allowance for uncollectible minimum lease payments receivable	-	-

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

DKKm	Group 31 Dec 2008
Distribution of gross investment at remaining maturity	
2009	1,280
2010	1,240
2011	1,390
2012	1,335
2013	1,152
Later years	1,621
Total gross investment	**8,018**
Less unearned future finance income on finance leases	-353
Net investment in finance leases	**7,665**

Operating leases

Nordea Bank Danmark has not entered into operating lease agreements.

Note 23
Leasing *(cont.)*

Nordea as a lessee

Finance leases

Nordea Bank Danmark has not entered into finance lease agreements.

Operating leases

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

	Group		Parent company	
Leasing expenses during the year, DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Leasing expenses during the year	453	429	452	422
Of which:				
minimum lease payments	434	415	439	408
contingent rents	14	14	14	14
Leasing income during the year regarding sublease payments	33	31	49	47
Future minimum lease payments under non-cancellable operating leases amounted to and are distributed as follows:				
2009	300		283	
2010	298		282	
2011	298		282	
2012	297		281	
2013	226		218	
Later years	1,057		1,048	
Total	**2,447**		**2,394**	

Total sublease payments expected to be received under non-cancellable subleases amounts to DKK 0m (DKK 0m) for the parent company.

Note 24
Investment property

Movement in investment property

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Carrying amount at beginning of year	77	71	6	1
Acquisitions during the year	24	5	4	5
Acquisitions through business combinations	-	-	-	-
Capitalised subsequent expenditure	-	-	-	-
Sales/disposals during the year	-75	-	-5	-
Impairment losses and impairment losses reversed	-	-	-	-
Net gains or losses from fair value adjustments	-	-1	-	-
Transfers/reclassifications during the year	-	-	-	-
Translation differences	-	2	-	-
Carrying amount at end of year	**25**	**77**	**5**	**6**
of which expected to be settled after more than 1 year	-	-	-	-

Amounts recognised in the income statement[1]

Rental income	2	5	1	-
Direct operating expenses that generate rental income	-	-	-	-
Direct operating expenses that did not generate rental income	-1	-	-1	-
Total	**1**	**5**	**0**	**-**

[1] Included in Net gains/losses on items at fair value.

Note 25
Other assets

Claims on securities settlement proceeds[1]	23,405	23,183	46,554	47,216
Other	1,636	1,778	1,534	1,401
Total	**25,041**	**24,961**	**48,088**	**48,617**
of which expected to be settled after more than 1 year	232	204	229	204

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

Note 26
Prepaid expenses and accrued income

Accrued interest income	4,628	3,097	5,279	4,067
Prepaid expenses	411	424	339	349
Total	**5,039**	**3,521**	**5,618**	**4,416**
of which expected to be settled after more than 1 year	13	-	-	-

Note 27
Deposits by credit institutions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
Central banks	79,770	8,746	79,770	8,746
Other banks	171,760	200,435	171,747	200,349
Other credit institutions	9,338	13,520	11,150	15,537
Total	**260,868**	**222,701**	**262,667**	**224,632**
Maturity information				
Remaining maturity (carrying amount)				
Payable on demand	68,800	88,400	68,800	80,100
Maximum 3 months	186,300	119,400	188,100	137,300
3–12 months	1,800	9,900	1,800	5,500
1–5 years	2,500	3,500	2,500	200
More than 5 years	1,400	1,500	1,400	1,500
Total	**260,800**	**222,700**	**262,600**	**224,600**

Note 28
Deposits and borrowings from the public

Deposits from the public	292,781	259,796	295,224	262,477
Borrowings from the public	23,072	18,176	23,072	18,176
Total	**315,853**	**277,972**	**318,296**	**280,654**

Deposits are defined as funds in deposit accounts covered by the government deposit guarantee but also including amounts in excess of the individual amount limits. Individual pension savings (IPS) are also included. Portfolio schemes in Nordea Bank Danmark A/S of DKK 22,881m (DKK 29,697m) are also included in Deposits.

Maturity information, Deposits				
Remaining maturity (carrying amount)				
Payable on demand	210,400	180,200	212,900	182,900
Maximum 3 months	72,600	30,400	72,600	30,400
3–12 months	8,700	2,800	8,700	2,700
1–5 years	800	900	800	900
More than 5 years	300	45,500	200	45,600
Total	**292,800**	**259,800**	**295,200**	**262,500**

Maturity information, Borrowings				
Remaining maturity (carrying amount)				
Payable on demand	-	-	-	-
Maximum 3 months	23,000	18,100	23,000	18,100
3–12 months	-	-	-	-
1–5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**23,000**	**18,100**	**23,000**	**18,100**

Note 29
Debt securities in issue

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Certificates of deposit	-	-	-	-
Commercial papers	-	-	-	-
Bond loans	210,886	205,910	-	-
Other	-	-	-	-
Total	**210,886**	**205,910**	**-**	**-**
Maturity information, Debt securities in issue				
Remaining maturity (carrying amount)				
Maximum 1 year	21,000	17,200	-	-
More than 1 year	189,800	188,700	-	-
Total	**210,800**	**205,900**	**-**	**-**
Maturity information, Other				
Remaining maturity (carrying amount)				
Payable on demand	-	-	-	-
Maximum 3 months	-	-	-	-
3–12 months	-	-	-	-
1–5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 30
Other liabilities

Liabilities on securities settlement proceeds[1]	26,499	17,369	94,657	71,666
Sold, not held, securities	21,551	53,940	21,551	53,940
Other	10,226	10,703	10,239	10,089
Total	**58,276**	**82,012**	**126,447**	**135,695**
of which expected to be settled after more than 1 year	106	155	93	92

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

Note 31
Accrued expenses and prepaid income

Accrued interest	6,566	4,179	2,925	1,752
Other accrued expenses	1,736	1,374	1,706	1,349
Prepaid income	211	24	208	19
Total	**8,513**	**5,577**	**4,838**	**3,120**
of which expected to be settled after more than 1 year	-	-	-	-

Note 32
Provisions

Reserve for restructuring costs	-	-	-	-
Transfer risks, guarantees	81	68	81	68
Off-balance-sheet	266	73	383	165
Other	2	2	1	1
Total	**349**	**143**	**465**	**234**

Note 32
Provisions *(cont.)*

Movement in the balance sheet

DKKm	Restructuring	Transfer risks	Off balance sheet	Other	Total
Group					
At beginning of year	-	68	73	2	143
New provisions made	-	24	216	-	240
Provisions utilised	-	-	-23	0	-23
Reversals	-	-11	-	-	-11
Translation differences	-	-	-	-	-
At end of year	**-**	**81**	**266**	**2**	**349**
Of which expected to be settled within 1 year	-	-	21	-	21
Parent company					
At beginning of year	-	68	165	1	234
New provisions made	-	24	251	-	275
Provisions utilised	-	-	-	-1	-1
Reversals	-	-11	-33	-	-44
Translation differences	-	-	-	-	-
At end of year	**-**	**81**	**383**	**1**	**465**
Of which expected to be settled within 1 year	-	-	61	-	61

Provision for Transfer risk reserve is depending on the volume of business with different countries which might change over years. The total provision for transfer risk is not expected to decrease during 2008.

Loan loss provisions for individually assessed off-balance sheet items (ie guarantees and L/C's) amounted to DKK 266m.

The amount of any expected reimbursement for each class of provision with amount of the asset that has been recognised for the reimbursement.

Note 33
Retirement benefit obligations

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Defined benefit plans, net asset	81	57	81	57
Total	**81**	**57**	**81**	**57**

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

Funded schemes

2008	
Members	
Average member age	60
	71
2007	
Members	62
Average member age	71

Note 33
Retirement benefit obligations *(cont.)*

IAS 19 pension calculations and assumptions

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

Assumptions

2008	
Discount rate	4.5%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	5.5%
2007	
Discount rate	5.0%
Salary increase	3.5%
Inflation	2.0%
Expected return on assets before taxes	6.0%

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

Asset composition
The combined return on assets in 2008 was 5.5% (1.5%). At the end of the year, the equity exposure in pension funds/foundations represented 6% (13%) of total assets.

Asset composition in funded schemes	2008	2007
Equity	6%	13%
Bonds	70%	68%
Other plan assets	24%	19%
Of which		
- Nordea Bank AB shares	0%	0%

Amounts recognised in the balance sheet

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
PBO	809	770	809	770
Plan assets	826	822	826	822
Total surplus/deficit(-)	**17**	**52**	**17**	**52**
Of which unrecognised actuarial gains/losses(-)	-65	-6	-65	-6
Of which recognised in the balance sheet	**81**	**57**	**81**	**57**
Of which				
retirement benefit assets	135	132	135	132
retirement benefit obligations	54	75	54	75
related to unfunded plans (PBO)	54	75	54	75

Note 33
Retirement benefit obligations *(cont.)*

Overview of surplus or deficit in the plans

DKKm	Total 2008	Total 2007	Total 2006	Total 2005	Total 2004
PBO	809	770	799	824	779
Plan assets	826	822	841	843	773
Funded status - surplus/deficit(-)	**17**	**52**	**42**	**20**	**-5**

Changes in the PBO

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
PBO at 1 Jan	770	799	770	799
Service cost	16	17	16	17
Interest cost	28	24	28	24
Pensions paid	-68	-48	-68	-48
Curtailments and settlements	-	-	-	-
Past service cost	-	-	-	-
Actuarial gains(-)/losses	63	-23	63	-23
Effect of exchange rate changes	-	-	-	-
PBO at 31 Dec	**809**	**770**	**809**	**770**
Changes in the fair value of assets				
Assets at 1 Jan	822	841	822	841
Expected return on assets	40	34	40	34
Pensions paid	-46	-38	-46	-38
Contributions	5	7	5	7
Actuarial gains/losses(-)	5	-21	5	-21
Effect of exchange rate changes	-	-	-	-
Plan assets at 31 Dec	**826**	**822**	**826**	**822**
Actual return on plan assets	**45**	**12**	**45**	**12**

Overview of actuarial gains/losses[1]

DKKm	Total 2008	Total 2007	Total 2006
Effects of changes in actuarial assumptions	-66	25	0
Experience adjustments	8	-23	7
Of which:			
- on plan assets	5	-22	-11
- on plan liabilities	3	-1	18
Actuarial gains/losses	**-58**	**2**	**7**

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

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is DKK 5m (DKK 14m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in note 7).

Note 33
Retirement benefit obligations *(cont.)*

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Recognised net defined benefit cost, DKKm	2008	2007	2008	2007
Service cost	-16	-17	-16	-17
Interest cost	-28	-24	-28	-24
Expected return on assets	40	34	40	34
Recognised actuarial gains(-)/losses	2	-4	2	-4
Recognised past service cost	-	-	-	-
Curtailments and settlements	-	-	-	-
Cost related to AMBI on contribution to pension funds	-2	-2	-2	-2
Pension cost on defined benefit plans	**-5**	**-14**	**-5**	**-14**

The pension cost is in line with what was expected at the start of the year.
The net pension cost on defined benefit plans is expected to be on the same level in 2009.
The Group expects to contribute DKK 6m to its defined benefit plans in 2009.

Key management personnel
The Group's total pension obligations towards present and former members of the Executive Management amounted to DKK 51m (DKK 71m) at the end of the year. These obligations are covered with assets of DKK 0m (DKK 0m). The bank has no pensions obligations related to the Board of Directors.

Note 34
Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
Dated subordinated debenture loans	-	-	-	-
Undated subordinated debenture loans	-	-	-	-
Hybrid capital loans	-	-	-	-
Other subordinated loans	9,499	9,507	9,499	9,507
Total	**9,499**	**9,507**	**9,499**	**9,507**
Of which expected to be settled within 1 year	3,539	-	3,539	-

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

Pursuant to the Danish Financial Business Act repayment of subordinated loans may not take place at the initiative of the lender nor without the approval of the Danish Financial Supervisory Authority.

At 31 December 2008 5 loans - with terms specified below - were outstanding.

Issued by	Year of issue / maturity	Nom. value EURm	Book value DKKm	Interest rate (coupon)
Nordea Bank Danmark[1]	2004/2012	275	2,049	Floating rate
Nordea Bank Danmark[2]	2004/2012	200	1,490	Floating rate
Nordea Bank Danmark[3]	2005/2013	200	1,490	Floating rate
Nordea Bank Danmark[4]	2006/2014	300	2,235	Floating rate
Nordea Bank Danmark[5]	2007/2015	300	2,235	Floating rate

[1] Call date on 28 May 2009.
[2] Call date on 17 December 2009.
[3] Call date on 24 June 2010.
[4] Call date on 26 May 2011.
[5] Call date on 27 September 2012.

Note 35
Equity

Group

DKKm	Share capital[2]	Available-for-sale investments	Currency translation differences	Proposed dividends	Retained earnings	Total	Minority interest	Total equity
	Attributable to the shareholders of Nordea Bank Danmark A/S[1]	Other reserves						
Balance at 1 Jan 2008	**5,000**	**1**	**-5**	**2,200**	**22,522**	**29,718**	**26**	**29,744**
Available-for-sale-investments:								
- Fair value gains	-	-4	-	-	-	-4	-	-4
- Tax on Fair value gains	-	1	-	-	-	1	-	1
Currency translation differences	-	-	-14	-	-	-14	-	-14
Net income recognised directly in equity	-	*-3*	*-14*	-	-	*-17*	-	*-17*
Net profit for the year	-	-	-	-	2,721	2,721	-	2,721
Total recognised income and expense in equity	-	*-3*	*-14*	-	*2,721*	*2,704*	-	*2,704*
Share-based payments[3]	-	-	-	-	15	15	-	15
Dividends paid	-	-	-	-2,200	-	-2,200	-	-2,200
Proposed dividends	-	-	-	1,500	-1,500	-	-	-
Other changes	-	-	-	-	-	-	-	-
Balance at 31 Dec 2008	**5,000**	**-2**	**-19**	**1,500**	**23,758**	**30,237**	**26**	**30,263**
Balance at 1 Jan 2007	**5,000**	**2**	**0**	**1,500**	**20,443**	**26,945**	**39**	**26,984**
Available-for-sale-investments:								
- Fair value gains	-	-3	-	-	-	-3	-	-3
- Tax on Fair value gains	-	1	-	-	-	1	-	1
Currency translation differences	-	-	-5	-	-	-5	-	-5
Net income recognised directly in equity	-	*-2*	*-5*	-	-	*-7*	-	*-7*
Net profit for the year	-	-	-	-	4,273	4,273	-	4,273
Total recognised income and expense in equity	-	*-2*	*-5*	-	*4,273*	*4,266*	-	*4,266*
Share-based payments[4]	-	-	-	-	8	8	-	8
Dividends paid	-	-	-	-1,500	-	-1,500	-	-1,500
Proposed dividends	-	-	-	2,200	-2,200	-	-	-
Other changes	-	-	-	-	-	-	-13	-13
Balance at 31 Dec 2007	**5,000**	**1**	**-5**	**2,200**	**22,522**	**29,718**	**26**	**29,744**

[1] Restricted capital was at 31 Dec 2008 DKK 5,000m (31 Dec 2007: DKK 5,000m). Unrestricted capital was 31 Dec 2008 DKK 25,263m (31 Dec 2007: 24,744m).

[2] The share capital of Nordea Bank Danmark A/S consists of 50 million shares of DKK 100 each (31 Dec 2007: 50m shares of DKK 100 each), all fully owned by Nordea Bank AB, Stockholm, Sweden. All issued shares are fully paid. All shares are of the same class and hold equal rights. The annual report for Nordea Bank AB is available on www.nordea.com.

[3] Refers to the Long Term Incentive Programme (LTIP 2008), see also note 1 and note 7.

[4] Refers to the Long Term Incentive Programme (LTIP 2007), see also note 1 and note 7.

Note 35
Equity *(cont.)*

Parent

DKKm	Share capital	Available-for-sale investments	Currency translation differences	Proposed dividends	Retained earnings	Total	Total equity
Balance at 1 Jan 2008	**5,000**	**1**	**-**	**2,200**	**16,582**	**23,783**	**23,783**
Available-for-sale investments:							
- Fair value gains	-	-4	-	-	-	-4	-4
- Tax on Fair value gains	-	1	-	-	-	1	1
Currency translation differences	-	-	-	-	-	-	-
Net income recognised directly in equity	-	-3	-	-	-	-3	-3
Net profit for the year	-	-	-	-	1,556	1,556	1,556
Total recognised income and expense in equity	-	-3	-	-	*1,556*	*1,553*	*1,553*
Share-based payments	-	-	-	-	15	15	15
Dividends paid	-	-	-	-2,200	-	-2,200	-2,200
Proposed dividends	-	-	-	1,500	-1,500	-	-
Other changes	-	-	-	-	-	-	-
Balance at 31 Dec 2008	**5,000**	**-2**	**-**	**1,500**	**16,654**	**23,152**	**23,152**
Balance at 1 Jan 2007	**5,000**	**2**	**-**	**1,500**	**15,709**	**22,211**	**22,211**
Available-for-sale investments:							
- Fair value gains	-	-3	-	-	-	-3	-3
- Tax on Fair value gains	-	1	-	-	-	1	1
Currency translation differences	-	-	-	-	-	-	-
Net income recognised directly in equity	-	-2	-	-	-	-2	-2
Net profit for the year	-	-	-	-	3,067	3,067	3,067
Total recognised income and expense in equity	-	-2	-	-	*3,067*	*3,065*	*3,065*
Share-based payments	-	-	-	-	8	8	8
Dividends paid	-	-	-	-1,500	-	-1,500	-1,500
Proposed dividends	-	-	-	2,200	-2,200	-	-
Other changes	-	-	-	-	-	-	-
Balance at 31 Dec 2007	**5,000**	**1**	**-**	**2,200**	**16,582**	**23,783**	**23,783**

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

Dividends per share
Final dividends are not accounted for until they have been ratified at the Annual General Meeting. At the meeting on 12 March 2009, a dividend in respect of 2008 of DKK 30 per share (2007 actual dividend DKK 44 per share) amounting to a total of DKK 1,500m (2007 actual DKK 2,200m) is to be proposed. The financial statements for the year ended 31 December 2008 do not reflect this resolution, which will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2009.

Note 35
Equity *(cont.)*

Reporting to the Danish Financial Supervisory Authority at 31 December 2008 (DKKm)

Equity	Group	Parent
Annual report 2008	30,263	23,152
Adjustments:		
- Minority interests[1]	1,250	-
- Fair value adjustment of owner occupied property	20	20
- Difference between cost and net assets value in subsidiaries and associates	-	7,085
Reported to the Danish FSA	31,533	30,257

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

Result	Group	Parent
Annual report 2008	2,721	1,556
Adjustments:		
- Financial assets available for sale	-3	-3
- Difference between profit from companies accounted for under the equity method and dividends	-	1,165
Reported to the Danish FSA	2,718	2,718

Note 36
Assets pledged as security for own liabilities

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Assets pledged for own liabilities				
Lease agreements	-	-	-	-
Securities, etc[1]	130,271	86,078	130,926	86,884
Other pledged assets[2]	7,027	5,631	7,027	5,631
Total	**137,298**	**91,709**	**137,953**	**92,515**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	88,681	70,865	89,336	71,702
Deposits and borrowings from the public	42,245	16,942	42,245	16,942
Debt securities in issue	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	**130,926**	**87,807**	**131,581**	**88,644**

[1] Assets pledged for own liabilities contain securities pledged as security in repurchase agreements and in securities borrowing. The transactions are conducted under standard agreements employed by financial markets participants. Counterparts in those transactions are credit institutions and the public. The transactions are typically short term with maturity within three months.
[2] Other pledged assets relating to bonds had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

Note 37
Other assets pledged

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
Other assets pledged[1]				
Lease agreements	-	-	-	-
Securities etc	-	-	-	-
Other assets pledged	-	-	-	-
Total	**-**	**-**	**-**	**-**
The above pledges pertain to the following liability and commitment items[2]				
Deposits by credit institutions	-	-	-	-
Other liabilities and commitments	-	-	-	-
Total	**-**	**-**	**-**	**-**

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

Note 38
Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
DKKm	2008	2007	2008	2007
Guarantees				
Loan guarantees	7,896	9,458	92,493	92,785
Other guarantees	25,513	20,030	25,195	20,050
Documentary credits				
Unutilised irrevocable import documentary credits and confirmed export documentary credits	5,047	5,639	5,047	5,639
Other contingent liabilities	390	352	390	352
Total	**38,846**	**35,479**	**123,125**	**118,826**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered as off-balance-sheet items, unless there is a need for a provision to cover a probable loan loss that arises from the judgement that reimbursement will not be received.

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

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

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age.

In early October 2008, Danish Parliament agreed with banks to set up a guarantee scheme valid for two years, until the end of September 2010, which guarantees the claims of unsecured creditors, excluding covered bonds and subordinated debt, against losses in the participating banks.

Note 38
Contingent liabilities *(cont.)*

Nordea decided for commercial reasons that Nordea Bank Danmark A/S would participate in the scheme. Nordea guarantees the payment of its portion of DKK 10bn to cover any losses under the guarantee scheme and the payment of an annual guarantee commission amounting to DKK 7.5bn annually for two years. If losses exceed these amounts, additional losses of up to DKK 10bn should also be covered by further guarantee commissions. The total payments are for all participating banks hence capped to DKK 35bn.

Nordea Bank Danmark A/S share of the guarantee scheme is expected to be approximately 20%. The possible additional expense for the guarantee of maximum approx. DKK 3.8bn has been recorded as a contingent liability.

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

A writ has been served on Nordea Bank Danmark A/S on 31 January 2006 based on an avoidance claim of USD 61.2m plus interest by SAirGroup in Nachlassliquidation filed with the Commercial Court of Zürich. The Zürich Commercial Court dismissed the claim in April 2008. The liquidation estate has appealed the case to the Swiss Supreme Court. Nordea is contesting the claim and has made no provisions.

Note 39
Commitments

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Credit commitments	224,784	145,986	205,466	130,533
Other commitments	-	-	-	-
Total	**224,784**	**145,986**	**205,466**	**130,533**

Note 40
Capital adequacy

The Capital Adequacy information can be found in the Risk, Liquidity and Capital management section.
The Capital Adequacy information for Nordea AB (publ) can be found in the section Risk and capital reports for the parent company.

Note 41
Classification of financial instruments

Group

DKKm, 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	3,179	-	-	-	-	-	-	3,179
Loans and receivables to credit institutions	7,155	-	55,786	32,288	-	-	-	95,229
Loans and receivables to the public	256,754	-	86,692	269,754	-	-	-	613,200
Interest-bearing securities	-	17,265	63,138	-	-	331	-	80,734
Financial instruments pledged as collateral	-	-	59,111	-	-	-	-	59,111
Shares	-	-	11,597	-	-	-	-	11,597
Derivatives	-	-	4,194	-	120	-	-	4,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk	241	-	-	-	-	-	-	241
Investments in group undertakings	-	-	-	-	-	-	46	46
Investments in associated undertakings	-	-	-	-	-	-	265	265
Intangible assets	-	-	-	-	-	-	750	750
Property and equipment	-	-	-	-	-	-	293	293
Investment property	-	-	-	-	-	-	25	25
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	465	465
Retirement benefit assets	-	-	-	-	-	-	135	135
Other assets	25,041	-	-	-	-	-	-	25,041
Prepaid expenses and accrued income	2,718	-	2,321	-	-	-	-	5,039
Total	**295,088**	**17,265**	**282,839**	**302,042**	**120**	**331**	**1,979**	**899,664**

DKKm, 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	108,366	120,370	-	32,132	-	260,868
Deposits and borrowings from the public	22,560	36,480	-	256,813	-	315,853
Debt securities in issue	-	209,583	-	1,303	-	210,886
Derivatives	3,296	-	1,068	-	-	4,364
Current tax liabilities	-	-	-	-	-	-
Other liabilities	21,551	-	-	36,725	-	58,276
Accrued expenses and prepaid income	4,545	-	-	3,249	719	8,513
Deferred tax liabilities	-	-	-	-	739	739
Provisions	-	-	-	-	349	349
Retirement benefit obligations	-	-	-	-	54	54
Subordinated liabilities	-	-	-	9,499	-	9,499
Total	**160,318**	**366,433**	**1,068**	**339,721**	**1,861**	**869,401**

Note 41
Classification of financial instruments *(cont.)*

Group

DKKm, 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	3,014	-	-	-	-	-	-	3,014
Loans and receivables to credit institutions	53,957	-	73,918	1,017	-	-	-	128,892
Loans and receivables to the public	235,382		57,656	240,199	-	-	-	533,237
Interest-bearing securities	-	-	89,208	-	-	335	-	89,543
Financial instruments pledged as collateral	-	-	33,412	-	-	-	-	33,412
Shares	-	-	15,974	-	-	-	-	15,974
Derivatives	-	-	3,618	-	254	-	-	3,872
Fair value changes of the hedged items in portfolio hedge of interest rate risk	184	-	-	-	-	-	-	184
Investments in group undertakings	-	-	-	-	-	-	57	57
Investments in associated undertakings	-	-	-	-	-	-	219	219
Intangible assets	-	-	-	-	-	-	288	288
Property and equipment	-	-	-	-	-	-	259	259
Investment property	-	-	-	-	-	-	77	77
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	301	301
Retirement benefit assets	-	-	-	-	-	-	132	132
Other assets	24,961	-	-	-	-	-	-	24,961
Prepaid expenses and accrued income	819	-	2,702	-	-	-	-	3,521
Total	**318,317**	**-**	**276,488**	**241,216**	**254**	**335**	**1,333**	**837,943**

DKKm, 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	70,865	64,507	-	87,329	-	222,701
Deposits and borrowings from the public	16,942	-	-	261,030	-	277,972
Debt securities in issue	-	204,540	-	1,370	-	205,910
Derivatives	3,220	-	439	-	-	3,659
Current tax liabilities	-	-	-	-	-	-
Other liabilities	54,776	-	-	27,236	-	82,012
Accrued expenses and prepaid income	401	-	-	5,139	37	5,577
Deferred tax liabilities	-	-	-	-	643	643
Provisions	-	-	-	-	143	143
Retirement benefit obligations	-	-	-	-	75	75
Subordinated liabilities	-	-	-	9,507	-	9,507
Total	**146,204**	**269,047**	**439**	**391,611**	**898**	**808,199**

Note 41
Classification of financial instruments *(cont.)*

Parent company

DKKm, 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	3,179	-	-	-	-	-	-	3,179
Loans and receivables to credit institutions	2,098	-	79,774	32,288	-	-	-	114,160
Loans and receivables to the public	253,111	-	91,024	4,332	-	-	-	348,467
Interest-bearing securities	-	17,265	126,826	-	-	331	-	144,422
Financial instruments pledged as collateral	-	-	59,745	-	-	-	-	59,745
Shares	-	-	11,589	-	-	-	-	11,589
Derivatives	-	-	4,194	-	120	-	-	4,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk	241	-	-	-	-	-	-	241
Investments in group undertakings	-	-	-	-	-	-	7,990	7,990
Investments in associated undertakings	-	-	-	-	-	-	88	88
Intangible assets	-	-	-	-	-	-	710	710
Property and equipment	-	-	-	-	-	-	237	237
Investment property	-	-	-	-	-	-	5	5
Deferred tax assets	-	-	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-	849	849
Retirement benefit assets	-	-	-	-	-	-	135	135
Other assets	48,088	-	-	-	-	-	-	48,088
Prepaid expenses and accrued income	2,382	-	3,236	-	-	-	-	5,618
Total	**309,099**	**17,265**	**376,388**	**36,620**	**120**	**331**	**10,014**	**749,837**

DKKm, 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	109,021	120,370	-	33,276	-	262,667
Deposits and borrowings from the public	22,560	36,480	-	259,256	-	318,296
Debt securities in issue	-	-	-	-	-	-
Derivatives	3,296	-	1,068	-	-	4,364
Current tax liabilities	-	-	-	-	-	-
Other liabilities	21,551	-	-	104,869	27	126,447
Accrued expenses and prepaid income	204	-	-	3,945	689	4,838
Deferred tax liabilities	-	-	-	-	55	55
Provisions	-	-	-	-	465	465
Retirement benefit obligations	-	-	-	-	54	54
Subordinated liabilities	-	-	-	-	9,499	9,499
Total	**156,632**	**156,850**	**1,068**	**401,346**	**10,789**	**726,685**

Note 41
Classification of financial instruments *(cont.)*

Parent company

DKKm, 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	3,014	-	-	-	-	-	-	3,014
Loans and receivables to credit institutions	46,664	-	99,540	1,017	-	-	-	147,221
Loans and receivables to the public	236,213	-	57,656	-	-	-	-	293,869
Interest-bearing securities	-	-	120,153	-	-	335	-	120,488
Financial instruments pledged as collateral	-	-	34,218	-	-	-	-	34,218
Shares	-	-	15,967	-	-	-	-	15,967
Derivatives	-	-	3,618	-	254	-	-	3,872
Fair value changes of the hedged items in portfolio hedge of interest rate risk	184	-	-	-	-	-	-	184
Investments in group undertakings	-	-	-	-	-	-	8,001	8,001
Investments in associated undertakings	-	-	-	-	-	-	82	82
Intangible assets	-	-	-	-	-	-	245	245
Property and equipment	-	-	-	-	-	-	226	226
Investment property	-	-	-	-	-	-	6	6
Deferred tax assets	-	-	-	-	-	-	71	71
Current tax assets	-	-	-	-	-	-	730	730
Retirement benefit assets	-	-	-	-	-	-	132	132
Other assets	48,617	-	-	-	-	-	-	48,617
Prepaid expenses and accrued income	858	-	3,558	-	-	-	-	4,416
Total	**335,550**	**-**	**334,710**	**1,017**	**254**	**335**	**9,493**	**681,359**

DKKm, 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	71,702	64,507	-	88,423	-	224,632
Deposits and borrowings from the public	16,943	-	-	263,711	-	280,654
Debt securities in issue	-	-	-	-	-	-
Derivatives	3,220	-	439	-	-	3,659
Current tax liabilities	-	-	-	-	-	-
Other liabilities	54,777	-	-	80,918	-	135,695
Accrued expenses and prepaid income	-	-	-	3,109	11	3,120
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	234	234
Retirement benefit obligations	-	-	-	-	75	75
Subordinated liabilities	401	-	-	9,106	-	9,507
Total	**147,043**	**64,507**	**439**	**445,267**	**320**	**657,576**

Note 41
Classification of financial instruments *(cont.)*

Loans and receivables designated at fair value through profit or loss

DKKm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Carrying amount	302,042	241,216	36,620	1,017
Maximum exposure to credit risk	302,042	241,216	36,620	1,017
Carrying amount of credit derivatives used to mitigate the credit risk	-	-	-	-

Financial liabilities designated at fair value through profit or loss

Changes in fair value attributable to changes in credit risk
Issued mortgage bonds in the fully owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. The method used is to calculate the fair value changes that are attributable to changes in market conditions based on relevant benchmark interest rates.

The change in fair value attributable to credit risk of the liabilities are for 2008 DKK 382m (DKK 0m). The cumulative change since designation are DKK 382m (DKK 0m). The calculation method of the fair value changes attributable to changes in market conditions is based on relevant benchmark interest rates, which is the average yield on Danish mortgage bonds with AAA ratings.

The change in fair value of loans in Nordea Kredit Realkreditaktieselskab that is attributable to changes in credit risk is for 2008 DKK -56m (DKK -1m). The cumulative change since designation is DKK -78m (DKK -7m).

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

DKKm, 31 Dec 2008	Group Carrying amount	Group Amount to be paid at maturity	Parent company Carrying amount	Parent company Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	366,433	396,280	156,850	156,850
DKKm, 31 Dec 2007				
Financial liabilities at fair value through profit or loss	269,047	288,059	64,507	64,507

Note 42
Assets and liabilities at fair value

Group

DKKm	31 Dec 2008 Carrying amount	31 Dec 2008 Fair value	31 Dec 2007 Carrying amount	31 Dec 2007 Fair value
Assets				
Cash and balances with central banks	3,179	3,179	3,014	3,014
Loans and receivables to credit institutions	95,229	95,229	128,892	128,892
Loans and receivables to the public	613,200	613,200	533,237	533,237
Interest-bearing securities	80,734	80,786	89,543	89,543
Financial instruments pledged as collateral	59,111	59,111	33,412	33,412
Shares	11,597	11,597	15,974	15,974
Derivatives	4,314	4,314	3,872	3,872
Fair value changes of the hedged items in portfolio hedge of interest rate risk	241	241	184	184
Investments in group undertakings	46	46	57	57
Investments in associated undertakings	265	265	219	219
Intangible assets	750	750	288	288
Property and equipment	293	313	259	279
Investment property	25	25	77	77
Deferred tax assets	-	-	-	-
Current tax assets	465	465	301	301
Retirement benefit assts	135	135	132	132
Other assets	25,041	25,041	24,961	24,961
Prepaid expenses and accrued income	5,039	5,039	3,521	3,521
Total assets	**899,664**	**899,737**	**837,943**	**837,963**
Liabilities				
Deposits by credit institutions	260,868	260,868	222,701	222,701
Deposits and borrowings from the public	315,853	315,853	277,972	277,972
Debt securities in issue	210,886	210,886	205,910	205,910
Derivatives	4,364	4,364	3,659	3,659
Current tax liabilities	-	-	-	-
Other liabilities	58,276	58,276	82,012	82,012
Accrued expenses and prepaid income	8,513	8,513	5,577	5,577
Deferred tax liabilities	739	739	643	643
Provisions	349	349	143	143
Retirement benefit obligations	54	54	75	75
Subordinated liabilities	9,499	9,499	9,507	9,507
Total liabilities	**869,401**	**869,401**	**808,199**	**808,199**

Note 42
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm	31 Dec 2008 Carrying amount	31 Dec 2008 Fair value	31 Dec 2007 Carrying amount	31 Dec 2007 Fair value
Assets				
Cash and balances with central banks	3,179	3,179	3,014	3,014
Loans and receivables to credit institutions	114,160	114,160	147,221	147,221
Loans and receivables to the public	348,467	348,467	293,869	293,869
Interest-bearing securities	144,422	144,474	120,488	120,488
Financial instruments pledged as collateral	59,745	59,745	34,218	34,218
Shares	11,589	11,589	15,967	15,967
Derivatives	4,314	4,314	3,872	3,872
Fair value changes of the hedged items in portfolio hedge of interest rate risk	241	241	184	184
Investments in group undertakings	7,990	7,990	8,001	8,001
Investments in associated undertakings	88	88	82	82
Intangible assets	710	710	245	245
Property and equipment	237	257	226	246
Investment property	5	5	6	6
Deferred tax assets	-	-	71	71
Current tax assets	849	849	730	730
Retirement benefit assets	135	135	132	132
Other assets	48,088	48,088	48,617	48,617
Prepaid expenses and accrued income	5,618	5,618	4,416	4,416
Total assets	**749,837**	**749,909**	**681,359**	**681,379**
Liabilities				
Deposits by credit institutions	262,667	262,667	224,632	224,632
Deposits and borrowings from the public	318,296	318,296	280,654	280,654
Debt securities in issue	-	-	-	-
Derivatives	4,364	4,364	3,659	3,659
Current tax liabilities	-	-	-	-
Other liabilities	126,447	126,447	135,695	135,695
Accrued expenses and prepaid income	4,838	4,838	3,120	3,120
Deferred tax liabilities	55	55	-	-
Provisions	465	465	234	234
Retirement benefit obligations	54	54	75	75
Subordinated liabilities	9,499	9,499	9,507	9,507
Total liabilities	**726,685**	**726,685**	**657,576**	**657,576**

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

The 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 book value 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.

Fair value of financial assets and financial liabilities
The total effect on the income statement from financial assets and financial liabilities that are measured using valuation techniques based on assumptions not fully supported by observable market data amounted to DKK -331m (DKK 443m) in Nordea Bank Danmark. The effect in the parent company was DKK -331m (DKK 443m).

Note 42
Assets and liabilities at fair value *(cont.)*

Deferred Day 1 profit or loss

In accordance with the Group's accounting policy as described in Note 1, if there are significant unobservable inputs used in the valuation technique, the financial instrument is recognised at the transaction price and any trade date profit is deferred. The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of changes in the balance of this difference (movement of deferred Day 1 profit or loss).

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Amount at beginning of year	-	-	-	-
Change in accounting policies	-	-	-	-
Deferred profit/loss on new transactions	-	-	-	-
Recognised in the income statement during the year	-	-	-	-
Subsequent move to observability	-	-	-	-
Amount at end of year	-	-	-	-

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 [1].

Group

DKKm, 31 Dec 2008	Instruments with quoted prices (Level 1) [2]	Valuation technique using observable data (Level 2) [3]	Valuation technique using non-observable data (Level 3) [4]	Total
Assets				
Interest-bearing securities	57,260	6,209	-	63,469
Of which:				
- Municipalities and other public bodies	36,987	-	-	36,987
- Mortgage institutions	7,708	-	-	7,708
- Other credit institutions	10,630	-	-	10,630
- Corporates	1,935	6,209	-	8,144
Financial instruments pledged as collateral	59,111	-	-	59,111
Shares	8,632	1,083	1,882	11,597
Derivatives	4,059	134	-	4,194
Liabilities				
Debt securities in issue	-	-	-	-
Derivatives	3,296	-	-	3,296

[1] Except for mainly mortgage loans in the Danish subsidiary Nordea Kredit Realkreditselskab designated at fair value through profit and loss and derivatives used for hedging.

[2] Level 1 consists of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. This category includes listed bonds and other securities, listed shares, exchange-traded derivatives as well as listed issued bonds and other securities.

[3] 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. The majority of Nordea's OTC derivatives and several other instruments not traded in active markets fall within this category.

[4] Level 3 consists of financial instruments for 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 and private equity funds as well as for certain complex and/or structured financial instruments. The main increase, during 2008, in instruments categorised in level 3 relates to unlisted shares held by Nordea Life & Pensions. The nature of unobservable parameters remained broadly the same with liquidity being maintained in the majority of the markets.

Note 42
Assets and liabilities at fair value *(cont.)*

Group

DKKm, 31 Dec 2007	Instruments with quoted prices (Level 1) [2]	Valuation technique using observable data (Level 2) [3]	Valuation technique using non-observable data (Level 3) [4]	Total
Assets				
Interest-bearing securities	75,951	13,592	-	89,543
Of which:				
- Municipalities and other public bodies	18,043	-	-	18,043
- Mortgage institutions	42,314	263	-	42,577
- Other credit institutions	12,261	-	-	12,261
- Corporates	3,333	13,329	-	16,662
Financial instruments pledged as collateral	33,412	-	-	33,412
Shares	13,764	717	1,493	15,974
Derivatives	3,618	-	-	3,618
Liabilities				
Debt securities in issue	-	-	-	-
Derivatives	3,157	63	-	3,220

Parent company

DKKm, 31 Dec 2008	Instruments with quoted prices (Level 1) [2]	Valuation technique using observable data (Level 2) [3]	Valuation technique using non-observable data (Level 3) [4]	Total
Assets				
Interest-bearing securities	120,948	6,209	-	127,157
Of which:				
- Municipalities and other public bodies	36,987	-	-	36,987
- Mortgage institutions	71,396	-	-	71,396
- Other credit institutions	10,630	-	-	10,630
- Corporates	1,935	6,209	-	8,144
Financial instruments pledged as collateral	59,745	-	-	59,745
Shares	8,623	1,086	1,880	11,589
Derivatives	4,059	134	-	4,194
Liabilities				
Debt securities in issue	-	-	-	-
Derivatives	3,296	-	-	3,296

Note 42
Assets and liabilities at fair value *(cont.)*

Parent company

DKKm, 31 Dec 2007	Instruments with quoted prices (Level 1) [2]	Valuation technique using observable data (Level 2) [3]	Valuation technique using non-observable data (Level 3) [4]	Total
Assets				
Interest-bearing securities	106,876	13,612	-	120,488
Of which:				
- Municipalities and other public bodies	18,043	-	-	18,043
- Mortgage institutions	73,240	283	-	73,523
- Other credit institutions	12,261	-	-	12,261
- Corporates	3,332	13,329	-	16,661
Financial instruments pledged as collateral	34,218	-	-	34,218
Shares	13,757	717	1,493	15,967
Derivatives	3,618	-	-	3,618
Liabilities				
Debt securities in issue	-	-	-	-
Derivatives	3,157	63	-	3,220

Note 43
Assets and liabilities in foreign currencies

Group

DKKbn, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	16	27	45	0	4	3	95
Loans and receivables to the public	79	38	461	1	22	13	613
Interest-bearing securities[1]	17	8	53	1	1	1	81
Other assets	32	31	29	0	2	17	111
Total assets	**143**	**104**	**588**	**2**	**29**	**33**	**900**
Liabilities and equity							
Deposits by credit institutions	61	53	91	0	41	15	261
Deposits and borrowings from the public	28	15	253	4	14	2	316
Debt securities in issue	19	-	192	-	-	-	211
Subordinated liabilities	9	-	-	-	-	-	9
Other liabilities and equity	3	14	63	0	4	17	102
Total liabilities and equity	**121**	**82**	**599**	**4**	**60**	**35**	**900**
Position not reported in the balance sheet	**-20**	**-22**	**7**	**2**	**30**	**2**	**0**
Net position, currencies	**2**	**0**	**-3**	**0**	**0**	**0**	**0**

DKKbn, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	12	54	58	1	1	3	129
Loans and receivables to the public	52	32	419	1	17	12	533
Interest-bearing securities[1]	23	37	59	1	2	1	123
Other assets	27	13	7	0	5	1	53
Total assets	**114**	**136**	**543**	**3**	**25**	**17**	**838**
Liabilities and equity							
Deposits by credit institutions	42	76	75	1	24	5	223
Deposits and borrowings from the public	21	13	226	3	11	4	278
Debt securities in issue	14	0	192	-	-	-	206
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	4	46	67	0	4	-	120
Total liabilities and equity	**91**	**135**	**560**	**4**	**39**	**9**	**838**
Position not reported in the balance sheet	**-21**	**0**	**15**	**1**	**14**	**-8**	**0**
Net position, currencies	**2**	**0**	**-2**	**0**	**0**	**0**	**0**

[1] Including financial instruments pledged as collateral.

Note 43
Assets and liabilities in foreign currencies *(cont.)*

Parent company

DKKbn, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	14	27	67	0	4	2	114
Loans and receivables to the public	60	38	214	1	22	13	348
Interest-bearing securities[1]	17	8	116	1	1	1	144
Other assets	32	31	62	0	2	17	144
Total assets	**123**	**104**	**459**	**2**	**29**	**33**	**750**
Liabilities and equity							
Deposits by credit institutions	61	53	93	0	41	15	263
Deposits and borrowings from the public	28	15	255	4	14	2	318
Subordinated liabilities	9	-	-	-	-	-	9
Other liabilities and equity	2	14	121	0	5	18	160
Total liabilities and equity	**100**	**82**	**469**	**4**	**60**	**35**	**750**
Position not reported in the balance sheet	**-21**	**-22**	**7**	**2**	**31**	**2**	**0**
Net position, currencies	**2**	**0**	**-3**	**0**	**0**	**0**	**0**

DKKbn, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Loans and receivables to credit institutions	11	54	77	1	1	2	146
Loans and receivables to the public	38	31	194	1	17	13	294
Interest-bearing securities[1]	23	37	91	1	1	1	154
Other assets	28	13	39	1	5	1	87
Total assets	**100**	**135**	**401**	**4**	**24**	**17**	**681**
Liabilities and equity							
Deposits by credit institutions	42	76	77	1	24	5	225
Deposits and borrowings from the public	21	13	229	3	11	3	280
Subordinated liabilities	10	-	-	-	-	-	10
Other liabilities and equity	3	46	112	0	4	1	166
Total liabilities and equity	**76**	**135**	**418**	**4**	**39**	**9**	**681**
Position not reported in the balance sheet	**-22**	**0**	**15**	**0**	**15**	**-8**	**0**
Net position, currencies	**2**	**0**	**-2**	**0**	**0**	**0**	**0**

[1] Including financial instruments pledged as collateral.

Note 44
Obtained collaterals which are permitted to be sold or repledged

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

	Group		Parent company	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	146,810	131,575	170,798	157,196
of which repledged or sold	15,884	43,767	39,217	68,552
Securities borrowing agreements-				
Received collaterals which can be repledged or sold	-	-	-	-
of which repledged or sold	-	-	-	-
Total	**146,810**	**131,575**	**170,798**	**157,196**

Note 45
Investments, customer bearing the risk

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

	Group	
DKKm	31 Dec 2008	31 Dec 2007
Assets		
Loans and recievables to credit institutions	-	-
Interest-bearing securities	13,567	16,087
Shares	8,343	12,508
Other assets	1,202	1,583
Total assets	**23,112**	**30,178**
Liabilities		
Deposits and borrowings from the public	22,881	29,697
Debt securities in issue	-	-
Other liabilities	231	481
Total liabilities	**23,112**	**30,178**
Return to participants in portfolio schemes	-4,613	240

Note 46
Maturity analysis for assets and liabilties

Group

Remaining maturity

DKKm, 31 Dec 2008	Note	On demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		3,179	-	-	-	-	-	3,179
Loans and receivables to credit institutions	13	8,381	83,567	2,053	872	356	-	95,229
Loans and receivables to the public		95,925	105,023	8,515	48,997	354,740	-	613,200
Interest bearing securities		-	9,212	7,977	28,928	34,617	-	80,734
Financial instruments pledged as collateral	15	-	6,669	4,966	21,613	25,863	-	59,111
Shares	16	-	-	-	-	-	11,597	11,597
Derivatives	17	-	2,086	816	1,271	141	-	4,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	-	32	92	117	-	241
Total assets with fixed maturities		**107,485**	**206,557**	**24,359**	**101,773**	**415,834**	**11,597**	**867,605**
Non-financial assets	11, 20, 21, 22, 23, 24	-	-	-	-	-	1,979	1,979
Other assets	25	-	-	-	-	-	25,041	25,041
Prepaid expenses and accured income	26	-	-	-	-	-	5,039	5,039
Total assets		**107,485**	**206,557**	**24,359**	**101,773**	**415,834**	**43,656**	**899,664**
Deposits by credit institutions	27	68,851	186,304	1,816	2,497	1,400	-	260,868
Deposits and borrowings from the public	28	210,407	95,649	8,743	805	249	-	315,853
Debt securities in issue	29	-	19,684	1,327	23,530	166,345	-	210,886
Derivatives	17	-	2,672	523	865	304	-	4,364
Subordinated liabilities	34	-	-	3,539	5,960	-	-	9,499
Total liabilities with fixed maturities		**279,258**	**304,309**	**15,948**	**33,657**	**168,298**	**-**	**801,470**
Non-financial liabilities	11, 32, 33	-	-	-	-	-	1,142	1,142
Other liabilities	30	-	-	-	-	-	58,276	58,276
Accurued expenses and prepaid income	31	-	-	-	-	-	8,513	8,513
Equity	35	-	-	-	-	-	30,263	30,263
Total liabilities and equity		**279,258**	**304,309**	**15,948**	**33,657**	**168,298**	**98,194**	**899,664**

Note 46
Maturity analysis for assets and liabilties *(cont.)*

Parent company

Remaining maturity

DKKm, 31 Dec 2008	Note	On demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		3,179	-	-	-	-	-	3,179
Loans and receivables to credit institutions	13	9,023	101,857	2,053	872	355	-	114,160
Loans and receivables to the public		109,040	104,802	7,345	40,986	86,294	-	348,467
Interest bearing securities		-	15,979	12,164	52,935	63,344	-	144,422
Financial instruments pledged as collateral	15	-	6,741	5,020	21,845	26,139	-	59,745
Shares	16	-	-	-	-	-	11,589	11,589
Derivatives	17	-	2,086	816	1,271	141	-	4,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk	18	-	-	32	92	117	-	241
Total assets with fixed maturities		**121,242**	**231,465**	**27,430**	**118,001**	**176,390**	**11,589**	**686,117**
Non-financial assets	11, 20, 21, 22, 23, 24	-	-	-	-	-	10,014	10,014
Other assets	25	-	-	-	-	-	48,088	48,088
Prepaid expenses and accured income	26	-	-	-	-	-	5,618	5,618
Total assets		**121,242**	**231,465**	**27,430**	**118,001**	**176,390**	**75,309**	**749,837**
Deposits by credit institutions	27	68,851	188,105	1,815	2,496	1,400	-	262,667
Deposits and borrowings from the public	28	212,850	95,650	8,743	805	248	-	318,296
Debt securities in issue	29	-	-	-	-	-	-	0
Derivatives	17	-	2,672	523	865	304	-	4,364
Subordinated liabilities	34	-	-	3,539	5,960	-	-	9,499
Total liabilities with fixed maturities		**281,701**	**286,427**	**14,620**	**10,126**	**1,952**	**-**	**594,826**
Non-financial laibilities	11, 32, 33	-	-	-	-	-	574	574
Other liabilities	30	-	-	-	-	-	126,447	126,447
Accurued expenses and prepaid income	31	-	-	-	-	-	4,838	4,838
Equity	35	-	-	-	-	-	23,152	23,152
Total liabilities and equity		**281,701**	**286,427**	**14,620**	**10,126**	**1,952**	**155,011**	**749,837**

Note 47
Related-party transactions

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

Group

	Shareholders with significant influence		Other Nordea Group Companies		Associated undertakings		Other related parties	
DKKm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Assets								
Loans and receivables	9,594	20,313	21,966	7,394	902	259	5	1,680
Interest-bearing securities	823	-	1,697	1,919	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	39	6	2,177	508	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Total assets	**10,456**	**20,319**	**25,840**	**9,821**	**902**	**259**	**5**	**1,680**
Liabilities								
Deposits	43,143	59,187	80,732	105,531	247	729	82	185
Debt securities in issue	-	-	7,202	6,019	-	-	-	0
Derivatives	0	11	1,074	414	-	-	-	-
Subordinated liabilities	9,499	7,272	-	2,238	-	-	-	-
Total liabilities	**52,642**	**66,470**	**89,008**	**114,202**	**247**	**729**	**82**	**185**
Off balance								
Contingent liabilities	-	-	41	41	12	541	-	-
Net interest income and interest expense								
Interest income	225	217	275	167	27	7	0	83
Interest expense	-2,638	-1,851	-5,864	-5,682	-3	-3	-6	-3
Net interest income and expense	**-2,413**	**-1,634**	**-5,589**	**-5,515**	**24**	**4**	**-6**	**80**

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

Parent company

DKKm	Group undertakings 31 Dec 2008	Group undertakings 31 Dec 2007	Other Nordea Group Companies[1] 31 Dec 2008	Other Nordea Group Companies[1] 31 Dec 2007	Associated undertakings 31 Dec 2008	Associated undertakings 31 Dec 2007	Other related parties 31 Dec 2008	Other related parties 31 Dec 2007
Assets								
Loans and receivables	39,335	41,534	30,587	27,100	218	259	2	1,679
Interest-bearing securities	69,635	31,488	2,520	1,919	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Derivatives	-	-	2,216	514	-	-	-	-
Investments in associated undertakings	-	-	-	-	-	-	-	-
Investments in group undertakings	-	-	-	-	-	-	-	-
Total assets	**108,970**	**73,022**	**35,323**	**29,533**	**218**	**259**	**2**	**1,679**
Liabilities								
Deposits	4,255	4,699	123,874	164,718	247	729	82	185
Debt securities in issue	-	-	-	-	-	-	-	1
Derivatives	-	-	1,074	425	-	-	-	-
Subordinated liabilities	-	-	9,499	9,507	-	-	-	-
Total liabilities	**4,255**	**4,699**	**134,447**	**174,650**	**247**	**729**	**82**	**186**
Off balance[2]								
Contingent liabilities	85,094	83,969	41	41	12	541	-	-
Net interest income and interest expense								
Interest income	628	1,040	459	357	3	7	0	83
Interest expenses	-661	-1,045	-8,167	-7,259	-3	-3	-6	-3
Net interest income and expense	**-33**	**-5**	**-7,708**	**-6,902**	**0**	**4**	**-6**	**80**

[1] Including figures for shareholders with significant influence.

[2] Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly-owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 65,363m at end 2008 (DKK 62,038m).

Compensation and loans and receivables to key management personnel
Compensation and loans and receivables to key management personnel are specified in Note 12.

Related-party transactions
Material contracts in existence or entered into in 2008 between Nordea Bank Danmark A/S and group companies include the following:

Nordea Bank Danmark has entered into an agreement with Nordea Bank Finland Plc for supply of various services regarding trading of derivatives, including sale and settlement services. Furthermore, Nordea Bank Danmark has entered into total return swaps with Nordea Bank Finland Plc in order to hedge market and credit risk.

Nordea Bank Danmark has entered into a cost sharing agreement regarding liquidity management with Nordea Bank AB (publ), Nordea Bank Norge ASA and Nordea Bank Finland Plc.

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

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

Note 48
The Danish Financial Supervisory Authority's ratio system

	Nordea Bank Danmark Group				
%	2008	2007	2006	2005	2004
Capital ratios					
Total capital ratio	8.6	9.2	9.8	10.0	9.3
Tier 1 capital ratio	6.5	6.9	7.1	7.0	6.4
Earnings					
Pre-tax return on equity	12.0	19.7	26.1	23.0	20.5
Post-tax return on equity	9.1	15.1	19.2	16.7	14.3
Income/cost ratio (not %)	1.36	1.72	1.98	1.83	1.67
Market risk					
Interest rate risk/tier 1 capital	2.1	0.9	2.4	1.7	3.0
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	1.6	0.8	2.8	4.3	4.9
Indicator 2/tier 1 capital	0.0	0.0	0.0	0.0	0.0
Liquidity					
Excess cover relative to statutory liquidity requirements	59.3	113.3	116.8	128.4	165.8
Credit risk					
Total amount of large exposures/capital base	68.7	70.7	89.4	69.6	104.5
Impairment ratio	0.5	0.4	0.5	0.7	1.4
Impairment ratio for the year	0.2	0.0	-0.1	-0.1	-0.0
Growth in loans and receivables for the year/loans and receivables at beginning of year	15.0	10.2	15.4	18.9	13.7
Gearing of loans and receivables relative to equity at end of year (not %)	20.3	18.0	17.3	17.0	15.3

	Nordea Bank Danmark A/S				
%	2008	2007	2006	2005	2004
Capital ratios					
Total capital ratio	9.4	9.9	10.2	10.5	10.2
Tier 1 capital ratio	7.0	7.4	7.3	7.3	6.9
Earnings					
Pre-tax return on equity	8.9	17.9	27.2	22.9	21.0
Post-tax return on equity	6.6	13.3	20.4	17.0	14.0
Income/cost ratio (not %)	1.22	1.56	1.90	1.72	1.60
Market risk					
Interest rate risk/tier 1 capital	2.1	0.9	2.6	2.0	3.0
Currency risk/tier 1 capital					
Indicator 1/tier 1 capital	1.1	0.7	2.7	4.6	4.9
Indicator 2/tier 1 capital	0.0	0.0	0.0	0.0	0.1
Liquidity					
Loans and receivables+impairment charges/deposits	119.0	112.3	113.8	105.0	92.1
Excess cover relative to statutory liquidity requirements	84.8	144.0	145.6	152.6	219.8
Credit risk					
Total amount of large exposures/capital base	77.6	81.7	92.8	62.5	100.8
Impairment ratio	0.7	0.5	0.6	0.9	1.8
Impairment ratio for the year	0.3	0.1	-0.2	-0.1	-0.1
Growth in loans and receivables for the year/loans and receivables at beginning of year	18.6	9.2	17.7	18.2	13.0
Gearing of loans and receivables relative to equity at end of year (not %)	15.1	9.9	10.0	9.7	10.2

Note 49
Segment reporting

Group

Customer areas

Income statement, DKKm	Nordic Banking 2008	Nordic Banking 2007	Inst. & International Banking 2008	Inst. & International Banking 2007	Total customer areas 2008	Total customer areas 2007	Group Corporate Centre 2008	Group Corporate Centre 2007	Group Functions and Eliminations 2008	Group Functions and Eliminations 2007	Total 2008	Total 2007
Net interest income	8,886	7,724	314	231	9,200	7,955	348	129	372	336	9,920	8,420
Net fee and commission income	3,381	3,622	281	188	3,662	3,810	-14	-31	287	-365	3,935	3,414
Net gains/losses on items at fair value	1,288	1,151	555	450	1,843	1,601	-66	480	-2,519	-1,237	-742	844
Profit from companies accounted for under the equity method	151	179	0	0	152	179	-8	44	1	11	145	234
Other income	35	36	-2	3	33	39	57	60	379	288	469	380
Total operating income	**13,742**	**12,712**	**1,149**	**872**	**14,890**	**13,584**	**317**	**683**	**-1,480**	**-967**	**13,727**	**13,292**
Staff costs	-2,827	-2,802	-73	-70	-2,900	-2,872	-32	-39	-2,298	-1,975	-5,230	-4,885
Other expenses	-3,982	-3,322	-373	-348	-4,355	-3,670	-204	-210	1,405	1,115	-3,154	-2,765
Depreciation of tangible and intangible assets	-34	-15	0	0	-34	-15	0	0	-108	-93	-142	-108
Total operating expenses	**-6,843**	**-6,139**	**-445**	**-417**	**-7,289**	**-6,557**	**-236**	**-248**	**-1,001**	**-953**	**-8,526**	**-7,758**
Loan losses	-1,435	14	-23	0	-1,458	14	-	-	-129	34	-1,587	47
Operating profit	**5,463**	**6,586**	**681**	**454**	**6,144**	**7,041**	**81**	**434**	**-2,610**	**-1,886**	**3,614**	**5,581**
Balance sheet, DKKbn												
Loans and receivables to the public	507	468	16	12	523	480	-	-	90	53	613	533
Other assets	3	3	65	83	68	86	135	151	83	68	287	305
Total assets	**510**	**471**	**81**	**95**	**591**	**566**	**135**	**151**	**173**	**121**	**900**	**838**
Deposits and borrowings from the public	251	236	43	28	294	264	-	-	22	14	316	278
Other liabilities	240	219	37	66	277	285	135	151	141	94	554	530
Total liabilities	**491**	**455**	**80**	**94**	**571**	**549**	**135**	**151**	**163**	**108**	**869**	**808**
Equity	19	16	1	1	20	17	0	0	10	13	30	30
Total liabilities and equity	**510**	**471**	**81**	**95**	**591**	**566**	**135**	**151**	**173**	**121**	**900**	**838**
Economic capital	19	16	1	1	20	17	0	0	10	13	30	30

Secondary segment – Geographical segments
In accordance with prevailing rules, the secondary segment reporting shows Nordea's operations divided into the geographical areas where the Group operates. Nordea Bank Danmark A/S operates only to a minor extent outside the Nordic region, consequently, in accordance with IAS 14 no information is given regarding the secondary segment.

Note 50
Acquisitions

On September 29, 2008 Nordea Bank Danmark A/S signed an agreement to acquire nine branch offices from "Bankaktie-selskabet af 24. august 2008" (Roskilde Bank). The transaction was closed on November 3, when Nordea received final approval from the Danish regulators. November 3 is the acquisition date and the date from which the acquired assets and liabilities are recognised in Nordea. Assets and liabilities acquired are disclosed in the table below. In addition, Nordea acquired guarantees to the amount of DKK 1,747m.

Nordea is entitled to return lending and guarantees which are considered unattractive to Roskilde Bank. Nordea has returned approximately DKK1,670m of loans to corporate customers during Q4 and DKK 454m of guarantees. In Q1 2009 Nordea expects to return some of the loans to household customers. The purchase price was adjusted due to the return of loans to Roskilde Bank.

The following purchase price allocation (PPA) has been established as of 3 November 2008. This PPA has been adjusted to reflect the return of loans and guarantees and the price has been adjusted due to the volumes returned. The PPA is still preliminary, and can be updated during 2009.

DKKm	3 Nov 2008
Loans	3,543
Other assets	67
Deposits	-2,553
Other liabilities	-75
Acquired net assets in accordance with IFRS	982
Purchase price, settled in cash	633
Purchase price, to be settled in cash	581
Cost of combination	1,214
Surplus value	**232**
Allocation of surplus value:	
Customer related intangible asset	97
Goodwill	135

Goodwill arises mainly due to the synergies Nordea expects to achieve. Integrating the nine branches into Nordea's branch network will create cost synergies and more synergies will be derived from implementing Nordea's operating model in the new branches.

A customer related intangible asset has been separated from goodwill. The part separated is related to future earnings from acquired customers. This relates, however, only to the part over which Nordea has been assessed to have sufficient control. Amortisation is made over 10 years.

The impact on Nordea's net profit for the year is insignificant.

Proposed distribution of earnings

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

DKKm	
Retained profit	16,598
Profit for the year	1,556
Total	**18,154**

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

DKKm	
Dividends paid to the shareholders	1,500
To be carried forward	16,654
Total	**18,154**

The Group's distributable earnings amount to DKK 18,154m. After the proposed distribution of earnings, the Group's unrestricted shareholders' equity amounts to DKK 16,654m.

Statement by the Board of Directors and the Executive Management
We have today presented the annual report of Nordea Bank Danmark A/S for 2008.

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

The Direcors´ report provides a true and fair view of the Group's and the parent company's activities and financial performance, and describes material risks and uncertainties that may affect the parent company and other companies in the Group.

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

Stockholm, 9 February 2009

Board of Directors

Christian Clausen (Chairman)	Fredrik Rystedt	Carl-Johan Granvik

Executive Management

Peter Schütze (Chairman)	Peter Lybecker	Michael Rasmussen

The independent auditors' report

To the shareholders of Nordea Bank Danmark A/S
We have audited the annual report of Nordea Bank Danmark A/S for the financial year 1 January – 31 December 2008, which comprises the statement by the Board of Directors and the Executive Management on the annual report, management's review, accounting policies, income statement, balance sheet, statement of changes in equity, cash flow statement for the year then ended and notes for the Group as well as the Parent Company. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of financial institutions.

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

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

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

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

Our audit did not result in any qualification.

Opinion
In our opinion, the annual report gives a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2008 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2008 in accordance with International Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of financial institutions.

Copenhagen, 9 February 2009

KPMG
Statsautoriseret Revisionspartnerselskab

Flemming Brokhattingen
State Authorised Public Accountant

Anders Duedahl-Olesen
State Authorised Public Accountant

Management

Board of Directors of Nordea Bank Danmark

Christian Clausen (Chairman)

Fredrik Rystedt

Carl-Johan Granvik

Executive Management of Nordea Bank Danmark

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

External appointments
Chairman of the Board of Directors of ICC Danmark.
Chairman of the Board of Directors of the Danish Bankers Association.
A member of the Board of Directors of Copenhagen Business School.
A member of the Board of Directors of Nordea -fonden.
A member of the Boards of Directors of Danmark-Amerika Fondet and Tietgenfonden.

Peter Lybecker
Internal appointments
Head of Segment Corporate.
A member of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
A member of the Board of Directors of Nordea Finans Danmark A/S, Nordea Finans Sverige AB and Nordea Finance Finland Ltd.

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

Michael Rasmussen
Internal appointments
Chairman of the Board of Directors of Nordea Kredit Realkreditaktieselskab.
Chairman of the Board of Directors of Nordea Finans Danmark A/S.

External appointments
Deputy Chairman of the Boards of Directors of the Industrialisation Fund for Developing Countries, the Investment Fund for Central and Eastern Europe and the Investment Fund for Emerging Markets.
A member of the Board of Directors of LR Realkredit A/S.
A member of the Boards of Directors of PBS Holding A/S and Multidata A/S.
A member of the Board of Directors of Karl Pedersens og Hustrus Industrifond.
A member of the Board of Directors of Danmarks Skibskredit.

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