Invitation to Subscribe for Shares in
Nordea Bank AB (publ)

Joint Global Coordinators and Joint Bookrunners

J.P. Morgan **Merrill Lynch International** **Nordea Markets**

16 March 2009

NOTICE TO INVESTORS

In connection with the Rights Offering and the admission to trading of the New Shares on NASDAQ OMX Stockholm, NASDAQ OMX Helsinki and NASDAQ OMX Copenhagen, Nordea has prepared a Swedish language prospectus and an English translation thereof.

The Subscription Rights and the New Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except in transactions exempt from registration under the Securities Act. The Subscription Rights and the New Shares are being offered and sold outside the United States in compliance with Regulation S under the Securities Act.

This prospectus is not an offer for sale or a solicitation of an offer to purchase securities other than the New Shares. In a number of countries, in particular in the United States, Canada, Japan, Hong Kong and Australia the distribution of this prospectus, the exercise of Subscription Rights with respect to the New Shares, the offer of the New Shares, as well as the sale of the New Shares, are subject to restrictions imposed by law (such as registration, admission or other regulations). Subject to certain exceptions, the offer to subscribe for New Shares does not include persons resident in the United States, Canada, Japan, Hong Kong and Australia or any other jurisdiction where such an offer would be illegal. No action has been or will be taken by Nordea, Merrill Lynch International ("Merrill Lynch"), J.P. Morgan Securities Ltd. ("J.P. Morgan" and, together with Merrill Lynch, the "Underwriters") or Nordea Markets ("Nordea Markets" and, together with the Underwriters, the "Joint Bookrunners") to permit the possession or distribution of this prospectus (or any other offering or publicity materials or application form(s) relating to the Subscription Rights or the New Shares) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement.

Accordingly, neither this prospectus nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons into whose possession this prospectus may come are required to inform themselves about and comply with such restrictions, in particular not to publish or distribute the prospectus in violation of applicable securities regulations. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The prospectus does not constitute an offer to sell the Subscription Rights or the New Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Subscription Rights or the New Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

No person is or has been authorised to give information or to make any representation regarding this Rights Offering other than those contained in this prospectus and, if given or made, such information or representations shall not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by the Joint Bookrunners as to the accuracy, completeness or verification of the information contained in this prospectus, and nothing contained in this prospectus is, or shall be relied upon as, a promise or representation by the Joint Bookrunners in this respect, whether as to the past or the future. The Joint Bookrunners assume no responsibility for its accuracy, completeness or verification and accordingly disclaim to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this prospectus or any such statement. Information given or representations made in connection with this Rights Offering, the subscription or the sale of the Subscription Rights or the New Shares that are inconsistent with those contained in this prospectus are invalid.

Investors acknowledge that (i) they have not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this prospectus or their investment decision; and (ii) they have relied only on the information contained in this prospectus, and that no person has been authorised to give any information or to make any representation concerning Nordea, the Subscription Rights or the New Shares (other than as contained in this prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by Nordea or the Joint Bookrunners.

The distribution of this prospectus does not mean that the data contained herein is current as of any time after the date of this prospectus. In particular, neither the delivery of this prospectus, nor the offer, sale or delivery of the Subscription Rights or the New Shares mean that no adverse changes have occurred or no events have happened, which may or could result in an adverse effect on Nordea's business, financial condition or results of operations.

In making an investment decision, each investor must rely on its own examination, analysis and enquiry of Nordea and the terms of the Rights Offering, including the merits and risks involved. Neither Nordea nor any of the Joint Bookrunners, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of the Subscription Rights or the New Shares regarding the legality of an investment in the Subscription Rights or the New Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before subscribing or purchasing the New Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription or purchase of the Subscription Rights or the New Shares. They are also required to make their independent assessment of the risks involved in the subscription or purchase of the Subscription Rights or the New Shares.

The Joint Bookrunners are acting exclusively for Nordea and no one else in connection with the Rights Offering. They will not regard any other person (whether or not a recipient of this prospectus) as their respective clients in relation to the Rights Offering and will not be responsible to anyone other than Nordea for providing the protections afforded to their respective clients nor for giving advice in relation to the Rights Offering or any transaction or arrangement referred to herein.

In connection with the Rights Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Subscription Rights or New Shares in the Rights Offering and in that capacity may retain, purchase or sell for its own account such securities and any Subscription Rights or New Shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Rights Offering. Accordingly, references in the prospectus to shares being offered should be read as including any offering of Subscription Rights or New Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intend to disclose the extent of such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

This prospectus relates to an offering of up to 1,430,059,525 new ordinary shares (the "New Shares") of Nordea Bank AB (publ) ("Nordea"), subscribed for through the exercise of transferable subscription rights (the "Subscription Rights"), granted to holders of ordinary shares of Nordea as of 17 March 2009 (the "Record Date"), or as otherwise described herein (the "Rights Offering"). Holders of ordinary shares will be granted 11 Subscription Rights for each ordinary share held on the Record Date. 20 Subscription Rights will entitle the holder thereof to subscribe for 1 New Share, during the period from and including 20 March 2009 until and including 3 April 2009 (the "Subscription Period"), at a subscription price per New Share of EUR 1.81 or, as an alternative with respect to shares registered in Sweden or Denmark, SEK 20.75 or DKK 13.49, respectively (the "Subscription Price").

This prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) (the "SFSA") in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (Sw: *lag (1991:980) om handel med finansiella instrument*). Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided therein is correct or complete. Nordea is not taking any action to permit a public offering of the New Shares being offered in the Rights Offering (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Denmark, Finland, France, Germany, Norway, Sweden and the United Kingdom. See "*Restrictions on Sale and Transfer of Subscription Rights and New Shares*".

Disputes concerning, or related to, the Rights Offering, the contents of this prospectus or any connected legal matter shall be settled exclusively in accordance with Swedish law and by Swedish courts. The district court of Stockholm (Sw: *Stockholms tingsrätt*) shall be the court of first instance.

This prospectus is available on Nordea's website, www.nordea.com, and on the SFSA's website, www.fi.se. The information contained on Nordea's website is not incorporated in this prospectus and does not form part of this prospectus.

The Subscription Rights are expected to be traded on NASDAQ OMX Stockholm under the symbol "NDA TR", on NASDAQ OMX Helsinki under the symbol "NDA1VU0109" and on NASDAQ OMX Copenhagen under the symbol "NDA TR". The Subscription Period may be extended by Nordea's Board of Directors. Subscription Rights not exercised within the Subscription Period will expire and become void.

INDICATIVE TIMETABLE FOR THE RIGHTS OFFERING

Trading of ordinary shares exclusive of Subscription Rights commences	13 March 2009
Record Date	17 March 2009
Subscription Period	20 March – 3 April 2009
Trading of Subscription Rights:	
On NASDAQ OMX Stockholm and NASDAQ OMX Copenhagen	20 March – 31 March 2009
On NASDAQ OMX Helsinki	20 March – 27 March 2009
Trading of paid subscribed shares (BTAs) commences	20 March 2009

DATES FOR FINANCIAL INFORMATION AND THE ANNUAL GENERAL MEETING

Nordea's Annual General Meeting	2 April 2009
Interim Report, January – March 2009	29 April 2009
Interim Report, January – June 2009	21 July 2009
Interim Report, January – September 2009	28 October 2009

This document is an English translation of the approved Swedish prospectus. The English translation is made under the sole responsibility of Nordea's Board of Directors, which is responsible for the Swedish prospectus.

TABLE OF CONTENTS

SUMMARY

This summary should be understood as an introduction to the prospectus, and highlights information presented in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before investing in the Subscription Rights and/or New Shares. You should carefully read this entire prospectus before investing, including "Risk Factors", "Operating and Financial Review", "Business" and the financial statements included elsewhere in this prospectus. For the definitions of certain terms as used herein, see "Certain Definitions". A person can only be held liable for the contents of this summary if it is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus. Under the national legislation of the individual member states of the European Economic Area ("EEA"), if a claim relating to the information contained in this prospectus is brought before a court, the plaintiff may have to bear the costs of translating this prospectus before the proceedings are initiated.

OVERVIEW

Nordea is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Poland, Russia, Estonia, Latvia and Lithuania, which Nordea refers to as its "New European Markets", in Luxembourg, as well as branches in a number of other international locations. Nordea believes that it has the largest customer base of any financial services group based in the Nordic markets with approximately 10 million customers across the markets in which it operates, including approximately 7.5 million household customers in its customer programme and approximately 0.7 million active corporate customers, in each case as of 31 December 2008. As of the same date, Nordea had total assets of EUR 474 billion and Tier 1 capital of EUR 15.8 billion, and was the largest Nordic-based asset manager with EUR 126 billion in assets under management. For the year ended 31 December 2008, Nordea's total operating income was EUR 8.2 billion, of which 76.7% was recorded in Nordic Banking (22.0%, 21.8%, 20.6% and 11.6% in Denmark, Sweden, Finland and Norway, respectively), 5.7% was attributable to the New European Markets and 17.6% was generated by Nordea's other operations, including its International Private Banking operations and its operations with Financial Institutions and Shipping & Oil Services customers.

STRENGTHS

Large, diversified customer base and strong distribution network

Nordea's unique Nordic customer franchise of approximately 6.8 million household customers and approximately 0.6 million corporate customers is served by the most extensive distribution network in the Nordic markets, consisting of approximately 1,100 branches, combined with contact centres and a net bank to which 5.2 million customers are connected. Nordea's leading market presence in the Nordic financial services markets is complemented by long-term growth platforms in the New European Markets, where Nordea has approximately 0.7 million household customers in its customer programme, approximately 80,000 corporate customers and more than 260 branches.

No single country accounts for more than one quarter of Nordea's income and the business mix is balanced between the corporate and household sectors. Nordea's high degree of diversification combined with its scale and market leadership, provides a strong platform for stability and sustained profitability through the cycle.

Clear organic growth strategy with a scalable business and operating model

Nordea pursues an organic growth strategy focused on increasing business with current customers and attracting new profitable customers through a pro-active relationship banking model. At the core of the organic growth strategy is the segmentation of customers and differentiation of both value proposition and resource allocation according to these customer segments. This business model provides a clear and transparent framework for employees and customers alike and has resulted in increased customer loyalty and cross-selling opportunities within Nordea's existing customer base. Strategy execution is facilitated by Nordea's common, integrated operating model, which is designed to ensure operational efficiency and improved quality of customer relations. The concept of one common business model and one integrated operating model has proven highly scalable through its successful implementation in the New European Markets. Nordea tracks a number of key performance indicators to measure the success of the implementation of its organic growth strategy and to manage costs, risks and capital.

Nordea continuously evaluates supporting bolt-on acquisition opportunities within its core business areas and maintains a preparedness to participate in Nordic or European financial industry consolidation.

Strong balance sheet and substantial economies of scale

Nordea's risk-weighted assets, with Basel II transition rules, amounts to EUR 213 billion, which is more than any other bank in the Nordic region. This unmatched balance sheet capacity makes Nordea well-positioned to support the financing needs of its customers, including during challenging periods. The large balance sheet and sizable customer base and operations also give Nordea substantial economies of scale. Nordea's size allows it to benefit from cost savings through the centralisation of investments in areas such as product development, information technology or legal and regulatory-driven initiatives.

Prudent risk management, solid funding position and strong credit rating

A prudent approach to risk management is an integral part of Nordea's organisation and culture. Nordea applies one risk management framework across all businesses and geographic markets with stringent central oversight. Nordea's consistent focus on risk management has resulted in comparatively low historical loan losses with sound asset quality underpinned by a highly diversified loan portfolio. Nordea has maintained its orientation towards core retail and corporate banking services thereby enabling it to avoid any material losses resulting from structured credit instruments and vehicles. In addition, Nordea has a strong and well-diversified funding structure, with approximately half of its external funding (approximately EUR 150 billion) coming from public deposits. For its wholesale funding, Nordea also benefits from its access to the well-developed and large Swedish and Danish domestic covered bond markets. This funding structure, together with Nordea's AA- (stable outlook), Aa1 (stable outlook) and AA- (stable outlook) counterparty credit ratings from S&P, Moody's and Fitch, respectively, are important factors in the bank's ability to fund itself in the market at competitive price levels. In 2008, the credit default swap spread for Nordea's debt was among the lowest among major European banks.

Strategy

Following a period with a focus on stability and profitability, Nordea two years ago embarked on a clearly defined organic growth strategy in the Nordic markets as well as the New European Markets. This new strategic direction is maintained despite the much more challenging macroeconomic environment, but the speed of implementation has been adjusted to current market conditions. Nordea's strategy for profitable organic growth consists of the following three components.

Increase business with existing Nordic customers and attract new customers

The first and most important organic growth area is to increase business with existing Nordic household and corporate customers and to focus on attracting new profitable, high-quality customers through a pro-active relationship banking strategy. In challenging markets, Nordea has an opportunity to distinguish itself from its competitors because it is perceived by customers as a strong financial institution.

Resources are prioritised to customers providing the best opportunities. Household customers are divided into four segments (Private Banking, Gold, Silver and Bronze) based upon the amount and type of business with Nordea. For each segment, a value proposition has been developed including contact and service level, pricing and product solutions. The core philosophy of this strategy is to provide the best service and advice and the best product solutions and prices to the customers generating the most business and income for Nordea. Prices for Gold, Silver and Bronze customers are transparent and in general non-negotiable. Nordea proactively contacts its customers to offer customers products from its entire product range.

The short-term focus of the household customer strategy is to continue the development of the relationship with customers in the premium segments including Private Banking and Gold, to identify and migrate customers into these segments and to improve efficiency of service in particular to customers in the Silver and Bronze segments. Major transformation programmes for the branch processes have been launched, aiming at a substantial release of resources for customer interaction and improvement of sales efficiency by implementation of a structured sales process. As part of this transformation programme, Nordea expects to reduce the number of traditional bank tellers and back office functions.

The household relationship banking strategy is supported by a focused product strategy. Nordea has a broad range of products and a strong distribution network. Product development, in the current market environment, emphasises a flexible range of products and favours simple savings products and products with low capital consumption, rather than complex and non-transparent products. Nordea's savings product offerings take into account variables such as customers' wealth, level of involvement in their financial planning and life cycle, in addition to their risk appetite.

Corporate customers are divided into four segments based upon their income and relationship potential for Nordea: Corporate Merchant Banking ("CMB"), Large, Medium and Small. For each segment a value proposition has been developed, including contact and service level and product solutions. The corporate relationship strategy aims at becoming the corporate customers' "house bank", including as much of the customer's daily and event-driven banking business as possible. Relationship managers, who have an overall view of customers' business and financials, supervise Nordea's relationship with its corporate customers.

Nordea believes it is more important than ever in the current market environment to be pro-active and to stay close to existing customers. New customers will be selected carefully and will only include those with high internally-assessed credit ratings. Controlling the development of risk-weighted assets and managing lending margins to reflect the risk level and funding costs will have a high priority in all corporate customer segments. As part of its pro-active approach, Nordea has also established credit work-out teams in all markets.

Through its corporate customer product strategy, Nordea aims to make corporate risk management products and capital market transactions a part of the basic product offering to customers in the Large and Medium segments. The sale of risk management products has contributed to net gains on items at fair value in 2007 and 2008, both within the corporate segment as well as with institutional customers. Nordea will continue to strengthen its equity and corporate finance functions, and the cash management services will be further developed for all corporate customer segments, as cash management services are key to the customers' daily services and to customer retention. For customers in the Small segment, a new advisor profile and service concept will be developed and implemented to serve the group of customers with combined household and corporate business.

The organic growth strategy in the Nordic region is supplemented by very selective bolt-on acquisitions supporting retail banking activities. Examples of the implementation of this part of Nordea's strategy include the acquisition of 68 branches from Svensk Kassaservice in the summer of 2008 and the acquisition of nine branches from Roskilde Bank in Denmark in the autumn of 2008.

Supplement Nordic growth through investments in the New European Markets

New European Markets include Russia, Poland and the Baltic countries, Estonia, Latvia and Lithuania. Nordea entered this region initially to primarily service Nordic corporate customers with business in these countries. In Russia, the acquisition of a majority holding in JSB Orgresbank was completed in March 2007 (with the remaining minority holding acquired in 2008, partly subject to regulatory approval), concurrent with the sale by Nordea of its minority holding in another larger Russian bank. The original strategy has gradually been developed to include local customers, and today Nordea, in addition to its Nordic customers, is targeting the upper segments among household customers and medium-sized corporate customers in the New European Markets, with the exception of Russia where Nordea is primarily targeting very large corporate customers. The strategy has been implemented through a network expansion that was initiated in late 2006 in the Baltic countries, and especially in Poland. In parallel with the development of distribution capabilities, Nordea is expanding its product range and service levels in the New European Markets.

The long-term strategic direction for New European Markets is to continue the profitable growth strategy and gradually develop these operations into diversified full-scale banking businesses integrated with the rest of the Nordea group.

The customer segmentation and value propositions used in the Nordic markets are now being implemented in Poland and the Baltic countries and scheduled for implementation in Russia. Most risk management measures and procedures have been aligned within the Nordea group, and the business operations are in the process of being aligned with the integrated group operating model.

However, as a result of the extreme financial and macroeconomic conditions and the high uncertainty and risks in the New European Markets, the speed of the development of Nordea's business in these markets has been reduced. The branch network expansion in Russia and the Baltic countries has been discontinued and significantly reduced in Poland. The integration with the rest of the Nordea group, not least within risk management and product offerings, continues in preparation for continued expansion when the economic conditions are more favourable.

Exploit global and European business lines

Nordea has a successful track record within the international shipping and oil services sector as well as within wealth management outside the Nordic markets and the New European Markets.

Nordea is one of the leading financial institutions providing services to the global shipping and offshore industries. Nordea's strategy is to establish and preserve long-term partnerships with high quality, large, transparent and, preferably, publicly-listed companies. In addition, Nordea aims at maintaining a well diversified and secured lending portfolio across segments and geographical regions as well as a strong loan syndication franchise.

The overall ambition for this business line remains and follows a well-proven business model despite the downturn in the global economy, world trade and freight rates. However, a stronger focus on costs, risks and capital management is being applied in the short-run, including careful customer selection and a focus on all potential ancillary business pertaining to existing customers.

Nordea's International Private Banking & Funds is one of the largest Nordic private banking operations in Luxembourg and Switzerland. The operation includes private banking services and European fund distribution. Nordea's International Private Banking pursues an organic growth strategy, and its European fund distribution is positioned as a multi-service boutique with a range of own and in-sourced products distributed through institutional customers. To supplement its organic growth, Nordea, from time to time, selectively executes small acquisitions.

Background and Reasons for the Rights Offering

Since the beginning of the financial crisis in the summer of 2007, Nordea has been able to avoid the most significant effects of the extreme market volatility and has experienced limited negative valuation effects on its various financial instruments. Nordea's systematic approach to managing risk, capital and funding has been an important factor behind its stable performance. In 2008, Nordea demonstrated the continued strength of its organic growth strategy, with income growth largely a result of generating additional business from its existing household and corporate customers. This reflected Nordea's well diversified credit portfolio and the high credit quality of its customer base.

In the fourth quarter of 2008, Nordea reported solid growth in income and results before loan losses. Due to the rapid slowdown in the economy, the level of reported loan losses has increased, albeit in-line with the expectations of the Board of Directors and Group Executive Management considering the severity of the downturn. Nordea remains well-capitalised with a reported Tier 1 capital ratio, excluding Basel II transition rules, of 9.3%, as of 31 December 2008, above its existing target of 9.0% through the economic cycle.

In addition to the Rights Offering, the Board of Directors has proposed to reduce the dividend to EUR 0.20 per ordinary share, corresponding to approximately EUR 519 million in aggregate and a pay out ratio of 19%. By reducing the dividend, Nordea's capital base will be increased by approximately EUR 0.5 billion.

The Rights Offering and the capital savings from the reduction in the dividend (the "capital strengthening measures") will together, on a pro forma basis, enhance Nordea's Core Tier 1 capital ratio from 8.2% to 10.0%, the Tier 1 capital ratio from 9.0% to 10.8% and the capital adequacy ratio from 11.7% to 13.5%, in each case as of 31 December 2008 and based on full implementation of the Basel II rules. Based on Basel II transition principles, these two measures will, on a pro forma basis, enhance Nordea's Core Tier 1 capital ratio from 6.5% to 7.9%, Tier 1 capital ratio from 7.1% to 8.6% and capital adequacy ratio from 9.3% to 10.7%, in each case as of 31 December 2008.

Nordea's Board of Directors and Group Executive Management believe it is responsible to act proactively to best position the bank for the risks and opportunities arising from the prevailing extraordinarily challenging market conditions. In particular, Nordea is seeking to achieve the following objectives, which Nordea believes will be facilitated by the capital strengthening measures:

- *Maintain its position as one of the stronger banks in Europe*. Nordea aims to be one of the strongest banks in Europe in terms of profitability, efficiency, capitalisation, liquidity, funding and ultimately shareholder value generation, measured by total shareholder return. With European banks raising considerable amounts of capital in response to investors' and other stakeholders' requirements for higher capital ratios, the competitive landscape is changing. The proposed capital raising is expected to support Nordea's current strong credit rating, thereby retaining its current favourable funding position relative to its peers.
- *Establish an additional capital cushion in light of reduced visibility in the market and economic outlook*. Nordea is expecting its capital position to be impacted by the economic downturn, primarily through increased loan losses and adverse rating migration in its loan portfolio resulting in higher risk weighted assets. In line with its prudent risk management policies and in light of an uncertain economic outlook, Nordea believes it is appropriate to establish an additional capital buffer above its existing target capital ratios to manage such potential negative effects.
- *Provide flexibility to exploit high credit quality business opportunities arising from the market dislocation*. Due to the deleveraging and general retrenchment by competitors in its core markets, Nordea sees the potential to selectively capture high quality opportunities at expanding margins. Such opportunities predominantly include demand for funding by customers with a solid credit profile who are subject to the general credit shortage in the market. Nordea believes that its continued support of such high quality customers in the current environment, while applying its usual stringent risk management policies, will enhance profitability and reinforce long-term customer relationships.
- *The proposed capital strengthening measures provide a fair and transparent market solution*. The capital strengthening measures are fully transparent and secure fair treatment of shareholders through the application of pre-emptive rights. The capital strengthening measures will reinforce Nordea's capital base with straight equity, addressing investors' preference for high quality, Core Tier 1 capital.

Use of Proceeds

The net proceeds of the Rights Offering are expected to be approximately EUR 2,500,000,000 after deduction of underwriting commissions and other fees and expenses related to the Rights Offering of approximately EUR 85,000,000. The precise amount of net proceeds from the Rights Offering will depend on the composition of subscriptions paid in SEK, DKK and EUR, respectively, and Nordea's related currency hedging arrangements. Nordea intends to use the net proceeds of the Rights Offering to strengthen its capital position generally and to execute its organic growth strategy, including to finance potential bolt-on acquisitions within its core business areas.

Miscellaneous

The board of directors of Nordea (the "Board of Directors") currently consists of Hans Dalborg (Chairman), Timo Peltola (Vice Chairman), Stine Bosse, Marie Ehrling, Svein Jacobsen, Tom Knutzen, Lars G Nordström, Heidi M. Petersen, Ursula Ranin, Björn Savén and Björn Wahlroos, as well as three employee representatives and one deputy, Nils Q. Kruse, Steinar Nickelsen, Lars Oddestad and Kari Ahola. Group Executive Management consists of Christian Clausen (President and CEO), Carl-Johan Granvik, Ari Kaperi, Frans Lindelöw, Michael Rasmussen, Fredrik Rystedt, Peter Schütze and Gunn Wærsted. Nordea's independent auditors are KPMG AB, with Carl Lindgren as lead auditor. See "*Board of Directors, Group Executive Management and Independent Auditors*".

Nordea's registered office is at Smålandsgatan 17, SE-105 71 Stockholm, Sweden (telephone: +46 8 614 7000). Nordea is registered with the bank register maintained by the Swedish Companies Registration Office in Sundsvall, Sweden, under corporate registration number 516406-0120 (previously 556547-0977).

Summary of the Rights Offering

Rights Offering	A total of up to 1,430,059,525 New Shares will be offered initially to holders of Nordea's ordinary shares as of the Record Date (as defined below).
Subscription Price	The Subscription Price is EUR 1.81 per New Share or, alternatively, when subscription is made by exercise of Subscription Rights registered with Euroclear Sweden AB, SEK 20.75 per New Share, or, when subscription is made by exercise of Subscription Rights registered with VP Securities in Denmark, DKK 13.49 per New Share. The alternative SEK and DKK Subscription Price shall apply also to subscription without Subscription Rights for New Shares to be registered in the respective Swedish and Danish securities systems.
Subscription Rights	Holders of ordinary shares will be granted 11 Subscription Rights for every ordinary share they hold, according to Nordea's share register on the Record Date. 20 Subscription Rights will entitle the holder thereof to subscribe for 1 New Share at the Subscription Price.
Subscription for and allotment of unsubscribed New Shares	In the event the Rights Offering is not fully subscribed through the exercise of Subscription Rights, any unsubscribed New Shares will be allocated either to investors who have applied to subscribe for any such New Shares or to subscribers procured by the Underwriters, failing which to the Underwriters. For additional information and procedures, see "*Terms, Conditions and Instructions*" and "*Legal Considerations and Supplementary Information—Plan of Distribution*".
Shareholder Support and Underwriting	The Swedish State, Sampo Oyj (together with its subsidiary, Mandatum Life Insurance Company Ltd ("Sampo")), Nordea-fonden and Nordea Bank-fonden (jointly "Nordea-fonden"), who in the aggregate held 36.3% of Nordea's issued ordinary shares as of 10 February 2009, the date of the announcement of the Rights Offering, have agreed to subscribe for such number of New Shares to which they are entitled in the Rights Offering, in the case of each of Sampo and Nordea-fonden based on its holding as of 10 February 2009. In addition, Sampo has entered into an agreement with the Underwriters pursuant to which Sampo has agreed to subscribe for up to a further 13% of the New Shares being offered in the Rights Offering in the event that the Underwriters are required to subscribe for such New Shares. In addition, Nordea has entered into an underwriting agreement with the Underwriters, pursuant to which the Underwriters have severally agreed, subject to certain conditions, to underwrite the remaining 50.7% of the New Shares being offered by Nordea in the Rights Offering. See "*Legal Considerations and Supplementary Information—Plan of Distribution*".
Record Date for the Rights Offering	17 March 2009.
Subscription Period	20 March 2009 to 3 April 2009.
Transfer of and trading in Subscription Rights	The Subscription Rights are freely transferable and are expected to be traded on NASDAQ OMX Stockholm and NASDAQ OMX Copenhagen during the period from and including 20 March 2009 until and including

	31 March 2009, and on NASDAQ OMX Helsinki during the period from and including 20 March 2009 until and including 27 March 2009, in each case under the respective symbols set forth below (see "—*Trading Symbols*"). The Subscription Rights cannot be converted between NASDAQ OMX Stockholm, Helsinki and Copenhagen. Subscription Rights that are not exercised prior to the end of the Subscription Period will expire without any value or compensation. In order not to lose the value of received Subscription Rights, a shareholder must either: • exercise received Subscription Rights and subscribe for New Shares no later than on 3 April 2009; or • sell received and unexercised Subscription Rights no later than on 31 March 2009 (in the event the Subscription Rights are traded on NASDAQ OMX Stockholm or NASDAQ OMX Copenhagen) or 27 March 2009 (in the event the Subscription Rights are traded on NASDAQ OMX Helsinki).
Use of proceeds	Nordea expects the net proceeds of the Rights Offering to be approximately EUR 2,500,000,000, after deduction of commissions and other fees and expenses related to the Rights Offering. The precise amount of net proceeds from the Rights Offering will depend on the composition of subscriptions paid in SEK, DKK and EUR, respectively, and Nordea's related currency hedging arrangements. Nordea intends to use the net proceeds of the Rights Offering to strengthen its capital position generally and to execute its organic growth strategy, including to finance potential bolt-on acquisitions within its core business areas.
Dividend	The New Shares are entitled to dividends with a record date after 7 April 2009. Thus, the New Shares will not be entitled to any dividend approved by the annual general meeting to be held on 2 April 2009.
Voting	The New Shares are ordinary shares and therefore have the same voting rights as Nordea's currently outstanding ordinary shares. The Swedish Companies Registration Office will register the New Shares after the annual general meeting to be held on 2 April 2009. Accordingly, holders of the New Shares will not be entitled to vote such shares at such annual general meeting.
Delivery of New Shares	*In Sweden*: Following payment and subscription for New Shares by exercise of Subscription Rights, Euroclear Sweden AB, the Swedish Central Securities Depository ("Euroclear Sweden"), will notify subscribers that paid subscribed shares (Sw: *Betalda tecknade aktier*) ("BTA") have been registered on the subscriber's VP account. The BTAs will be re-registered as ordinary shares once the Swedish Companies Registration Office has registered the New Shares. No securities notification will be issued in connection with this re-registration. Registration of the New Shares subscribed based on Subscription Rights is expected to be made with the Swedish Companies Registration Office on or around 20 April 2009. *In Finland*: In Finland, the New Shares will be delivered in the form of Finnish Depositary Receipts ("FDRs"). Following payment and subscription

	for the New Shares by exercise of the Subscription Rights, such Subscription Rights will be converted in the Finnish book-entry system held by Euroclear Finland Ltd. (“Euroclear Finland”) into interim FDRs on the relevant subscriber’s book-entry account. Such interim FDRs will be converted into final FDRs (entitling holders to New Shares) once the New Shares have been registered with the Swedish Companies Registration Office, which is expected to take place on or around 20 April 2009. *In Denmark*: Following payment of the Subscription Price and the exercise of the Subscription Rights at the close of any business day during the Subscription Period, the New Shares will be issued and delivered to the subscribers by allocation to the subscribers' accounts through the book-entry facilities of the Danish VP Securities A/S (“VP Securities”). The New Shares to be listed on NASDAQ OMX Copenhagen will, as long as the New Shares are traded under a temporary securities identification code, also be referred to as “BTAs” in the plural and “BTA” in the singular. When the Swedish Companies Registration Office has registered the New Shares, the temporary code will be merged with the securities identification code of the existing ordinary shares of Nordea. The registration with the Swedish Companies Registration Office is expected to take place on or around 20 April 2009.
Settlement	*In Sweden*: Subscription for New Shares by exercise of the Subscription Rights shall be made by way of cash payment of the Subscription Price. Payment for allocated New Shares not subscribed for pursuant to the exercise of Subscription Rights shall be made in SEK or EUR according to instructions set forth on the contract note that will be sent to such subscribers that have been allotted New Shares. Shareholders whose holdings are nominee-registered at a bank or other nominee shall subscribe and pay for New Shares in accordance with the nominee’s instructions. *In Finland*: Subscription for New Shares to be issued in the form of FDRs by exercise of the Subscription Rights shall be made by way of filing of an order for subscription and simultaneous payment of the Subscription Price in EUR in accordance with instructions by the account operator, custodian or nominee of the subscriber. Payment for allocated New Shares to be issued in the form of FDRs not subscribed for pursuant to the exercise of Subscription Rights shall be made in EUR simultaneously with the filing of the order for the subscription in accordance with instructions by the account operator, custodian or nominee of the subscriber. *In Denmark*: Subscription for New Shares by exercise of the Subscription Rights shall be made by way of cash payment of the Subscription Price through the Subscription Right holder’s own custodian, in accordance with the rules of such institution. Payment for allocated New Shares not subscribed for pursuant to the exercise of Subscription Rights shall be made in DKK or EUR through the custodian of such subscriber that has been allotted New Shares according to instructions from such custodian.

Listing and trading of BTAs and New Shares	The BTAs (in Helsinki in the form of the interim FDRs) will be traded on each of NASDAQ OMX Stockholm, NASDAQ OMX Helsinki and NASDAQ OMX Copenhagen. Nordea will apply for listing of the New Shares on each of NASDAQ OMX Stockholm, NASDAQ OMX Helsinki and NASDAQ OMX Copenhagen in connection with the completion of the Rights Offering.
Trading symbols	The Subscription Rights will trade under the following trading symbols: • NASDAQ OMX Stockholm — NDA TR • NASDAQ OMX Helsinki — NDA1VU0109 • NASDAQ OMX Copenhagen — NDA TR The ordinary shares have, and the New Shares will have, the following trading symbols: • NASDAQ OMX Stockholm — NDASEK • NASDAQ OMX Helsinki — NDA1V • NASDAQ OMX Copenhagen — NDADKK
ISIN	The Subscription Rights will have the following ISIN codes: • NASDAQ OMX Stockholm — SE0002801308 • NASDAQ OMX Helsinki — FI0009503072 • NASDAQ OMX Copenhagen — SE0002801308 The ordinary shares have, and the New Shares will have, the following ISIN codes: • NASDAQ OMX Stockholm — SE0000427361 • NASDAQ OMX Helsinki — FI0009902530 • NASDAQ OMX Copenhagen — SE0000427361

Summary of the Risk Factors

Before deciding whether to invest in the Subscription Rights and/or the New Shares, investors should carefully consider certain risks. These risks include:

Risks Relating to Current Macroeconomic Conditions

- The current disruptions and volatility in the global financial markets may adversely impact Nordea.
- Negative economic developments and conditions in the markets in which Nordea operates can adversely affect Nordea's business and results of operations.

Risks Relating to Nordea's Credit Portfolio

- Deterioration in counterparties' credit quality may affect Nordea's financial performance.
- Deterioration in borrowers' credit quality may result in higher risk-weighted assets.
- Nordea is exposed to counterparty credit risk.
- Nordea is exposed to risks related to the real estate market.
- Nordea has credit exposure to shipping and oil services companies.
- Nordea has credit exposure to private equity portfolio companies.

Risks Relating to Market Risk Exposure

- Nordea is exposed to market price risk.
- Nordea is exposed to structural market risk.
- Movements in market variables may impact future income from Nordea's asset management and life business.

Risks Relating to Liquidity and Capital Requirements

- Liquidity risk is inherent in Nordea's operations.
- Nordea's business performance could be affected if its capital ratios are perceived to be inadequate.
- Nordea's funding costs and its access to the debt capital markets depend significantly on its credit ratings.

Other Risks Relating to Nordea's Business

- Operational risks, including risks in connection with investment advice, may affect Nordea's business.
- Nordea could fail to attract or retain senior management or other key employees.
- Nordea is subject to a variety of risks as a result of its operations, in particular in Poland, Russia and the Baltic countries.
- Nordea's life and pension business is subject to inherent risk involving claims and investment risks.
- Nordea's future contributions to pension schemes could affect Nordea's financial performance.
- Nordea could be required to write down the value of goodwill resulting from its acquisitions.
- Nordea faces competition in all markets.
- The integration of potential future acquisitions may create additional challenges.

Risks Relating to the Legal and Regulatory Environments in which Nordea Operates

- Nordea is subject to substantial regulation and oversight by a number of different regulators.
- Government actions intended to alleviate the effects of the current financial crisis may impact Nordea.

- Legal and regulatory claims arise in the conduct of Nordea’s business.
- Nordea is exposed to risk of changes in tax legislation as well as to increases in the tax rates.

Risks Relating to the Rights Offering and the New Shares

- The future price of Nordea’s ordinary shares cannot be predicted.
- An active trading in the Subscription Rights, BTAs or interim FDRs may not develop.
- Shareholders who do not exercise their Subscription Rights may incur a loss and will experience dilution in their ownership.
- The level of dividend to shareholders in any given fiscal year is uncertain.
- The underwriting agreement between Nordea and the Underwriters is subject to customary terms and conditions.
- Substantial sales of Nordea’s ordinary shares by its major shareholders may negatively affect the share price.

Summary Financial and Other Data

The summary consolidated income statement and balance sheet data presented below have been derived from Nordea's audited consolidated financial statements as of and for the years ended 31 December 2006, 2007 and 2008 included elsewhere in this prospectus. Those financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The data set forth below should be read in conjunction with "*Operating and Financial Review*" and the audited consolidated financial statements included elsewhere in this prospectus.

Summary consolidated income statement data

	Year ended 31 December		
EUR million	**2006**	**2007**	**2008**
Net interest income	3,869	4,282	5,093
Net fee and commission income	2,074	2,140	1,883
Net gains/losses on items at fair value	1,042	1,209	1,028
Profit from companies accounted for under the equity method	68	41	24
Other operating income	312	214	172
Total operating income	**7,365**	**7,886**	**8,200**
General administrative expenses:			
Staff costs	(2,251)	(2,388)	(2,568)
Other expenses	(1,485)	(1,575)	(1,646)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(86)	(103)	(124)
Total operating expenses	**(3,822)**	**(4,066)**	**(4,338)**
Loan losses	257	60	(466)
Disposals of tangible and intangible assets	8	3	0
Operating profit	**3,808**	**3,883**	**3,396**
Income tax expense	(655)	(753)	(724)
Net profit for the year	**3,153**	**3,130**	**2,672**
Attributable to:			
Shareholders of Nordea Bank	3,145	3,121	2,671
Minority interests	8	9	1
Total	**3,153**	**3,130**	**2,672**

Summary balance sheet data

EUR million	As of 31 December 2006	2007	2008
Cash and balances with central banks	2,104	5,020	3,157
Treasury bills	6,280	5,193	6,545
Loans and receivables to credit institutions	26,792	24,262	23,903
Loans and receivables to the public	213,985	244,682	265,100
Interest-bearing securities	29,464	38,782	44,830
Financial instruments pledged as collateral	10,496	4,790	7,937
Shares	14,585	17,644	10,669
Derivatives	24,207	31,498	86,838
Other[1]	18,977	17,183	25,095
Total assets	**346,890**	**389,054**	**474,074**
Deposits by credit institutions	32,288	30,077	51,932
Deposits and borrowings from the public	126,452	142,329	148,591
Liabilities to policyholders	31,041	32,280	29,238
Debt securities in issue	83,417	99,792	108,989
Derivatives	24,939	33,023	85,538
Other[2]	33,431	34,393	31,983
Total liabilities	**331,568**	**371,894**	**456,271**
Total equity	**15,322**	**17,160**	**17,803**
of which Minority interests	46	78	78
Total liabilities and equity	**346,890**	**389,054**	**474,074**

1 Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, investments in associated undertakings, intangible assets, property and equipment, investment property, deferred tax assets, current tax assets, prepaid expenses and accrued income, retirement benefit assets and other assets, which includes claims on securities settlement proceeds, reinsurance recoverables and other.

2 Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, current tax liabilities, accrued expenses and prepaid income, deferred tax liabilities, provisions, retirement benefit obligations, subordinated liabilities and other liabilities, which includes securities settlement liabilities, sold (not held) securities, accounts payable and other.

Summary ratios and key figures[1]

	As of and for the year ended 31 December 2006	2007	2008
Basic earnings per share, EUR	1.21	1.20	1.03
Diluted earnings per share, EUR	1.21	1.20	1.03
Share price, EUR	11.67	11.42	5.00
Total shareholders' return, %	32.3	6.4	(46.9)
Dividend per share, EUR	0.49	0.50	0.20[3]
Equity per share, EUR	5.89	6.58	6.84
Shares outstanding, million	2,591	2,593	2,590
Diluted shares outstanding, million	2,591	2,594	2,592
Return on equity, %	22.9	19.7	15.3
Assets under management, EUR billion	158.1	157.1	125.6
Cost/income ratio, %	52	52	53
Tier 1 capital ratio, before transition rules, %	—	8.3	9.3
Total capital ratio, before transition rules, %	—	10.9	12.1
Tier 1 capital ratio, with transition rules, %	7.1	7.0	7.4
Total capital ratio, with transition rules, %	9.8	9.1	9.5
Tier 1 capital, EUR million	13,147	14,230	15,760
Risk-weighted amounts, EUR billion[2]	185	205	213
Number of employees (FTE)	29,248	31,721	34,008

1 For definitions of ratios and other key terms, see "*Selected Financial and Other Data—Definitions of Key Ratios*".

2 Risk-weighted amounts according to Basel II transition rules for the years 2007 and 2008, and according to Basel I for the year 2006.

3 Subject to approval at the annual general meeting to be held on 2 April 2009.

RISK FACTORS

An investment in Subscription Rights and New Shares involves risks. Investors should consider carefully the risks described below and all of the information contained in this prospectus before deciding whether or not to purchase Subscription Rights and/or subscribe for the New Shares. If any of the following risks were to materialise, Nordea's business, financial condition, results of operations, liquidity and/or prospects may be adversely affected, potentially in a material way. The trading value of the Subscription Rights and/or the New Shares could decline, and investors may lose all or part of their investment. Other risks that Nordea is not currently aware of, or which are currently believed to be immaterial, may also have an adverse effect on Nordea and on the trading value of the New Shares and/or Subscription Rights.

Risks Relating to Current Macroeconomic Conditions

The current disruptions and volatility in the global financial markets may adversely impact Nordea.

Since August 2007, the global financial system has experienced unprecedented credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. As a result, many lenders have reduced or ceased to provide funding to borrowers, including financial institutions. If these conditions continue, or worsen, this could have a material adverse effect on Nordea's ability to access capital and liquidity on financial terms acceptable to Nordea. Any of the foregoing factors could have a material adverse effect on Nordea's business, financial condition and results of operations.

Negative economic developments and conditions in the markets in which Nordea operates can adversely affect Nordea's business and results of operations.

Nordea's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden) and, to a lesser degree, Poland, Russia and the Baltic countries (the "New European Markets"), which combined represented 5.7% of Nordea's total operating income in the year ended 31 December 2008. The economic situation in all four Nordic markets as well as the New European Markets has in various ways been adversely affected by weakening economic conditions and the turmoil in the global financial markets. In particular, these countries have experienced declining economic growth, increasing rates of unemployment as well as decreasing asset values. Adverse economic developments of the kind described above have affected and may continue to affect Nordea's business in a number of ways, including, among others, the income, wealth, liquidity, business and/or financial condition of Nordea's customers, which, in turn, could further reduce Nordea's credit quality and demand for Nordea's financial products and services. As a result, any or all of the conditions described above could continue to have a material adverse effect on Nordea's business, financial condition and results of operations.

Risks Relating to Nordea's Credit Portfolio

Deterioration in counterparties' credit quality may affect Nordea's financial performance.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of Nordea's businesses. Nordea makes provisions for loan losses in accordance with IFRS; however, the provisions made are based on available information, estimates and assumptions and subject to uncertainty and there can be no assurances that the provisions will be sufficient to cover the amount of loan losses as they occur. Adverse changes in the credit quality of Nordea's borrowers and counterparties, in particular corporate customers, or a fall in collateral values, are likely to affect the recoverability and value of Nordea's assets and require an increase in Nordea's individual provisions for impaired loans and potentially collective provisions, which in turn would adversely affect Nordea's financial performance. Actual loan losses vary over the business cycle, and additional loan losses may occur at a rate higher than experienced in the past due to the prevailing market conditions. A significant increase in the size of Nordea's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on Nordea's business, financial condition and results of operations.

As the economies of the New European Markets have deteriorated, credit risk associated with certain borrowers and counterparties in these markets has increased. Nordea is also exposed to foreign exchange risk in the New European Markets, where loans to customers typically are denominated in EUR or USD, though customers typically derive their main income in local currencies. While the Baltic currencies are pegged to the

EUR, the currencies of Russia and Poland have depreciated significantly against most major international currencies over the last year. A potential devaluation of the currencies of the Baltic countries, or Russia, may make it even more difficult for Nordea's clients in these countries to repay their loans, which would have a negative impact on Nordea's credit quality and/or results of operations in these countries.

Deterioration in borrowers' credit quality may result in higher risk-weighted assets.

The regulatory capital levels Nordea is required to maintain are calculated as a percentage of its risk-weighted amounts ("RWA"), in accordance with Pillar 1 of the EU Capital Requirements Directive (No. 2006/48/EC) (the "Capital Requirements Directive"), and its capital adequacy ratios are maintained in accordance with Pillar 2 of the Capital Requirements Directive. The RWA consist of Nordea's balance sheet, off-balance sheet and other market and operational risk positions, measured and risk-weighted according to regulatory criteria, and are driven, among other things, by the risk profile of its assets, which include its lending portfolio. Nordea has implemented an internal ratings-based approach in calculating the RWA for the majority of its lending portfolio. For a further description of the techniques Nordea uses to gauge the probability of default, see "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management—Measurement methods*". If a customer's repayment capacity declines, Nordea lowers the customer's rating, which results in an increase in the RWA. In addition, substantial market volatility, a widening of credit spreads, a change in the regulatory treatment of certain positions, changes in foreign exchange rates, decreases in collateral ratios as a consequence of the deterioration of the market value of assets pledged as collateral, or a further deterioration of the economic environment, among other things, could result in an increase in the RWA, which potentially may reduce Nordea's capital adequacy ratios. If Nordea were to experience a reduction in its capital adequacy ratios, and could not raise further capital, it would have to reduce its lending or investments in other operations. Any of the foregoing could have a material adverse effect on Nordea's business, financial condition and results of operations.

Nordea is exposed to counterparty credit risk.

Nordea routinely executes transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, funds and other institutional and corporate clients. Many of these transactions expose Nordea to the risk that Nordea's counterparty in a foreign exchange, interest rate, commodity, equity or credit derivative contract defaults on its obligations prior to maturity when Nordea has an outstanding claim against that counterparty. Due to recent volatility in foreign exchange and fixed income markets this risk has increased. This credit risk may also be exacerbated when the collateral held by Nordea cannot be realised or is liquidated at prices not sufficient to recover the full amount of the counterparty exposure. Any of the foregoing could have a material adverse effect on Nordea's business, financial condition and results of operations.

As a consequence of its transactions in financial instruments, including foreign exchange rate and derivative contracts, Nordea is also exposed to settlement risk and transfer risk. Settlement risk is the risk of losing the principal on a financial contract due to default by the counterparty or after when 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, and transfer risk is the risk attributable to the transfer of money from a country other than the country where a borrower is domiciled, which is affected by the changes in the economic conditions and political situation in the countries concerned.

Nordea is exposed to risks related to the real estate market.

Nordea provides lending to household mortgage borrowers and corporate borrowers in the real estate sector, including, in particular, real estate management companies. As of 31 December 2008, Nordea's exposure to real estate management companies comprised 13% of Nordea's total lending portfolio. As of 31 December 2008, in excess of 70% of Nordea's real estate loan portfolio was rated 4- or higher in Nordea's internal rating system, which is comparable to investment grade as defined by external rating agencies.

Economic factors in the Nordic markets, including the general economic slowdown, increasing unemployment rates, declining house prices and lower availability of credit from lenders, may result in higher delinquency rates, leading to an increase in impairment losses, in particular for corporate real estate borrowers. In addition, commercial real estate prices have declined over the last year and real estate management companies are facing challenging market conditions. Adverse changes in credit quality of borrowers due to the deteriorating economic conditions or otherwise, combined with a fall in collateral values, could affect the recoverability of the loans to the commercial real estate market, which could have a material adverse effect on Nordea's business, financial condition and results of operations.

Nordea has credit exposure to shipping and oil services companies.

Nordea is a significant lender to the shipping and oil services industries. As of 31 December 2008, 5.1% of Nordea's total corporate lending comprised lending to the shipping industry, with a diversified portfolio with exposures primarily to large international companies. The shipping industry depends largely on world trade and economic growth and, as a result, the shipping market started to weaken in the second half of 2008. While Nordea's exposure to shipping customers is diversified, with under-weight lending to borrowers in the container and dry bulk sectors, to date the shipping sectors most adversely affected by the downturn in world trade, there can be no assurances that freight rates and deteriorating ship values will not have an adverse effect on the credit quality of Nordea's shipping portfolio. In addition, as of 31 December 2008, 2.4% of Nordea's total corporate lending comprised lending to the offshore & oil services industry. The recent sharp decline in oil prices could have a negative impact on investment related to exploration and production by Nordea's corporate customers, which may result in a decrease in earnings from these sectors. Any of the foregoing may have a material adverse effect on Nordea's business, financial condition and results of operations.

Nordea has credit exposure to private equity portfolio companies.

Nordea's loan book includes leveraged loans to private equity portfolio companies across a range of industry sectors. As of 31 December 2008, the aggregate amount of loans to private equity-owned companies amounted to EUR 7.4 billion, equal to 4.9% of total corporate lending, of which approximately 99% were senior loans. Some of these companies are highly leveraged and a small number of them have been required to restructure their equity and debt in recent months. Numerous factors affect such borrowers' ability to repay their loans. A portfolio company's failure to satisfy financial or other covenants could lead to defaults and, potentially, acceleration of its loans and foreclosure. A deterioration in the financial condition and prospects of such borrowers may have an adverse impact on Nordea's recoveries under these loans, particularly if they are accompanied by a deterioration in the value of the underlying collateral.

RISKS RELATING TO MARKET RISK EXPOSURE

Nordea is exposed to market price risk.

Nordea's customer-driven trading operations (where positions, within certain defined limits, are taken on behalf of customers) and its Treasury operations (where Nordea holds investment and liquidity portfolios for its own account) are the key contributors to market price risk in Nordea. The fair value of financial instruments held by Nordea, including bonds (government, corporate and mortgage), equity investments, cash in various currencies, investments in private equity and hedge funds, commodities and derivatives (including credit derivatives), are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. To the extent current market conditions persist, the fair value of Nordea's bond, derivative and structured credit portfolios, as well as other classes, could fall more than currently estimated, and therefore cause Nordea to record write-downs. Future valuations of the assets for which Nordea has already recorded or estimated write-downs, which will reflect the then-prevailing market conditions, may result in significant changes in the fair values of these assets. Further, the value of certain financial instruments are recorded at fair value which is determined by using financial models incorporating assumptions, judgements and estimations that are inherently uncertain and which may change over time or may ultimately be inaccurate. Any of these factors could require Nordea to recognise further write-downs or realise impairment charges, which may have a material adverse effect on Nordea's business, financial condition and results of operations. In addition, because Nordea's trading and investment income depends to a great extent on the performance of financial markets, the extreme market conditions could result in a significant decline in Nordea's trading and investment income, or result in a trading loss, which in turn could have a material adverse effect on Nordea's business, financial condition and results of operations.

Nordea is exposed to structural market risk.

Structural interest rate risk

Like all banks, Nordea earns interest from loans and other assets, and pays interest to its depositors and other creditors. The net effect of changes to Nordea's net interest income depends on the relative levels of assets and liabilities that are affected by the changes in interest rates. Nordea is exposed to structural interest income risk ("SIIR") when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. This mismatch in any given period in the event of changes in interest rates could have a material adverse effect on Nordea's financial condition and results of operations. Nordea measures its SIIR as the change in the amount of its accumulated net interest income during the next 12 months if all interest rates were to change by one percentage point up or down. As of 31 December 2008, the SIIR for increasing market interest rates was EUR 55 million and for decreasing market interest rates was negative EUR 218 million. However, there can be no assurances that Nordea's SIIR could not be significantly greater in the future depending on changes in interest rates and the composition of Nordea's asset and liability structure in any given period.

Structural foreign exchange risk

Nordea is exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the EUR. Nordea's functional currency for its Danish banking business is the DKK, which is pegged to the EUR. In addition, Nordea's transactions with customers in the shipping and oil services industries and in Russia are primarily in USD. Exchange rate movements between the EUR and the SEK, NOK and USD, respectively, have a significant impact on Nordea's consolidated results. Because Nordea shows translation differences between the local currency denominated equity positions of its fully consolidated subsidiaries, the EUR effects arising from currency translation may reduce equity. In addition, because some of Nordea's consolidated RWA, against which Nordea is required to hold a minimum level of capital, are denominated in local currencies, any significant depreciation of the EUR against these local currencies would adversely impact Nordea's capital adequacy ratios. While Nordea, as a general matter, follows a policy of hedging its foreign exchange risk by seeking to match the currency of its assets with the currency of the liabilities that fund them, there can be no assurances that Nordea will be able to successfully hedge some or all of this currency risk exposure.

Movements in market variables may impact future income from Nordea's asset management and life business.

Poor investment returns from Nordea's asset management business, due to the weak performance of financial markets or underperformance (compared to certain benchmarks or Nordea's competitors) by funds or accounts that Nordea manages or investment products that Nordea sells, may impact Nordea's ability to retain existing assets, or attract new clients or additional assets from existing clients. In periods of extreme capital markets, including the current situation, customers may significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and investment funds, which in turn could affect the fees that Nordea earns on assets under management, or commissions that it earns for selling other investment products. A prolonged period of distress in the capital markets may further affect such fees and commissions.

Further, because Nordea Life & Pensions invests funds from policy holders with guaranteed minimum yields, Nordea's business, financial conditions and results of operations could be adversely affected if the returns on these investments fall short of the guaranteed minimum yields, and/or the associated financial buffers fail to cover the guarantees on policy holders' investments.

RISKS RELATING TO LIQUIDITY AND CAPITAL REQUIREMENTS

Liquidity risk is inherent in Nordea's operations.

Liquidity risk is the risk that Nordea will be unable to meet its obligations as they fall due or meet its liquidity commitments only at an increased cost. A substantial part of Nordea's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. The volume of these funding sources, in particular long-term funding, may be constrained during periods of liquidity stress. Moreover, as described in *"—Risks Relating to Current Macroeconomic Conditions*" and "*Operating and Financial Review—Key Factors Affecting Results of Operations*", global market and economic conditions have been, and may continue to be disruptive and volatile, with Nordea's cost of funding, like that of other financial institutions, being adversely affected by the illiquid debt capital markets and wider credit spreads. Continued turbulence in the global financial markets and economy may adversely affect Nordea's liquidity and the willingness of certain counterparties and customers to do business with Nordea, which may result in a material adverse effect on Nordea's business and results of operations.

Nordea's business performance could be affected if its capital ratios are perceived to be inadequate.

Under the Capital Requirements Directive, Nordea is required to maintain certain capital ratios. See "*Risk, Liquidity and Capital Management—Capital Management*". While the Rights Offering will improve Nordea's capital ratios, debt and equity investors, analysts and other market professionals may nevertheless require higher capital buffers due to, among other things, the current general uncertainty involving the financial services industry and the severe global economic conditions. This market perception may increase Nordea's borrowing costs, limit its access to capital markets or result in a downgrade in its ratings, which could have a material adverse effect on its results of operations, and financial condition and liquidity.

Nordea's funding costs and its access to the debt capital markets depend significantly on its credit ratings.

In 2008, each of Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P"), Fitch Ratings Ltd ("Fitch") and Dominion Bond Rating Service ("DBRS") affirmed the long-term rating of Nordea as "Aa1", "A-1+", "AA-" and "AA", respectively. The ratings for the principal subsidiaries of Nordea also remained unchanged during the year. See "*Operating and Financial Review—Ratings*". However, there can be no assurances that Nordea or its principal subsidiaries will be able to maintain their current ratings or that Nordea can retain current ratings on its debt instruments. A reduction in the current long-term ratings of Nordea or one of its principal subsidiaries may increase its funding costs, limit access to the capital markets and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. Therefore, a reduction in credit ratings could adversely affect Nordea's access to liquidity and its competitive position, and therefore, have a material adverse effect on its business, financial condition and results of operations.

Other Risks Relating to Nordea's Business

Operational risks, including risks in connection with investment advice, may affect Nordea's business.

Nordea's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies. Operations are carried out through a number of entities. Operational losses, including monetary damages, reputational damage, costs, and direct and indirect financial losses and/or write-downs, may result from inadequacies or failures in internal processes, systems (among others, IT systems), licenses from external suppliers, fraud or other criminal actions, employee errors, outsourcing, failure to properly document transactions or agreements with customers, vendors, sub-contractors, co-operation partners and other third parties, or to obtain or maintain proper authorisation, or from customer complaints, failure to comply with regulatory requirements, including but not limited to anti-money laundering, data protection and antitrust regulations, conduct of business rules, equipment failures, failure to protect its assets, including intellectual property rights and collateral, failure of physical and security protection, natural disasters or the failure of external systems, including those of Nordea's suppliers or counterparties and failure to fulfil its obligations, contractual or otherwise. Although Nordea has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by Nordea, or that Nordea's reputation will not be damaged by the occurrence of any operational risks, which could have a material adverse effect on Nordea's reputation, business, financial condition and results of operations.

As a part of its banking and asset management activities, Nordea provides its customers investment advice, access to internally as well as externally managed funds and serves as custodian of third-party funds. In the event of losses incurred by its customers due to investment advice from Nordea, or the misconduct or fraudulent actions of external fund managers, Nordea's customers may seek compensation from Nordea. Such compensation might be sought even if Nordea has no direct exposure to such risks, or has not recommended such counterparties to its customers. Any claims in this respect could have a material adverse effect on Nordea's reputation, business, financial condition and results of operations.

Nordea could fail to attract or retain senior management or other key employees.

Nordea's ability to implement its strategy depends on the ability and experience of its senior management and other key employees. The loss of the services of certain key employees, particularly to competitors, could have an adverse effect on Nordea's business. Nordea's future success will also depend in part on its ability to attract and retain highly skilled, motivated and qualified personnel, and Nordea can provide no assurances that it will be able to do so, particularly in light of heightened regulatory oversight of banks and heightened scrutiny of management compensation arrangements. Furthermore, the cost of hiring, training and retaining skilled personnel may continue to increase. The failure to attract or retain a sufficient number of appropriate personnel could prevent Nordea from successfully implementing its strategy, which could have a material adverse effect on its business, financial condition and results of operations.

Nordea is subject to a variety of risks as a result of its operations, in particular in Poland, Russia and the Baltic countries.

Nordea's operations in the New European Markets, which represented approximately 5.7% of Nordea's total operating income in the year ended 31 December 2008, present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America. Nordea faces significant economic and political risk, including economic volatility, recession, inflationary pressure, exchange rate fluctuation risk and interruption of business, as well as civil unrest, moratorium, imposition of exchange controls, sanctions relating to specific countries, expropriation, nationalisation, renegotiation or nullification of existing contracts, sovereign default and changes in law or tax policy. Risks such as these could impact the ability or obligations of Nordea's borrowers to repay their loans, impact the ability of Nordea to utilise collateral held as security, impact interest rates and foreign exchange rates, and could adversely impact levels of economic activity, which would have a material adverse effect on Nordea's business, financial condition and results of operations in these countries.

Nordea's life and pension business is subject to inherent risk involving claims and investment risks.

As is the case for all providers of life and pension products, Nordea is subject to insurance risk and investment risks related to its life insurance business. Insurance risk is the risk that due to events outside Nordea's control claims arise in Nordea's life and pension business at a level higher than assumed in pricing and reserving, as a result of, among others, demographic and medical developments and mortality, longevity and disability rates. Investment risk is the risk that due to events outside Nordea's control investment results in Nordea's life and pension business are below those which have been assumed in pricing and reserving. While the investment risk is assumed by the customer in certain product portfolios (mainly unit-linked products), Nordea shares the investment risk with its customers in its traditional product portfolio, and protects itself against this risk through financial buffers.

In addition, Nordea's ability to generate profit from its insurance subsidiaries generally depends on the level of fees and other income generated by the insurance and pension business, reflecting the risks to which Nordea, as a shareholder of the insurance subsidiaries, is exposed. The level of fees and other income which Nordea may earn from these subsidiaries differ from country to country, depending on regulations and guidelines promulgated by the relevant financial services authorities on shareholder fees, IFRS bridging, profit sharing and solvency requirements. In 2008, Nordea reversed the fee income accrued in the first nine months of 2008 from its Danish life business owing to the decline in financial buffers in light of the general decline in asset values, which had an adverse impact on net gains/losses at fair value, where fees from traditional life insurance are reported. In 2008, Nordea made a capital injection of EUR 200 million into its wholly-owned subsidiary Nordea Life Holding to strengthen the solvency of the Life subgroup. Nordea received no dividends from its life and pension subsidiaries in 2008.

Nordea's future contributions to pension schemes could affect Nordea's financial performance.

Nordea maintains a number of defined benefit pension schemes for past and current employees. Pension risk is the risk that the liabilities of Nordea's various defined benefit pension schemes, which are long term in nature, will exceed the schemes' assets. The schemes' assets comprise investment portfolios that are held to meet projected liabilities to the scheme members. Risk arises from the schemes because the value of these asset portfolios and returns from them may be less than expected and because there may be greater than expected increases in the estimated value of the schemes' liabilities. The deficit in the defined benefit pension scheme increased in 2008, from EUR 368 million to EUR 731 million, although the annual cost decreased during the year. In these circumstances, Nordea could be obliged, or may choose, to make additional contributions to the schemes. Given the current economic and financial market difficulties, and the prospect that such difficulties may continue over the near and medium term, Nordea may be required or elect to make further contributions to the pension schemes, including potentially significant contributions, which could have a material adverse effect on Nordea's business, financial condition and results of operations.

Nordea could be required to write down the value of goodwill resulting from its acquisitions.

Nordea has historically made acquisitions of companies and businesses which have resulted in Nordea having to record goodwill on its balance sheet. As of 31 December 2008, Nordea's goodwill on its balance sheet amounted to EUR 2,143 million. The goodwill is tested for impairment annually, and if and when events or changes in circumstances indicate that it might be impaired. Adverse changes to any of the parameters included in the impairment test may cause Nordea's estimates to be revised downwards, which may result in impairment charges of goodwill. However, there would be no effect on Nordea's capital ratios from any such impairment charge. See "*Operating and Financial Review—Key Factors Affecting Results of Operations—Goodwill*".

Nordea faces competition in all markets.

There is competition for the types of banking and other products and services that Nordea provides. While Nordea has maintained leading positions in several key segments in 2008, there can be no assurances that this competitive position will be sustained. If Nordea is unable to provide competitive product and service offerings, it may fail to attract new customers and/or retain existing customers, experience decreases on its interest, fee and commission income, and/or lose market share, the occurrence of any of which could have a material adverse effect on its business, financial condition and results of operations.

The integration of potential future acquisitions may create additional challenges.

As part of its growth strategy, Nordea may in the future decide to make acquisitions to complement its organic growth. There can be no assurances that Nordea will be able to successfully pursue, complete and integrate any future acquisition targets. In addition, there can be no assurances that it will be able to identify all actual and potential liabilities to which an acquired business is exposed prior to its acquisition. Any of these factors could lead to unexpected losses following the acquisition, which may have a material adverse effect on Nordea's business, financial condition and results of operations.

RISKS RELATING TO THE LEGAL AND REGULATORY ENVIRONMENTS IN WHICH NORDEA OPERATES

Nordea is subject to substantial regulation and oversight by a number of different regulators.

The SFSA is the main regulator of Nordea's operations, although Nordea's operations in Denmark, Finland, Norway, Poland, Russia, Estonia, Latvia, Germany, Isle of Man, Luxembourg and the United States are subject to direct scrutiny from the local regulators in these jurisdictions. Nordea is also subject to the oversight of regulators in each country where it has a branch or representative office, including the United States and the Baltic countries. Nordea is subject to laws and regulations, administrative actions and policies in each of the jurisdictions in which Nordea is operating, all of which are subject to change, and compliance with which may from time to time require significant costs.

Areas where changes or developments in regulation and/or oversight could have an adverse impact include, but are not limited to (i) changes in monetary, interest rate and other policies, (ii) general changes in government and regulatory policies or regimes which may significantly influence investor decisions or may increase the costs of doing business in the Nordic markets, the New European Markets, and such other markets where Nordea carries out its business (iii) changes in capital adequacy framework, imposition of onerous compliance obligations, restrictions on business growth or pricing and requirements to operate in a way that prioritises objectives over shareholder value creation, (iv) changes in competition and pricing environments, (v) differentiation amongst financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, (vi) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership, (vii) further developments in the financial reporting environment, and (viii) other unfavourable political, military or diplomatic developments, in particular in the New European Markets, producing social instability or legal uncertainty, which in turn may affect demand for Nordea's products and services.

Financial regulators in Denmark, Finland, Norway or Sweden or other jurisdictions where Nordea conducts business, responding to the current financial crisis or other concerns, may adopt new or additional regulations, imposing for example substantial restrictions or limitations on banks' operations, including, among other things, higher capital requirements, heightened disclosure standards and restrictions on certain types of transaction structures. In addition, if Nordea participates in one or more of the Nordic or other state guarantee schemes, or corresponding schemes that are or may be introduced, whether such participation is or may become voluntary or required by law, it may be subject to restrictions and limitations imposed on its operations as a result of such participation and may lead to substantial costs. See "*Banking Regulation and Supervision*" and "*Operating and Financial Review—Liquidity and Capital Resources—State funding guarantee schemes, capitalisation programmes and participation in state-owned entities*".

These or any other restrictions, limitations on the operations of financial institutions and costs involved could have a material adverse effect on Nordea's business, financial condition and results of operations.

Government actions intended to alleviate the effects of the current financial crisis may impact Nordea.

In response to the severe market conditions, central banks and governments around the world, including in the Nordic markets, have coordinated efforts to increase liquidity in, and promote the stability of, the financial markets by adopting measures such as increasing the amounts they lend directly to financial institutions, lowering interest rates, significantly increasing temporary reciprocal currency arrangements, expanding consumer deposit or other guarantee programmes and taking equity stakes in financial institutions. If further measures are adopted, this could lead to increased government ownership and control over financial institutions, disparate competitive positions and further consolidation in the markets in which Nordea operates, all of which could have a material adverse effect on Nordea's business, financial condition and results of operations.

Governments in the Nordic markets, the New European Markets and other markets where Nordea operates have introduced, or are contemplating introducing, financial stability packages designed to boost financial stability by, *inter alia*, allowing banks to benefit from various forms of state support, *e.g.*, by way of guarantees or capital loans. Nordea has decided to participate in the Danish state guarantee scheme and, to facilitate the Swedish State's subscription of its pro rata number of New Shares in the Rights Offering through the National Debt Office, Nordea has signed an agreement with the National Debt Office, in accordance with the new regulation on capital injections to solvent banks. However, other than as set forth herein, it has not as of the date of this prospectus participated in any of the guarantee schemes and/or stabilisation funds designed by the Finnish, Norwegian and Swedish governments (including the Swedish guarantee scheme from October 2008) for the banking sector in each of their respective jurisdictions. Should Nordea decide to participate in other Nordic or other financial stabilisation schemes, including both existing schemes and those that may be promulgated in the future, or if such participation becomes compulsory by law in any one of these jurisdictions, Nordea's operations may be adversely affected, due to restrictions and limitations imposed on participants of such schemes as well as due to costs associated with such participation. In addition, according to Swedish law, the Swedish State is able to increase its shareholding in Nordea through a compulsory acquisition of its ordinary shares by operation of law or a guarantee agreement under certain conditions. Further, should Nordea decide not to participate in the other Nordic or other financial stabilisation schemes while its competitors choose to do so, such competitors could gain access to less expensive sources of funding or other benefits, which could have a material adverse effect on Nordea's margins and results of operations. See "*Banking Regulation and Supervision*" and "*Operating and Financial Review—Liquidity and Capital Resources—State funding guarantee schemes, capitalisation programmes and participation in state-owned entities*".

Legal and regulatory claims arise in the conduct of Nordea's business.

In the ordinary course of its business, Nordea is subject to regulatory oversight and liability risk. Nordea is carrying out operations through a number of legal entities in a number of jurisdictions and is subject to regulation in each such jurisdiction. Regulation and regulatory requirements are continuously amended and new requirements are imposed on Nordea, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance. Nordea is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose Nordea, as the case may be, to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on Nordea's business, financial condition and results of operations. See "*Banking Regulation and Supervision*". Adverse regulatory actions against Nordea or adverse judgements in litigation to which Nordea is party could result in restrictions or limitations on Nordea's operations or result in a material adverse effect on Nordea's business, financial condition and results of operations. See "*Legal Considerations and Supplementary Information—Legal and Administrative Proceedings*".

Nordea is exposed to risk of changes in tax legislation as well as to increases in the tax rates.

Nordea's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Nordea's business, including intra-group transactions, is conducted in accordance with Nordea's interpretation of applicable laws, tax treaties, regulations and requirements of the tax authorities in the relevant countries. Nordea has obtained advice from independent tax advisors in this respect. However, there can be no assurances that its interpretation of applicable laws, tax treaties, regulations, or administrative practice is correct, or that such rules are not changed, possibly with retroactive effect. Legislative changes or decisions by tax authorities may impair the present or previous tax position of Nordea.

Risks Relating to the Rights Offering and the New Shares

The future price of Nordea's ordinary shares cannot be predicted.

The price of Nordea's ordinary shares has been highly volatile since early 2008. The price of the ordinary shares, the paid subscribed shares (Sw: *Betalda tecknade aktier*) ("BTA"), the interim FDRs and the Subscription Rights may be subject to fluctuations during (and for the ordinary shares and the New Shares, also following) the Rights Offering. In particular, the share price of Nordea's ordinary shares could fall below the Subscription Price set for the Subscription Rights. General high volatility in stock prices as a whole, or of banks and other financial institutions in particular, could also put pressure on the price of Nordea's ordinary shares, without this having been caused by Nordea's business and/or earnings outlook. Moreover, Nordea may at its discretion withdraw the Rights Offering at any time prior to the end of the Subscription Period. Accordingly, shareholders who have acquired Subscription Rights in the secondary market and/or are subscribers of the New Shares, whether existing shareholders or not, may suffer a loss. See *"Terms, Conditions and Instructions—Conditions for the Rights Offering"*.

An active trading in the Subscription Rights, BTAs or interim FDRs may not develop.

It cannot be guaranteed that an active trading in the Subscription Rights, the BTAs or the interim FDRs will develop on either NASDAQ OMX Stockholm, or NASDAQ OMX Helsinki or NASDAQ OMX Copenhagen, whichever is the relevant market place for the security in question, or that significant liquidity will be available during the Subscription Period at the time such securities are traded.

Shareholders who do not exercise their Subscription Rights may incur a loss and will experience dilution in their ownership.

If the shareholders choose not to exercise their Subscription Rights or otherwise sell such Subscription Rights, or if the shareholders and financial intermediaries fail to comply with the procedures set out in "*Terms, Conditions and Instructions*", the Subscription Rights will expire without any value or compensation. Accordingly, such shareholders' proportionate ownership and voting interests in Nordea will be reduced and the percentage that their ordinary shares will represent of the total share capital of Nordea will be reduced accordingly. Even if a shareholder elects to sell its unexercised Subscription Rights, or such Subscription Rights are sold on its behalf, the consideration it receives on the trading market for the Subscription Rights may not reflect the immediate dilution of its percentage ownership of Nordea's share capital as a result of the completion of the Rights Offering.

The level of dividend to shareholders in any given fiscal year is uncertain.

Under Swedish law, Nordea may declare dividends only to the extent it has distributable funds and such declaration is prudent taking into account the total amount of dividends payable, the scope and risks associated with Nordea's operations as well as the need for Nordea to strengthen its balance sheet, liquidity and financial position in any given fiscal year.

Further, Nordea's ability to pay dividends in the future is affected by a number of factors, including its ability to receive sufficient dividends from its subsidiaries and local laws and regulatory requirements, including but not limited to tax laws and any government stability packages. See "*Banking Regulation and Supervision—Government Stabilisation Plans*".

The holders of the New Shares will not be entitled to dividends resolved at the annual general meeting to be held on 2 April 2009. Nordea cannot offer any assurances that distributable profits will be available in any fiscal year. Moreover, while the Board of Directors has proposed to reduce the dividend for 2008 as a means to strengthen its capital base, and while it is expected that this reduction and payout ratio is temporary, there can be no assurances that the dividend will be returned to pre-2008 levels or when the dividend will be increased from the current level. See "*Dividends and Dividend Policy*".

The underwriting agreement between Nordea and the Underwriters is subject to customary terms and conditions.

While the Rights Offering is fully underwritten, the underwriting agreement between Nordea and the Underwriters is subject to certain customary conditions precedent and termination provisions. In addition, the obligations of the Underwriters are subject to the Swedish State, Sampo and Nordea-fonden having subscribed and paid for New Shares having an aggregate value at the Subscription Price of not less than 30% of the gross proceeds to be raised in the Rights Offering, and that Sampo subscribes in full for its *pro rata* rights as of 10 February 2009 in the Rights Offering. No cash or other assets have been pledged and no other collateral has been provided as security for the satisfaction of the subscription undertakings by the Underwriters or such shareholders. Accordingly, if any conditions precedent were not to be satisfied, or any of these shareholders, for whatever reason (including certain conditions not being satisfied for the benefit of the Swedish State), were to fail to complete their subscriptions, the underwriting arrangements may be terminated. Thus, there can be no assurances that Nordea will raise the full amount of proceeds expected upon completion of the Rights Offering. See "*Legal Considerations and Supplementary Information—Plan of Distribution*".

The exercise of the Subscription Rights will be irrevocable upon such exercise and may not be withdrawn, cancelled or modified after such time. Thus, holders of Subscription Rights who have exercised their Subscription Rights will be required to complete their purchase of New Shares even if the underwriting agreement is terminated or if the conditions precedent are not fulfilled. As a result, a holder of Subscription Rights who subscribes for New Shares may do so notwithstanding Nordea raising substantially less than the proceeds contemplated hereby.

Substantial sales of Nordea's ordinary shares by its major shareholders may negatively affect the share price.

Together with its announcement on 10 February 2009 to participate in the Rights Offering, the Swedish Government reiterated its long-term goal to dispose of the Swedish State's ownership interest in Nordea. Accordingly, upon the completion of the Rights Offering, the Swedish State, which currently owns 19.9% of Nordea's ordinary shares, may sell all or part of its holding of Nordea's ordinary shares. If the Swedish State, or any other of Nordea's major shareholders, were to sell a considerable quantity of Nordea's ordinary shares in the public market, or if the market were to believe that such sales may occur, Nordea's share price could fall. None of Nordea's major shareholders is subject to any contractual obligation to maintain its share ownership, and consequently, there can be no assurances that the Swedish State or any other major shareholder will maintain its current ownership in Nordea following the Rights Offering.

FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Forward-Looking Statements

This prospectus contains various forward-looking statements that reflect Nordea's current views or expectations with respect to future events and financial and operational performance. The words "should", "may", "might", "will", "believes", "assumes", "expects", "estimates", "plans", "intends", "aims to" or, in each case their negative formulations, or other formulations of a similar meaning, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this prospectus including without limitation in the sections "*Summary*", "*Risk Factors*", "*Background and Reasons for the Rights Offering and Use of Proceeds*", "*Dividends and Dividend Policy*", "*Operating and Financial Review*", including, but not limited to, "*Operating and Financial Review—Outlook and Recent Developments*", "*Operating and Financial Review—Financial Targets and Capital Structure Policy*", "*Business*" and "*Risk, Liquidity and Capital Management*".

Such statements relate to, among others: (i) Nordea's strategy, prospects and outlook; (ii) Nordea's operational and financial targets; (iii) Nordea's dividend policy; (iv) Nordea's use of the proceeds from the Rights Offering; (v) general economic trends in the markets in which Nordea operates and trends in the banking industry in these markets; (vi) trends in the global and European financial markets, including without limitation trends in interest rates, currency exchange rates and securities markets; (vii) the competitive environment in which Nordea operates in its markets; and (viii) Nordea's exposure to particular industry and customer segments.

These forward-looking statements are based on Nordea's present plans, estimates, projections and expectations. Even though Nordea believes that these statements are reasonable at present, they may turn out to be incorrect. Because the forward-looking statements are based on various assumptions and are subject to risks and uncertainties, the actual result or outcome could differ materially from those expressed or implied in the forward-looking statements as a result of, among other things: (i) changes in the general economic conditions in the markets in which Nordea operates; (ii) developments in the global financial markets; (iii) changes in the quality of Nordea's loan portfolio and Nordea's counterparty risk; (iv) changes in interest rates, foreign exchange rates, equity and commodity prices; (v) changes in Nordea's liquidity position or that of any of its counterparties; (vi) changes in Nordea's credit ratings; (vii) changes in competition in the markets in which Nordea operates; (viii) regulatory developments in the markets in which Nordea operates; and (ix) increased longevity, medical developments and other parameters that impact Nordea's life insurance business.

Additional factors that could cause Nordea's actual results, performance or achievements to differ materially include, but are not limited to, those discussed herein under "*Risk Factors*". Consequently, none of Nordea, its Board of Directors or its management, the Joint Bookrunners nor any other third party can guarantee the accuracy and completeness of any of the forward-looking statements included in the prospectus and investors should not place undue reliance on them. Nordea expressly disclaims any obligation to update such forward-looking statements or to adjust them in light of future events or developments save as required by law.

Financial Data

Nordea's audited consolidated financial statements as of and for the years ended 31 December 2006, 2007 and 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The consolidated financial statements as of and for the years ended 31 December 2006, 2007 and 2008 have been audited by KPMG AB, independent auditors, as stated in their report appearing herein.

Nordea presents its financial statements in EUR. Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Market Share and Other Information

Information provided in this prospectus on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and segments in which Nordea operates is based on data, statistical information and reports by third parties and/or prepared by Nordea based on Nordea's own information and information in such third-party reports.

While Nordea has accurately reproduced such third-party information, neither Nordea nor the Joint Bookrunners have verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as Nordea is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

This prospectus also contains estimates of market data and information derived therefrom which cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by Nordea based on third-party sources and Nordea's own internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. Nordea believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates as well as its position within this industry. Although Nordea believes that its internal market observations are reliable, Nordea's own estimates are not reviewed or verified by any external sources.

INVITATION TO SUBSCRIBE FOR NEW SHARES IN NORDEA

On 9 February 2009, the Board of Directors resolved, subject to the subsequent approval by the shareholders' meeting, to raise approximately EUR 2.5 billion through a Rights Offering of New Shares. On 10 March 2009, the Board of Directors determined that up to 1,430,059,525 New Shares would be issued, which will increase the share capital by up to EUR 1,430,059,525. On 12 March 2009, the extraordinary general meeting approved the resolution proposed by the Board of Directors. Shareholders will receive 11 Subscription Rights for each ordinary share held on the Record Date, 17 March 2009. 20 Subscription Rights entitle the holder thereof to subscribe for 1 New Share at the Subscription Price of EUR 1.81, SEK 20.75 or DKK 13.49 per New Share. The Subscription Price shall be paid in EUR or SEK if subscription takes place by exercise of Subscription Rights registered with the Swedish securities system, in EUR if subscription takes place by exercise of Subscription Rights registered with the Finnish securities system and in EUR or DKK if subscription takes place by exercise of Subscription Rights registered with the Danish securities system. The alternative SEK and DKK Subscription Price shall apply also to subscription without Subscription Rights for New Shares to be registered in the respective Swedish and Danish securities systems. See "*Background and Reasons for the Rights Offering and Use of Proceeds*".

The Swedish State, Sampo and Nordea-fonden, who in the aggregate held 36.3% of Nordea's issued ordinary shares as of 10 February 2009, the date of the announcement of the Rights Offering, have agreed to subscribe for such number of New Shares to which they are entitled in the Rights Offering, in the case of each of Sampo and Nordea-fonden based on its holding as of 10 February 2009. In addition, Sampo has entered into an agreement with the Underwriters pursuant to which Sampo has agreed to subscribe for up to a further 13% of the New Shares being offered by Nordea in the Rights Offering in the event that the Underwriters are required to subscribe for such New Shares. In addition, Nordea has entered into an underwriting agreement with the Underwriters, pursuant to which the Underwriters have severally agreed, subject to certain conditions, to underwrite the remaining 50.7% of the New Shares being offered by Nordea in the Rights Offering. See "*Legal Considerations and Supplementary Information—Plan of Distribution*".

The shareholders of Nordea are hereby invited to subscribe for New Shares in Nordea in accordance with the terms and conditions set forth in this prospectus.

Stockholm, 16 March 2009

The Board of Directors
Nordea Bank AB (publ)

BACKGROUND AND REASONS FOR THE RIGHTS OFFERING AND USE OF PROCEEDS

Background and Reasons for the Rights Offering

Since the beginning of the financial crisis in the summer of 2007, Nordea has been able to avoid the most significant effects of the extreme market volatility and has experienced limited negative valuation effects on its various financial instruments. Nordea's systematic approach to managing risk, capital and funding has been an important factor behind its stable performance. In 2008, Nordea demonstrated the continued strength of its organic growth strategy, with income growth largely a result of generating additional business from its existing household and corporate customers. This reflected Nordea's well diversified credit portfolio and the high credit quality of its customer base.

In the fourth quarter of 2008, Nordea reported solid growth in income and results before loan losses. Due to the rapid slowdown in the economy, the level of reported loan losses has increased, albeit in line with the expectations of the Board of Directors and Group Executive Management considering the severity of the downturn. Nordea remains well-capitalised with a reported Tier 1 capital ratio, excluding Basel II transition rules, of 9.3%, as of 31 December 2008, above its existing target of 9.0% through the economic cycle.

In addition to the Rights Offering, the Board of Directors has proposed to reduce the dividend to EUR 0.20 per ordinary share, corresponding to approximately EUR 519 million in the aggregate and a pay out ratio of 19%. By reducing the dividend, Nordea's capital base will be increased by approximately EUR 0.5 billion.

The Rights Offering and the capital savings from the reduction in the dividend (the "capital strengthening measures") will together, on a pro forma basis, enhance Nordea's Core Tier 1 capital ratio from 8.2% to 10.0%, the Tier 1 capital ratio from 9.0% to 10.8% and the capital adequacy ratio from 11.7% to 13.5%, in each case as of 31 December 2008 and based on full implementation of the Basel II rules. Based on Basel II transition principles, these two measures will, on a pro forma basis, enhance Nordea's Core Tier 1 capital ratio from 6.5% to 7.9%, Tier 1 capital ratio from 7.1% to 8.6% and capital adequacy ratio from 9.3% to 10.7%, in each case as of 31 December 2008.

Nordea's Board of Directors and Group Executive Management believe it is responsible to act proactively to best position the bank for the risks and opportunities arising from the prevailing extraordinarily challenging market conditions. In particular, Nordea is seeking to achieve the following objectives, which Nordea believes will be facilitated by the capital strengthening measures:

- *Maintain its position as one of the stronger banks in Europe*. Nordea aims to be one of the strongest banks in Europe in terms of profitability, efficiency, capitalisation, liquidity, funding and ultimately shareholder value generation, measured by total shareholder return. With European banks raising considerable amounts of capital in response to investors' and other stakeholders' requirements for higher capital ratios, the competitive landscape is changing. The proposed capital raising is expected to support Nordea's current strong credit rating, thereby retaining its current favourable funding position relative to its peers.
- *Establish an additional capital cushion in light of reduced visibility in the market and economic outlook*. Nordea is expecting its capital position to be impacted by the economic downturn, primarily through increased loan losses and adverse rating migration in its loan portfolio resulting in higher risk-weighted assets. In line with its prudent risk management policies and in light of an uncertain economic outlook, Nordea believes it is appropriate to establish an additional capital buffer above its existing target capital ratios to manage such potential negative effects.
- *Provide flexibility to exploit high credit quality business opportunities arising from the market dislocation*. Due to the deleveraging and general retrenchment by competitors in its core markets, Nordea sees the potential to selectively capture high quality opportunities at expanding margins. Such opportunities predominantly include demand for funding by customers with a solid credit profile who are subject to the general credit shortage in the market. Nordea believes that its continued support of such high quality customers in the current environment, while applying its usual stringent risk management policies, will enhance profitability and reinforce long-term customer relationships.
- *The proposed capital strengthening measures provide a fair and transparent market solution*. The capital strengthening measures are fully transparent and secure fair treatment of shareholders through the application of pre-emptive rights. The capital strengthening measures will reinforce Nordea's capital base with straight equity, addressing investors' preference for high quality, Core Tier 1 capital.

USE OF PROCEEDS

The net proceeds of the Rights Offering are expected to be approximately EUR 2,500,000,000 after deduction of underwriting commissions and other fees and expenses related to the Rights Offering of approximately EUR 85,000,000. The precise amount of net proceeds from the Rights Offering will depend on the composition of subscriptions paid in SEK, DKK and EUR, respectively, and Nordea's related currency hedging arrangements. Nordea intends to use the net proceeds of the Rights Offering to strengthen its capital position generally and to execute its organic growth strategy, including to finance potential bolt-on acquisitions within its core business areas.

The Board of Directors of Nordea Bank AB (publ) is responsible for the contents of this prospectus. Information regarding the members of the Board of Directors is available in the section "Board of Directors, Group Executive Management and Independent Auditors". The Board of Directors of Nordea Bank AB (publ) hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, 16 March 2009

The Board of Directors
Nordea Bank AB (publ)

TERMS, CONDITIONS AND INSTRUCTIONS

Nordea's share capital will be increased by up to EUR 1,430,059,525 through a Rights Offering of up to 1,430,059,525 New Shares, each New Share with a quota value of EUR 1.00. The New Shares will be issued at a subscription price of either EUR 1.81, SEK 20.75 or DKK 13.49 per New Share (the "Subscription Price"). The Subscription Price shall be paid in:

- SEK or EUR if subscription takes place by exercise of Subscription Rights registered with the Swedish securities system (Euroclear Sweden—formerly VPC) and traded on NASDAQ OMX Stockholm;
- EUR if subscription takes place by exercise of Subscription Rights registered with the Finnish securities system (Euroclear Finland—formerly APK) and traded on NASDAQ OMX Helsinki; and
- DKK or EUR if subscription takes place by exercise of Subscription Rights registered with the Danish securities system (VP Securities—formerly Værdipapircentralen) and traded on NASDAQ OMX Copenhagen.

Hence, there are separate instructions for participation in the Rights Offering depending on where the shareholders' Subscription Rights are registered and traded. This also applies to subscription without Subscription Rights for New Shares to be registered in the respective securities system.

Shareholders will receive 11 Subscription Rights for each ordinary share held on the Record Date. 20 Subscription Rights will be required to subscribe for one New Share. The Rights Offering, if fully subscribed, will result in an increase in the number of ordinary shares in Nordea from 2,600,108,227 ordinary shares to 4,030,167,752 ordinary shares, corresponding to an increase of 55%. Shareholders who do not participate in the Rights Offering will have their ownership interest diluted, but will have the possibility to obtain economic compensation for the dilution effect by selling their Subscription Rights (in the case of certain shareholders in jurisdictions excluded from participation in the Rights Offering, see "*—Investors Resident in Certain Unauthorised Jurisdictions*"). Dilution for shareholders who do not subscribe for New Shares in the Rights Offering is calculated as the number of New Shares compared to the total number of ordinary shares following a fully subscribed Rights Offering. The dilution will not exceed 35.5%.

The subscription period begins on 20 March 2009 and ends on 3 April 2009. In order not to lose the value of received Subscription Rights, a shareholder must either:

- exercise received Subscription Rights and subscribe for New Shares no later than on 3 April 2009, or in accordance with instructions by the nominee of the subscriber; or
- sell received and unexercised Subscription Rights no later than on 31 March 2009 (in the event the Subscription Rights are traded on NASDAQ OMX Stockholm or NASDAQ OMX Copenhagen) or on 27 March 2009 (in the event the Subscription Rights are traded on NASDAQ OMX Helsinki).

For further instructions regarding subscription for New Shares based on Subscription Rights registered with Euroclear Sweden in Sweden and applications for subscription without Subscription Rights of New Shares to be registered with Euroclear Sweden and traded on NASDAQ OMX Stockholm, see *"Terms, Conditions and Instructions—New Shares to be Registered with Euroclear Sweden and Traded on NASDAQ OMX Stockholm"*.

For further instructions regarding subscription for New Shares based on Subscription Rights registered with Euroclear Finland in Finland and subscription without Subscription Rights of New Shares to be registered with Euroclear Finland and traded on NASDAQ OMX Helsinki, see "*Terms, Conditions and Instructions—New Shares to be Registered with Euroclear Finland and Traded on NASDAQ OMX Helsinki*".

For further instructions regarding subscription for New Shares based on Subscription Rights registered with VP Securities in Denmark and applications for subscription without Subscription Rights of New Shares to be registered with VP Securities in Denmark and traded on NASDAQ OMX Copenhagen, see "*Terms, Conditions and Instructions—New Shares to be Registered with VP Securities in Denmark and Traded on NASDAQ OMX Copenhagen*".

Terms, Conditions and Instructions—New Shares to be Registered with Euroclear Sweden and Traded on NASDAQ OMX Stockholm

The instructions under this section shall only apply to subscription for New Shares by exercise of Subscription Rights registered with Euroclear Sweden and to application for subscription of New Shares without Subscription Rights to be registered with Euroclear Sweden and traded on NASDAQ OMX Stockholm in Sweden.

Subscription Price

The New Shares will be issued at a Subscription Price of SEK 20.75 per New Share or EUR 1.81 per New Share. No commission will be charged. Issue statements and contract notes will be drawn up in SEK. For instructions and further information with regards to subscription of and payment for New Shares in EUR, please refer to Nordea at telephone +46-8-678 04 80 if your holding is registered with Euroclear Sweden or to your nominee if your holding is nominee-registered in Sweden.

Record Date

The Record Date for determining the right to receive Subscription Rights is 17 March 2009. Ordinary shares in Nordea have been traded exclusive of Subscription Rights since 13 March 2009. The final day for trading ordinary shares in Nordea inclusive of Subscription Rights was 12 March 2009.

Issue statement to directly registered shareholders

An information brochure and a pre-printed issue statement with attached PlusGiro form have been sent to directly registered shareholders and representatives of shareholders who, on the Record Date, were registered in the share register maintained by Euroclear Sweden on behalf of Nordea. The issue statement includes, among other things, the number of Subscription Rights received and the full number of New Shares which may be subscribed for. No securities notification will be sent out regarding the registration of Subscription Rights on VP accounts (or alternatively, service account or capital markets account). Shareholders who are included in the special list of pledge holders and trustees which is maintained in connection with the share register will not receive an issue statement but will be informed separately.

Nominee-registered holdings

Shareholders whose holdings are nominee-registered at a bank or other nominee will not receive an information brochure or an issue statement. Subscription and payment will, instead, take place in accordance with the nominee's instructions.

Trading in Subscription Rights

Trading in Subscription Rights will take place on NASDAQ OMX Stockholm during the period from and including 20 March 2009 to and including 31 March 2009. Nordea and other securities institutions with the required licenses will provide brokerage services for the sale and purchase of Subscription Rights. The ISIN code for the Subscription Rights is SE0002801308 on NASDAQ OMX Stockholm. The Subscription Rights registered with Euroclear Sweden are not convertible to Subscription Rights which are registered with Euroclear Finland or VP Securities in Denmark and do not entitle the holder to subscription of New Shares which will be registered with Euroclear Finland or VP Securities.

Subscription by exercise of Subscription Rights

Subscription for New Shares by exercise of Subscription Rights may be made during the period from and including 20 March 2009 to and including 3 April 2009. At the end of the Subscription Period, unexercised Subscription Rights will expire and will be removed from the holder's VP account (or alternatively, service account or capital markets account) without any notification from Euroclear Sweden.

In order not to lose the value of received Subscription Rights, a shareholder must either:

- exercise received Subscription Rights and subscribe for New Shares no later than on 3 April 2009, or in accordance with instructions by the nominee of the subscriber; or
- sell received and unexercised Subscription Rights no later than on 31 March 2009.

Subscription by directly registered shareholders

Subscription for New Shares by exercise of Subscription Rights will be made by way of cash payment, either by using the pre-printed PlusGiro form or the special application form with simultaneous payment in accordance with the alternatives below:

- The PlusGiro form should be used if all Subscription Rights in accordance with the issue statement from Euroclear Sweden are to be exercised.
- The application form named "Application form for subscription with preferential right regarding shares registered with Euroclear Sweden" should be used if Subscription Rights have been purchased or transferred from another VP account (or alternatively, service account or capital markets account) or if, for some other reason, the number of Subscription Rights to be exercised for subscription differs from the number on the pre-printed issue statement. Payment for the subscribed New Shares shall be made simultaneously when sending in the application form. Payment may be made in the same way as when using a PlusGiro form, for example via Internet bank, giro or at any banking office.

The application form can be ordered from Nordea via telephone during office hours, +46-8-678 04 40. The application form shall be received by Nordea by the last payment date, which is 3 April 2009.

Directly registered subscribers not resident in Sweden entitled to subscribe by exercise of Subscription Rights

Directly registered subscribers who are entitled to subscription by exercise of Subscription Rights but who are not resident in Sweden and who cannot use the pre-printed PlusGiro form can make payment in SEK through a bank abroad according to the instructions specified below.

Nordea Bank AB (publ)
Issuer Services A203
SE-105 71, Stockholm, Sweden
SWIFT: NDEASESS
IBAN No: SE72 3000 0000 0300 1114 9396
Bank Account No: 3001 11 493 96

In conjunction with payment, the subscriber's name, address, VP account number (or alternatively, service account number or capital markets account number) and the reference from the issue statement must be stated. The last payment date is 3 April 2009, at 4pm CET. If subscription is to be made for a different number of shares than stated on the issue statement, the "Application form for subscription with preferential right" should instead be used, which may be ordered from Nordea via telephone during office hours, +46-8-678 04 40. The application form must be received by Nordea at the address specified above by the last payment day, which is 3 April 2009, at 4pm CET. In cases where ordinary shares are registered in a Finnish or Danish book-entry account system, please refer to *"Terms, Conditions and Instructions—New Shares to be Registered with Euroclear Finland and Traded on NASDAQ OMX Helsinki"* and *"Terms, Conditions and Instructions—New Shares to be Registered with VP Securities in Denmark and Traded on NASDAQ OMX Copenhagen"*, respectively, for instructions.

Subscription by nominee-registered shareholders

Custody account holders who wish to subscribe for New Shares with Subscription Rights must apply for subscription in accordance with the nominee's instructions.

Paid subscribed shares

Following payment and subscription, Euroclear Sweden will send out a notice confirming that paid subscribed shares (Sw: *betalda tecknade aktier*) ("BTA") have been registered on the VP account (or alternatively, service account or capital markets account). The newly subscribed shares will be registered as BTAs on the VP account (or alternatively, service account or capital markets account) until such New Shares have been registered with the Swedish Companies Registration Office. It is expected that such New Shares will be registered with the Swedish Companies Registration Office on or around 20 April 2009. No securities notification will be issued in connection with this re-registration.

Trading in BTAs on NASDAQ OMX Stockholm is expected to take place during the period from and including 20 March 2009 to and including 20 April 2009. Nordea and other securities institutions with the required licenses will provide brokerage services regarding the purchase and sale of BTAs.

The ISIN code for the BTAs is SE0002801316 on NASDAQ OMX Stockholm.

Subscription for and allotment of New Shares without Subscription Rights

Subscription by directly registered shareholders

An application to subscribe for New Shares without Subscription Rights must be made on the intended application form marked "Application form for subscription without preferential right regarding subscription of shares registered with Euroclear Sweden". Only one application form regarding subscription of New Shares (which will be registered with Euroclear Sweden) without Subscription Rights may be submitted. Only the application form received first by Nordea will be considered if more than one application form has been submitted.[1] Application forms can be obtained from Nordea branch offices in Sweden, Nordea's website: www.nordea.com, or be ordered from Nordea via telephone during office hours, +46-8-678 04 40.

The application form should be sent to Nordea Bank AB (publ), Issuers Service A203, SE-105 71, Stockholm, Sweden. The application form must be received by Nordea by 3 April 2009.

Subscription by nominee-registered shareholders

Custody account holders at a nominee who wish to subscribe for New Shares without Subscription Rights must be registered for subscription in accordance with instructions from the nominee.

Allotment

Where all New Shares have not been subscribed for by exercise of Subscription Rights, the Board of Directors shall determine the allocation of New Shares subscribed for without Subscription Rights whereby allocation:

- first shall be made to those that subscribed for New Shares by exercise of Subscription Rights, regardless of whether or not the subscriber was a shareholder on the Record Date and, in case of over-subscription, in proportion to the number of Subscription Rights used for subscription of New Shares and, where this is not possible, by drawing of lots;
- second shall be made to others that have applied to Nordea for subscription without Subscription Rights and, in case they cannot receive full allocation, in proportion to the number of New Shares that each has applied to subscribe for and, where this is not possible, by drawing of lots; and
- third shall be made to the Underwriters, and to any other person that has entered into an agreement to guarantee the Rights Offering and, in case their subscription undertakings do not have to be fully utilised, to the Underwriters or such other person in accordance with the number of New Shares that each Underwriter or such other person has undertaken to subscribe for according to such agreement.

To confirm the allotment of New Shares subscribed for without Subscription Rights, a contract note will be sent to the subscribers on or around 22 April 2009. No notification will be sent to subscribers that have not received allotment. New Shares subscribed for and allotted must be paid for in cash according to the instructions on the contract note that has been sent to the subscriber. After payment has been made, Euroclear Sweden will send out a securities notification which confirms that the paid subscribed shares ("BTA") which have been subscribed without Subscription Rights have been booked to the VP account (or alternatively capital markets account or services account). The New Shares will be booked as BTAs on the VP account (or alternatively, capital markets account or services account) until registration of such New Shares with the Swedish Companies Registration Office has been made. Such New Shares are expected to be registered with the Swedish Companies Registration Office on or around 6 May 2009. A VP statement will not be distributed in connection hereto.

The ISIN code for BTA subscribed for without Subscription Rights is SE0002801324. Such BTAs will not be listed and traded.

---

[1] To obtain full priority at a potential allocation based on exercised Subscription Rights, the application for subscription without pre-emptive right must refer to shares registered in the same book-entry account system as in the subscription with pre-emptive right. This implies that subscribers who have exercised Subscription Rights registered with Euroclear Sweden must use the application form named "Application form for subscription without preferential right regarding subscription of shares registered with Euroclear Sweden" for full priority. If New Shares have been subscribed for by virtue of Subscription Rights registered with Euroclear Finland or VP Securities in Denmark, subscribers must, in order to gain full priority in a potential allocation, use separate application forms for subscription without pre-emptive right regarding shares which are to be registered with Euroclear Finland or VP Securities in Denmark (see further *"–New Shares to be Registered with Euroclear Sweden and Traded on NASDAQ OMX Stockholm– Allotment"*).

Right to dividends

The New Shares shall carry the right to dividends for the first time on the first dividend record date occurring after the dividend record date to be decided at the annual general meeting on 2 April 2009. For the avoidance of doubt, the New Shares will not be entitled to the dividend resolved by the annual general meeting on 2 April 2009.

Announcement of the subscription take-up in the Rights Offering

The preliminary subscription take-up in the Rights Offering will be announced through a press release by Nordea on or about 8 April 2009. The final subscription take-up in the Rights Offering will be announced through a press release by Nordea on or about 17 April 2009.

Listing and admission to trading

The Subscription Rights and BTAs will be traded on NASDAQ OMX Stockholm. Nordea will apply for listing of the New Shares on NASDAQ OMX Stockholm in connection with the completion of the Rights Offering. There is no assurance that such application will be accepted.

Other information

In the event that a subscriber remits money for the New Shares in excess of the amount owed, Nordea will arrange for the excess sum to be refunded. No interest will be paid on any excess amounts.

The Board of Directors is entitled to extend the Subscription Period. A subscription for New Shares, whether by exercise of Subscription Rights or not, is irrevocable and thus the subscriber may not cancel or alter a subscription for New Shares.

Incomplete or incorrectly completed application forms may be left without consideration. If the subscription payment is paid after 3 April 2009, is insufficient or is otherwise incorrect, the subscription application may be left without consideration or subscription may be deemed to have been made for a lesser amount. In such case, any subscription payment not accepted for payment will be refunded. Additional questions regarding the Rights Offering will be answered by Nordea at telephone +46-8-678 04 40 during office hours.

Timetable

The timetable below displays and summarises certain important dates relating to the Rights Offering.

First day of trading in ordinary shares on NASDAQ OMX Stockholm exclusive of Subscription Rights	13 March 2009
Record Date for participation in the Rights Offering	17 March 2009
Subscription Period commences	20 March 2009
Trading in Subscription Rights on NASDAQ OMX Stockholm commences	20 March 2009
Trading in BTAs on NASDAQ OMX Stockholm commences	20 March 2009
Trading in Subscription Rights on NASDAQ OMX Stockholm ceases	31 March 2009
Subscription Period expires	3 April 2009
Preliminary subscription take-up in the Rights Offering announced	8 April 2009
Final subscription take-up in the Rights Offering announced	17 April 2009
Trading in BTAs on NASDAQ OMX Stockholm ceases	20 April 2009
Trading in New Shares on NASDAQ OMX Stockholm commences	Estimated 21 April 2009
The BTAs subscribed for by virtue of Subscription Rights are converted to New Shares	Estimated 24 April 2009

Taxation

For taxation aspects, see "*Taxation—Tax issues in Sweden*".

Terms, Conditions and Instructions—New Shares to be Registered with Euroclear Finland and Traded on NASDAQ OMX Helsinki

The instructions under this section shall only apply to subscription for New Shares by exercise of Subscription Rights registered with Euroclear Finland in Finland and to subscription for New Shares without Subscriptions Rights to be registered with Euroclear Finland and traded on NASDAQ OMX Helsinki in the form of FDRs (as defined below).

The ordinary shares of Nordea are currently registered with Euroclear Finland and traded on NASDAQ OMX Helsinki, and are held by the relevant holders in the form of Finnish Depositary Receipts ("FDR"). Accordingly, holders of shares listed on NASDAQ OMX Helsinki who subscribe for shares in the Rights Offering will receive allocated New Shares in the form of FDR. Each FDR represents one ordinary share in Nordea. An FDR holder who on the Record Date is registered as an FDR holder in the register of FDR holders maintained by Euroclear Finland either directly or through nominee registration will automatically receive 11 Subscription Rights for every FDR recorded on the Record Date.

Subscription Price

The Subscription Price will be EUR 1.81 per New Share. No commission will be charged. The Subscription Price shall be paid in connection with the submission of the subscription order.

Record Date

The Record Date for determining the right to receive Subscription Rights is 17 March 2009. Assuming the customary time reserved for the clearing and settlement of transactions made on NASDAQ OMX Helsinki, FDRs have been traded on NASDAQ OMX Helsinki exclusive of Subscription Rights from 13 March 2009. The final day for trading FDRs inclusive of Subscription Rights was 12 March 2009.

Issue statements to FDR holders

The account operators, custodians and nominees will follow their own practices in notifying the FDR holders of the Rights Offering and the related subscriptions and payments, and certain account operators, custodians and nominees might possibly not notify such holders of the Rights Offering. In case an FDR holder does not receive instructions for subscription and payment from his/her account operator, custodian or nominee, such holder is advised to liaise with any Nordea branch office in Finland in order to effect subscription.

Trading in Subscription Rights

The Subscription Rights are issued to FDR holders in the Finnish book-entry system maintained by Euroclear Finland and they will be traded on NASDAQ OMX Helsinki during the period from and including 20 March 2009 to and including 27 March 2009. Nordea and other securities institutions with the required licenses will provide brokerage services regarding the sale and purchase of Subscription Rights.

The ISIN code for the Subscription Rights is FI0009503072 and the trading symbol is NDA1VU0109 on NASDAQ OMX Helsinki. The Subscription Rights registered with Euroclear Finland are not convertible to Subscription Rights registered with Euroclear Sweden or VP Securities in Denmark and do not entitle the holder to subscription of New Shares which will be registered with Euroclear Sweden or VP Securities in Denmark.

Subscription by exercise of Subscription Rights

Subscription for New Shares by exercise of Subscription Rights may be made during the period from and including 20 March 2009 until and including 3 April 2009. At the end of the Subscription Period, unexercised Subscription Rights will expire and will be removed from book-entry accounts of the holders of Subscription Rights without any notification from Euroclear Finland.

In order not to lose the value of received Subscription Rights, a holder of Subscription Rights must either:

- exercise received Subscription Rights and subscribe for New Shares no later than on 3 April 2009, or on an earlier date in accordance with instructions by the account operator, custodian or nominee of the subscriber; or
- sell received and unexercised Subscription Rights no later than on 27 March 2009.

Subscription for New Shares by exercise of Subscription Rights is made by submitting a subscription order per book-entry account and paying the Subscription Price in accordance with the instructions by the account operator or, in case of nominee-registered holders, in accordance with instructions by the nominee. The account operators, custodians and nominees may require the investors to submit a subscription order and pay the Subscription Price by a date occurring earlier than the cessation of trading in the Subscription Rights on NASDAQ OMX Helsinki. Subscription orders are requested to be submitted for each relevant book-entry account.

Subscription for New Shares can also be exercised at Nordea Bank Finland Plc ("Nordea Finland") branch offices within their office hours, Nordea Private Banking units, and Nordea Customer Service by telephone with bank identifiers from Monday to Friday from 8am to 8pm (Finnish time) in Finnish on telephone +358-200-3000 (local network charge/mobile phone charge) and in Swedish on telephone +358-200-5000 (local network charge/ mobile phone charge). Corporations cannot give subscription commitments by telephone through Nordea Customer Service. The Customer Service calls are recorded.

Paid subscribed shares (interim FDRs)

Following subscription by virtue of Subscription Rights and the related payment, the newly subscribed shares will be issued in the Finnish book-entry system and recorded on the subscriber's book-entry account as interim FDRs which are freely transferable and which represent the New Shares. The interim FDRs will be combined with Nordea's existing class of FDRs (ISIN code FI0009902530) representing the ordinary shares of Nordea, once the New Shares have been registered with the Swedish Companies Registration Office (which is expected to take place on or around 20 April 2009).

Trading in interim FDRs

Trading in interim FDRs on NASDAQ OMX Helsinki is expected to take place during the period from and including 20 March 2009 to and including 20 April 2009. Nordea as well as other securities institutions with the required licenses will provide brokerage services regarding the sale and purchase of interim FDRs.

The ISIN code for the interim FDRs is FI0009016190 and the trading symbol is NDA1VN0109 on NASDAQ OMX Helsinki.

Subscription for and allotment of New Shares without Subscription Rights

Subscription for New Shares without Subscription Rights shall be made by an investor submitting a subscription order and simultaneously paying the Subscription Price in accordance with the instructions from his/ her account operator, custodian, or, in case of nominee-registered holders, in accordance with instructions by the nominee. Subscription can also be exercised at Nordea Finland, Nordea's Private Banking units and Nordea's Customer Service centres available as set out above under "*—Subscription by virtue of Subscription Rights*". If an investor does not receive instructions from any account operator, custodian or nominee or if a subscription order cannot be returned to the investor's account operator, custodian or nominee, the investor shall contact any of Nordea Finland branches to give an order for subscription. Subscription orders will be combined into one subscription order per book-entry account if several subscription orders related to a single book-entry account are received from an investor.[2] The subscription order and payment shall be received by the investor's account operator, custodian or nominee or, if the subscription order has been sent to Nordea, by Nordea Finland on 3 April 2009 at the latest or on an earlier date in accordance with instructions by the account operator, custodian or nominee.

Payment for the New Shares shall be made in connection with the subscription order. Payment for New Shares applied for but not allotted will be refunded on or about 21 April 2009. No interest will be paid on the refunded amount.

Allotment

Where all New Shares have not been subscribed for by exercise of Subscription Rights, the Board of Directors shall determine the allocation of New Shares subscribed for without Subscription Rights whereby allocation:

- first shall be made to those that subscribed for New Shares by exercise of Subscription Rights, regardless of whether or not the subscriber was a shareholder or an FDR holder on the Record Date and, in case of over-subscription, in proportion to the number of Subscription Rights used for subscription of New Shares and, where this is not possible, by drawing of lots;

[2] To obtain full priority at a potential allocation based on exercised Subscription Rights, the order for subscription without Subscription Rights must refer to the same book-entry account as in the subscription with Subscription Rights. If New Shares have been subscribed for by virtue of Subscription Rights registered with Euroclear Sweden or VP Securities in Denmark, subscribers must, in order to gain full priority in a potential allocation, use separate application forms for subscription without Subscription Rights regarding shares which are to be registered with Euroclear Sweden or VP Securities in Denmark (see further *"—New Shares to be Registered with Euroclear Finland and Traded on NASDAQ OMX Helsinki—Allotment"*).

- second shall be made to others that have applied to Nordea for subscription without Subscription Rights and, in case they cannot receive full allocation, in proportion to the number of New Shares that each has applied to subscribe for and, where this is not possible, by drawing of lots; and
- third shall be made to the Underwriters, and to any other person that has entered into an agreement to guarantee the Rights Offering and, in case their subscription undertakings do not have to be fully utilised, to the Underwriters or such other person in accordance with the number of New Shares that each Underwriter or such other person has undertaken to subscribe for according to such agreement.

Nordea will confirm the allotment of New Shares subscribed for without Subscription Rights to investors who have been allotted New Shares. Nordea will also send a notification to investors that have not been allotted New Shares. New Shares will be delivered to FDR holders as soon as the Swedish Companies Registration Office has registered the New Shares. This is expected to take place on or about 20 April 2009. For the avoidance of doubt, no interim FDRs will be issued for New Shares subscribed for without Subscription Rights.

Rights to dividends

The New Shares shall carry the right to dividends for the first time on the first dividend record date occurring after the dividend record date to be decided at the annual general meeting on 2 April 2009. For the avoidance of doubt, the New Shares will not be entitled to the dividend resolved by the annual general meeting on 2 April 2009.

Issue and trading of New Shares

The interim FDRs will be combined with Nordea's existing class of FDRs (ISIN code FI0009902530) representing the ordinary shares of Nordea, listed and traded on NASDAQ OMX Helsinki with trading code NDA1V, once the New Shares have been registered with the Swedish Companies Registration Office. This is expected to take place on or around 20 April 2009. The New Shares are freely transferable.

Announcement of the subscription take-up in the Rights Offering

The preliminary subscription take-up in the Rights Offering will be announced through a press release by Nordea on or about 8 April 2009. The final subscription take-up in the Rights Offering will be announced through a press release by Nordea on or about 17 April 2009.

Listing and admission to trading

The Subscription Rights and interim FDRs will be traded on NASDAQ OMX Helsinki. Nordea will apply for listing of the New Shares on NASDAQ OMX Helsinki in connection with the completion of the Rights Offering. There is no assurance that such application will be accepted.

Fees and expenses

No commission will be charged for the subscription of New Shares in the Rights Offering. The account operators, custodians and securities brokers executing the disposal of Subscription Rights or interim FDRs may charge commissions for such transactions in accordance with the fee schedules of their own. The account operators and custodians also charge the fees of their own for the maintenance of the book-entry accounts and transactions recorded thereon.

Other information

Subscription orders shall be deemed to be duly submitted only after receipt by Nordea Finland of the subscription order and Subscription Price related thereto. Acceptance to participate in the Rights Offering involving pledged or otherwise restricted FDRs may be subject to a written consent of the pledgee. It is the responsibility of the FDR holder to obtain such consent and provide it to the place of subscription.

By the submission of the subscription order, Nordea Finland is instructed and authorised to subscribe for the New Shares for and on behalf of the FDR holder in accordance with the terms and conditions of the Rights Offering and to transmit the related Subscription Price to Nordea.

The Board of Directors shall be entitled to extend the Subscription Period. An order to subscribe for New Shares, whether by exercise of Subscription Rights or not, is irrevocable and thus the subscriber may not cancel or alter a subscription for New Shares.

Incomplete or incorrectly completed subscription forms may be left without consideration. If the Subscription Price is not paid in time in accordance with the instructions hereunder, is insufficient or is otherwise incorrect, the subscription order or application may be left without consideration. In such case, any subscription payment not accepted for payment will be refunded. No interest will be paid on any excess amounts.

Additional questions regarding the Rights Offering will be answered by telephone during office hours: +358-200-3000 (in Finnish) and +358-200-5000 (in Swedish).

Timetable

The timetable below displays and summarises certain important dates relating to the Rights Offering.

First day of trading in ordinary shares on NASDAQ OMX Helsinki excluding Subscription Rights commences	13 March 2009
Record Date for participation in the Rights Offering	17 March 2009
Subscription Period commences	20 March 2009
Trading in Subscription Rights on NASDAQ OMX Helsinki commences	20 March 2009
Trading in interim FDRs on NASDAQ OMX Helsinki commences	20 March 2009
Trading in Subscription Rights on NASDAQ OMX Helsinki ceases	27 March 2009
Subscription Period expires	3 April 2009
Preliminary subscription take-up in the Rights Offering announced	8 April 2009
Final subscription take-up in the Rights Offering announced	17 April 2009
Trading in interim FDRs on NASDAQ OMX Helsinki ceases	Estimated 20 April 2009
Interim FDRs are converted to final FDRs corresponding to New Shares	Estimated 20 April 2009
Trading in the New Shares on NASDAQ OMX Helsinki commences	Estimated 21 April 2009

Taxation

For taxation aspects, see "*Taxation—Tax issues in Finland*".

Description of the FDRs

The current shares of Nordea are issued and listed on NASDAQ OMX Helsinki in the form of FDRs. Each FDR represents one existing ordinary share of Nordea.

Nature of the FDRs

The FDR is a specific book-entry entitlement issued in the Finnish book-entry system held by Euroclear Finland. Investors may be registered as FDR holder directly or, in case of other than Finnish FDR holders, by means of nominee registration.

The FDRs are dematerialised depository interests representing entitlements to the underlying shares in Nordea. The underlying shares are registered in the Swedish book-entry system held by Euroclear Sweden in custody for the account of the FDR holders. No physical certificates are issued for the FDRs.

A number of ordinary shares in Nordea corresponding to the number of outstanding FDRs are held in custody in the name of the issuer of the FDRs on account of the FDR holders with Nordea Bank AB (publ) as custodian.

The FDRs have been issued and are governed in accordance with Finnish law.

Issuer of FDRs

The FDRs are issued by Nordea Finland, address Aleksanterinkatu 36, 00020 Nordea, Helsinki, Finland domiciled in Helsinki, with the business identity code 1680235-8. Nordea Finland is a public limited liability company established and incorporated under the Finnish Companies' Act, and registered with the Finnish Trade Register on 2 January 2002.

Trading and settlement

Trading of Nordea's ordinary shares represented by the FDRs is arranged on NASDAQ OMX Helsinki and settlement of trading will take place in the Finnish book-entry system as any ordinary share listed on NASDAQ OMX Helsinki. The FDRs have been issued and are traded on NASDAQ OMX Helsinki in EUR.

Dividends

The FDR holders are entitled to receive dividends related to the underlying ordinary shares in Nordea. The dividends will be payable in EUR.

Other shareholders' rights

Nordea and Nordea Finland seek to ensure that the holders of the FDRs are able to enjoy all rights associated with holding of the underlying ordinary shares in Nordea. As the FDRs are registered in the Finnish book-entry system, the holders of the FDRs are not directly entitled to certain rights attached to the underlying shares registered in Sweden, but the right may be limited and the use of such rights require specific steps to be taken and may be subject to further instructions by Nordea and Nordea Finland.

Attending shareholders' meetings and using voting rights of the underlying shares require temporary re-registration of the holder of the FDR into the Swedish book-entry system as a shareholder. Prior to any shareholders' meeting, Nordea or Nordea Finland will provide further instructions on how to act in order to obtain appropriate right to attend a general meeting and use therein voting rights of the underlying shares.

Conversion to ordinary shares

An FDR holder may convert its FDRs into ordinary shares in Nordea by giving both the Finnish account operator with whom the FDRs are registered on a book-entry account and the Swedish account operator with whom the FDR holder wishes to deposit the shares an order to this effect.

A conversion as referred to above is conditional upon the fact that all obligations of the FDR holder towards Nordea and Nordea Finland in respect of shares and FDRs have been fulfilled and settlement has been realised.

Nordea Finland can temporarily decline to carry out a requested conversion, or postpone it, in the event that the FDRs cannot be operated in the book-entry system, for instance, if a party participating in the conversion process in Finland or Sweden is closed or if Nordea Finland for other reasons, for example, in a situation involving a disturbance in the execution of trades, considers the postponement necessary.

Other terms and conditions

The FDRs are generally governed by the general terms and conditions of the FDRs. For information about the availability for the general terms and conditions governing the FDRs, please see "*Legal considerations and Supplementary Information—Documents on Display*".

Terms, Conditions and Instructions—New Shares to be Registered with VP Securities in Denmark and Traded on NASDAQ OMX Copenhagen

The instructions in this section shall only apply to subscription for New Shares by exercise of Subscription Rights registered with the VP Securities in Denmark and to application for subscription for New Shares without Subscription Rights to be registered with VP Securities in Denmark and traded on NASDAQ OMX Copenhagen.

Subscription Price

The New Shares will be issued at a subscription price of DKK 13.49 per New Share or EUR 1.81 per New Share. No commission will be charged. For instructions and further information with regards to subscription of shares in EUR, please refer to Nordea at telephone +45 3333 5092 if your holding is registered with VP Securities in Denmark or to your nominee if your holding is nominee-registered.

Record Date

The Record Date for determining the right to receive Subscription Rights is 17 March 2009 at 12:30pm CET. Ordinary shares in Nordea have been traded exclusive of Subscription Rights since 13 March 2009. The final day for trading in ordinary shares in Nordea inclusive of Subscription Rights was 12 March 2009.

Procedures for subscription of New Shares

Holders of Subscription Rights wishing to subscribe for New Shares must do so through their own custodian, in accordance with the rules of such institution. For beneficial owners of Subscription Rights, the time until which notification of exercise may be given will depend upon the agreement with, and the rules and procedures of, the relevant custodian or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised its Subscription Rights, the exercise may not be cancelled or altered.

Any holder who exercises its Subscription Rights shall be deemed to have represented that it has complied with all applicable laws. Custodian banks exercising Subscription Rights on behalf of beneficial holders shall be deemed to have represented that they have complied with the offering procedures set forth in this prospectus and in the instructions sent to them by Nordea in connection with the Rights Offering.

Holders of Subscription Rights who do not wish to exercise their Subscription Rights to subscribe for New Shares may sell their Subscription Rights, and the acquirer may use them to subscribe for New Shares. Holders of Subscription Rights who do not have a sufficient number of Subscription Rights to subscribe for a whole number of New Shares may during the trading period of the Subscription Rights purchase in the open market any additional Subscription Rights necessary to subscribe for a whole number of New Shares. Holders wishing to purchase or sell Subscription Rights should instruct their custodian accordingly.

Subscription Rights that are not exercised through the Danish custodian institutions during the Subscription Period will expire with no value and a holder of such Subscription Rights will not be entitled to compensation. The Subscription Period ceases on 3 April 2009.

Trading in Subscription Rights

Trading in Subscription Rights will take place on NASDAQ OMX Copenhagen during the period from and including 20 March 2009 to and including 31 March 2009. Nordea and other securities institutions with the required licenses will provide brokerage services for the sale and purchase of Subscription Rights. The ISIN code for the Subscription Rights is SE0002801308 on NASDAQ OMX Copenhagen. The Subscription Rights registered with VP Securities in Denmark are not convertible to Subscription Rights which are registered with Euroclear Sweden or Euroclear Finland and do not entitle the holder to subscription of New Shares which will be registered with Euroclear Sweden or Euroclear Finland.

Subscription by exercise of Subscription Rights

Subscription for New Shares to be listed on NASDAQ OMX Copenhagen by exercise of Subscription Rights may be made during the period from and including 20 March 2009 to and including 3 April 2009. At the end of the Subscription Period, unexercised Subscription Rights will expire and will be removed from VP Securities accounts without any notification.

In order not to lose the value of received Subscription Rights, a shareholder must either:

- exercise received Subscription Rights and subscribe for New Shares no later than on 3 April 2009, or in accordance with instructions by the nominee of the subscriber; or
- sell received and unexercised Subscription Rights no later than on 31 March 2009.

Holders of Subscription Rights wishing to subscribe for New Shares to be listed on NASDAQ OMX Copenhagen must do so through their own custodian, in accordance with the rules of such institutions.

Paid subscribed shares

Following payment of the Subscription Price and the exercise of the Subscription Rights at the close of any business day during the Subscription Period, the New Shares will be issued and delivered to the subscribers by allocation to the subscribers' accounts through the book-entry facilities of VP Securities. The New Shares to be listed on NASDAQ OMX Copenhagen will as long as they are traded under a temporary identification code also be referred to in the plural as "BTAs" and in the singular as "BTA" and when the New Shares have been registered with the Swedish Companies Registration Office, the temporary ISIN code will be merged with the ISIN code of the existing shares. The registration with the Swedish Companies Registration Office is expected to take place on or around 20 April 2009.

Trading in BTAs on NASDAQ OMX Copenhagen is expected to occur during the period from 20 March 2009 until 20 April 2009.

The ISIN code for the BTAs is SE0002801316 on NASDAQ OMX Copenhagen.

Subscription for and allotment of New Shares without Subscription Rights

An application to subscribe for New Shares to be listed on NASDAQ OMX Copenhagen without Subscription Rights must be made through the applicant's own custodian.

An application to subscribe for New Shares without Subscription Rights must be made on the application form intended. Only one application form regarding subscription of New Shares without Subscription Rights may be submitted. Only the application form received first by Nordea will be considered if more than one application form has been submitted.[3] Application forms can be obtained from Nordea branch offices in Denmark, Nordea's website: www.nordea.com, or be ordered from Nordea by telephone during office hours, +45 3333 5092.

The application form should be sent by the applicant's own custodian to Nordea Corporate Actions, Copenhagen, Denmark, fax +45-333 331 82. The application form must be received by Nordea no later than on 3 April 2009.

Allotment

Where all New Shares have not been subscribed for by exercise of Subscription Rights, the Board of Directors shall determine the allocation of New Shares subscribed for without Subscription Rights whereby allocation:

- first shall be made to those that subscribed for New Shares by exercise of Subscription Rights, regardless of whether or not the subscriber was a shareholder on the Record Date and, in case of over-subscription, in proportion to the number of Subscription Rights used for subscription of New Shares and, where this is not possible, by drawing of lots;
- second shall be made to others that have applied to Nordea for subscription without Subscription Rights and, in case they cannot receive full allocation, in proportion to the number of New Shares that each has applied to subscribe for and, where this is not possible, by drawing of lots; and
- third shall be made to the Underwriters, and to any other person that has entered into an agreement to guarantee the Rights Offering and, in case their subscription undertakings do not have to be fully utilised, to the Underwriters or such other person in accordance with the number of New Shares that each Underwriter or such other person has undertaken to subscribe for according to such agreement.

The allotment of New Shares to be listed on NASDAQ OMX Copenhagen subscribed for without Subscription Rights will be made through the applicant's own custodian, in accordance with the rules of such institutions. Following payment and subscription, such New Shares will be delivered in accordance with the above, see "*—Terms, Conditions and Instructions—New Shares to be Registered with VP Securities in Denmark and Traded on NASDAQ OMX Copenhagen—Paid subscribed shares*".

The ISIN code for BTA subscribed for without Subscription Rights is SE0002801324. This BTA will not be listed and traded.

Right to dividends

The New Shares shall carry the right to dividends for the first time on the first dividend record date occurring after the dividend record date to be decided at the annual general meeting on 2 April 2009. For the avoidance of doubt, the New Shares will not be entitled to the dividend resolved by the annual general meeting to be held on 2 April 2009.

Announcement of the subscription take-up in the Rights Offering

The preliminary subscription take-up in the Rights Offering will be announced through a press release by Nordea on or about 8 April 2009. The final subscription take-up in the Rights Offering will be announced through a press release by Nordea on or about 17 April 2009.

Listing and admission to trading

The Subscription Rights and BTAs will be traded on NASDAQ OMX Copenhagen. Nordea will apply for listing of the New Shares on each of NASDAQ OMX Copenhagen in connection with the completion of the Rights Offering. There is no assurance that such applications will be accepted.

---

3 To obtain full priority at a potential allocation based on exercised Subscription Rights, the application for subscription without pre-emptive right must refer to shares registered in the same book-entry account system as in the subscription with pre-emptive right. If New Shares have been subscribed for by virtue of Subscription Rights registered with Euroclear Sweden or Euroclear Finland, subscribers must, in order to gain full priority in a potential allocation, use separate application forms for subscription without pre-emptive right regarding shares which are to be registered with Euroclear Sweden or Euroclear Finland (see further *"—New Shares to be Registered with VP Securities in Denmark and Traded on NASDAQ OMX Copenhagen—Allotment"*).

Other information

The Board of Directors is entitled to extend the Subscription Period. A subscription for New Shares, whether by exercise of Subscription Rights or not, is irrevocable and the subscriber may not cancel or alter a subscription for New Shares.

Incomplete or incorrectly completed application forms may be left without consideration.

Additional questions regarding the Rights Offering will be answered by Nordea by telephone during office hours: +45 3333 5092.

First day of trading in ordinary shares on NASDAQ OMX Copenhagen excluding Subscription Rights	13 March 2009
Record Date for participation in the Rights Offering	17 March 2009, 12:30pm CET
Subscription Period commences	20 March 2009
Trading in Subscription Rights on NASDAQ OMX Copenhagen commences	20 March 2009
Trading in BTAs on NASDAQ OMX Copenhagen commences	20 March 2009
Trading in Subscription Rights on NASDAQ OMX Copenhagen ceases	31 March 2009
Subscription Period expires	3 April 2009
Preliminary subscription take-up in the Rights Offering announced	8 April 2009
Final subscription take-up in the Rights Offering announced	17 April 2009
Trading in BTAs on NASDAQ OMX Copenhagen ceases	20 April 2009
The temporary securities identification code for the BTAs which are subscribed for with Subscription Rights will be merged with the securities identification code of the existing ordinary shares of Nordea	Estimated 21 April 2009
Trading in the New Shares in NASDAQ OMX Danish commences	Estimated 24 April 2009

Taxation

For taxation aspects, see "*Taxation—Tax issues in Denmark*".

CONDITIONS FOR THE RIGHTS OFFERING

The Rights Offering is conditional upon no circumstances having occurred (prior to the end of the Subscription Period) which, in the Board of Directors' reasonable opinion, may have a significant adverse effect on the implementation of the Rights Offering. The Rights Offering may thus be withdrawn. In such event, all Subscription Rights would lapse without value, subscriptions for, and allotments of, New Shares that have been made will be disregarded, any BTA and interim FDR will be cancelled and any subscription payments will be returned. In addition, the obligations of the Underwriters pursuant to the underwriting agreement are subject to a number of conditions which, if not met or waived, or if any of certain events or circumstances referred to in the underwriting agreement occur at any time before closing of the Rights Offering, the Underwriters may, at their discretion, terminate the underwriting agreement and the obligations of the Underwriters to subscribe for previously unsubscribed New Shares will expire. See "*Legal Considerations and Supplementary Information—Plan of Distribution*" and *"Risk Factors—Risks Relating to the Rights Offering and the New Shares",* for further details.

INVESTORS RESIDENT IN CERTAIN UNAUTHORISED JURISDICTIONS

The allotment of Subscription Rights and the issuance of New Shares upon exercise of Subscription Rights (or otherwise) to persons who are resident in, or citizens of, countries other than Denmark, Finland, France, Germany, Norway, Sweden and the United Kingdom may be affected by securities legislation in such countries. See "*Restrictions on Sale and Transfer of Subscription Rights and New Shares*". Consequently, subject to certain exceptions, shareholders whose holding of existing shares or FDRs are directly registered and whose registered address is in, *inter alia*, Australia, Canada, Japan, Hong Kong or the United States, will not receive this prospectus. Nor will they be entitled to exercise their Subscription Rights. Except for the Subscription Rights related to the FDRs, the Subscription Rights to which such shareholders otherwise would have been entitled will be sold on their behalf and the sales proceeds received on their behalf, less deductions for costs, will be received as agent for and paid to such shareholders. Amounts of less than EUR 10 will not be paid out. As for the Subscription Rights related to the FDRs, no such sale of the Subscription Rights will be carried out automatically but the execution of the sale always requires an explicit order filed by an investor holding Subscription Rights to a securities broker. See "*Restrictions on Sale and Transfer of Subscription Rights and New Shares*".

BUSINESS

Overview

Nordea is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Poland, Russia, Estonia, Latvia and Lithuania, which Nordea refers to as its "New European Markets", in Luxembourg, as well as branches in a number of other international locations. Nordea believes that it has the largest customer base of any financial services group based in the Nordic markets with approximately 10 million customers across the markets in which it operates, including approximately 7.5 million household customers in its customer programme and approximately 0.7 million active corporate customers, in each case as of 31 December 2008. As of the same date, Nordea had total assets of EUR 474 billion and Tier 1 capital of EUR 15.8 billion, and was the largest Nordic-based asset manager with EUR 126 billion in assets under management. For the year ended 31 December 2008, Nordea's total operating income was EUR 8.2 billion, of which 76.7% was recorded in Nordic Banking (22.0%, 21.8%, 20.6% and 11.6% in Denmark, Sweden, Finland and Norway, respectively), 5.7% was attributable to the New European Markets and 17.6% was generated by Nordea's other operations, including its International Private Banking operations and operations with Financial Institutions and Shipping & Oil Services customers.

As a universal bank, Nordea offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. Nordea's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards, and a wide range of savings, life insurance and pension products. In addition, Nordea offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes, as well as corporate finance, institutional asset management services and corporate life and pension products. Nordea also distributes general insurance products. With approximately 1,400 branches (including more than 260 branches in the New European Markets), call centres in each of the Nordic markets, and a highly competitive e-bank (the "net bank"), Nordea also has the largest distribution network for customers in the Nordic markets.

Nordea is incorporated in the Kingdom of Sweden and is headquartered in Stockholm. Its equity securities are listed on NASDAQ OMX Stockholm (in SEK), NASDAQ OMX Helsinki (in the form of FDRs with prices quoted in EUR) and NASDAQ OMX Copenhagen (in DKK).

History and Development

Nordea was created through combination of four large Nordic financial institutions: Nordbanken AB (publ) in Sweden merged with Merita Bank Abp in Finland in 1997 to form MeritaNordbanken, which in turn merged with Unidanmark A/S in Denmark and acquired Christiania Bank & Kreditkasse ASA in Norway in 2000. Nordea subsequently acquired Postgirot Bank AB (publ) in Sweden in 2001. The group has operated under the name Nordea since December 2001.

Nordea's operations in the New European Markets stem from the business activities of its predecessor companies, which initiated operations in Estonia in 1992, Latvia in 1997, Poland in 1999 and Lithuania in 2000. Following its formation in 2000, Nordea has extended its presence in the New European Markets by acquiring local companies, including LG Petro Bank in Poland in 2002, Kredyt Bank in Lithuania in 2004 and the Polish life insurance operations of Sampo in 2005. In 2007, Nordea acquired a majority stake in JSB Orgresbank in Russia and, in December 2008, acquired the remaining 17.7% of JSB Orgresbank's shares from two management shareholders and, subject to regulatory approvals, the European Bank for Reconstruction and Development. Nordea, which currently operates in Russia under the Orgresbank name, is in the process of establishing the Nordea brand in Russia.

Strengths

Large, diversified customer base and strong distribution network

Nordea's unique Nordic customer franchise of approximately 6.8 million household customers and approximately 0.6 million corporate customers is served by the most extensive distribution network in the Nordic markets, consisting of approximately 1,100 branches, combined with contact centres and a net bank to which 5.2 million customers are connected. Nordea's leading market presence in the Nordic financial services markets is complemented by long-term growth platforms in the New European Markets, where Nordea has approximately 0.7 million household customers in its customer programme, approximately 80,000 corporate customers and more than 260 branches.

No single country accounts for more than one quarter of Nordea's income and the business mix is balanced between the corporate and household sectors. Nordea's high degree of diversification combined with its scale and market leadership, provides a strong platform for stability and sustained profitability through the cycle.

Clear organic growth strategy with a scalable business and operating model

Nordea pursues an organic growth strategy focused on increasing business with current customers and attracting new profitable customers through a pro-active relationship banking model. At the core of the organic growth strategy is the segmentation of customers and differentiation of both value proposition and resource allocation according to these customer segments. This business model provides a clear and transparent framework for employees and customers alike and has resulted in increased customer loyalty and cross-selling opportunities within Nordea's existing customer base. Strategy execution is facilitated by Nordea's common, integrated operating model, which is designed to ensure operational efficiency and improved quality of customer relations. The concept of one common business model and one integrated operating model has proven highly scalable through its successful implementation in the New European Markets. Nordea tracks a number of key performance indicators to measure the success of the implementation of its organic growth strategy and to manage costs, risks and capital.

Nordea continuously evaluates supporting bolt-on acquisition opportunities within its core business areas and maintains a preparedness to participate in Nordic or European financial industry consolidation.

Strong balance sheet and substantial economies of scale

Nordea's risk-weighted assets, with Basel II transition rules, amounts to EUR 213 billion, which is more than any other bank in the Nordic region. This unmatched balance sheet capacity makes Nordea well-positioned to support the financing needs of its customers, including during challenging periods. The large balance sheet and sizable customer base and operations also give Nordea substantial economies of scale. Nordea's size allows it to benefit from cost savings through the centralisation of investments in areas such as product development, information technology or legal and regulatory-driven initiatives.

Prudent risk management, solid funding position and strong credit rating

A prudent approach to risk management is an integral part of Nordea's organisation and culture. Nordea applies one risk management framework across all businesses and geographic markets with stringent central oversight. Nordea's consistent focus on risk management has resulted in comparatively low historical loan losses with sound asset quality underpinned by a highly diversified loan portfolio. Nordea has maintained its orientation towards core retail and corporate banking services thereby enabling it to avoid any material losses resulting from structured credit instruments and vehicles. In addition, Nordea has a strong and well-diversified funding structure, with approximately half of its external funding (approximately EUR 150 billion) coming from public deposits. For its wholesale funding, Nordea also benefits from its access to the well-developed and large Swedish and Danish domestic covered bond markets. This funding structure, together with Nordea's AA- (stable outlook), Aa1 (stable outlook) and AA- (stable outlook) counterparty credit ratings from S&P, Moody's and Fitch, respectively, are important factors in the bank's ability to fund itself in the market at competitive price levels. In 2008, the credit default swap spread for Nordea's debt was among the lowest among major European banks.

STRATEGY

Following a period with a focus on stability and profitability, Nordea two years ago embarked on a clearly defined organic growth strategy in the Nordic markets as well as the New European Markets. This new strategic direction is maintained despite the much more challenging macroeconomic environment, but the speed of implementation has been adjusted to current market conditions. Nordea's strategy for profitable organic growth consists of the following three components.

Increase business with existing Nordic customers and attract new customers

The first and most important organic growth area is to increase business with existing Nordic household and corporate customers and to focus on attracting new profitable, high-quality customers through a pro-active relationship banking strategy. In challenging markets, Nordea has an opportunity to distinguish itself from its competitors because it is perceived by customers as a strong financial institution.

Resources are prioritised to customers providing the best opportunities. Household customers are divided into four segments (Private Banking, Gold, Silver and Bronze) based upon the amount and type of business with

Nordea. For each segment, a value proposition has been developed including contact and service level, pricing and product solutions. The core philosophy of this strategy is to provide the best service and advice and the best product solutions and prices to the customers generating the most business and income for Nordea. Prices for Gold, Silver and Bronze customers are transparent and in general non-negotiable. Nordea proactively contacts its customers to offer customers products from its entire product range.

The short-term focus of the household customer strategy is to continue the development of the relationship with customers in the premium segments including Private Banking and Gold, to identify and migrate customers into these segments and to improve efficiency of service in particular to customers in the Silver and Bronze segments. Major transformation programmes for the branch processes have been launched, aiming at a substantial release of resources for customer interaction and improvement of sales efficiency by implementation of a structured sales process. As part of this transformation programme, Nordea expects to reduce the number of traditional bank tellers and back office functions.

The household relationship banking strategy is supported by a focused product strategy. Nordea has a broad range of products and a strong distribution network. Product development, in the current market environment, emphasises a flexible range of products and favours simple savings products and products with low capital consumption, rather than complex and non-transparent products. Nordea's savings product offerings take into account variables such as customers' wealth, level of involvement in their financial planning and life cycle, in addition to their risk appetite.

Corporate customers are divided into four segments based upon their income and relationship potential for Nordea: Corporate Merchant Banking ("CMB"), Large, Medium and Small. For each segment a value proposition has been developed, including contact and service level and product solutions. The corporate relationship strategy aims at becoming the corporate customers' "house bank", including as much of the customer's daily and event-driven banking business as possible. Relationship managers, who have an overall view of customers' business and financials, supervise Nordea's relationship with its corporate customers.

Nordea believes it is more important than ever in the current market environment to be pro-active and to stay close to existing customers. New customers will be selected carefully and will only include those with high internally-assessed credit ratings. Controlling the development of risk-weighted assets and managing lending margins to reflect the risk level and funding costs will have a high priority in all corporate customer segments. As part of its pro-active approach, Nordea has also established credit work-out teams in all markets.

Through its corporate customer product strategy, Nordea aims to make corporate risk management products and capital market transactions a part of the basic product offering to customers in the Large and Medium segments. The sale of risk management products has contributed to net gains on items at fair value in 2007 and 2008, both within the corporate segment as well as with institutional customers. Nordea will continue to strengthen its equity and corporate finance functions, and the cash management services will be further developed for all corporate customer segments, as cash management services are key to the customers' daily services and to customer retention. For customers in the Small segment, a new advisor profile and service concept will be developed and implemented to serve the group of customers with combined household and corporate business.

The organic growth strategy in the Nordic region is supplemented by very selective bolt-on acquisitions supporting retail banking activities. Examples of the implementation of this part of Nordea's strategy include the acquisition of 68 branches from Svensk Kassaservice in the summer of 2008 and the acquisition of nine branches from Roskilde Bank in Denmark in the autumn of 2008.

Supplement Nordic growth through investments in the New European Markets

New European Markets include Russia, Poland and the Baltic countries, Estonia, Latvia and Lithuania. Nordea entered this region initially to primarily service Nordic corporate customers with business in these countries. In Russia, the acquisition of a majority holding in JSB Orgresbank was completed in March 2007 (with the remaining minority holding acquired in 2008, partly subject to regulatory approval), concurrent with the sale by Nordea of its minority holding in another larger Russian bank. The original strategy has gradually been developed to include local customers, and today Nordea, in addition to its Nordic customers, is targeting the upper segments among household customers and medium-sized corporate customers in the New European Markets, with the exception of Russia where Nordea is primarily targeting very large corporate customers. The strategy has been implemented through a network expansion that was initiated in late 2006 in the Baltic countries, and especially in Poland. In parallel with the development of distribution capabilities, Nordea is expanding its product range and service levels in the New European Markets.

The long-term strategic direction for New European Markets is to continue the profitable growth strategy and gradually develop these operations into diversified full-scale banking businesses integrated with the rest of the Nordea group.

The customer segmentation and value propositions used in the Nordic markets are now being implemented in Poland and the Baltic countries and scheduled for implementation in Russia. Most risk management measures and procedures have been aligned within the Nordea group, and the business operations are in the process of being aligned with the integrated group operating model.

However, as a result of the extreme financial and macroeconomic conditions and the high uncertainty and risks in the New European Markets, the speed of the development of Nordea's business in these markets has been reduced. The branch network expansion in Russia and the Baltic countries has been discontinued and significantly reduced in Poland. The integration with the rest of the Nordea group, not least within risk management and product offerings, continues in preparation for continued expansion when the economic conditions are more favourable.

Exploit global and European business lines

Nordea has a successful track record within the international shipping and oil services sector as well as within wealth management outside the Nordic markets and the New European Markets.

Nordea is one of the leading financial institutions providing services to the global shipping and offshore industries. Nordea's strategy is to establish and preserve long-term partnerships with high quality, large, transparent and, preferably, publicly-listed companies. In addition, Nordea aims at maintaining a well diversified and secured lending portfolio across segments and geographical regions as well as a strong loan syndication franchise.

The overall ambition for this business line remains and follows a well-proven business model despite the downturn in the global economy, world trade and freight rates. However, a stronger focus on costs, risks and capital management is being applied in the short-run, including careful customer selection and a focus on all potential ancillary business pertaining to existing customers.

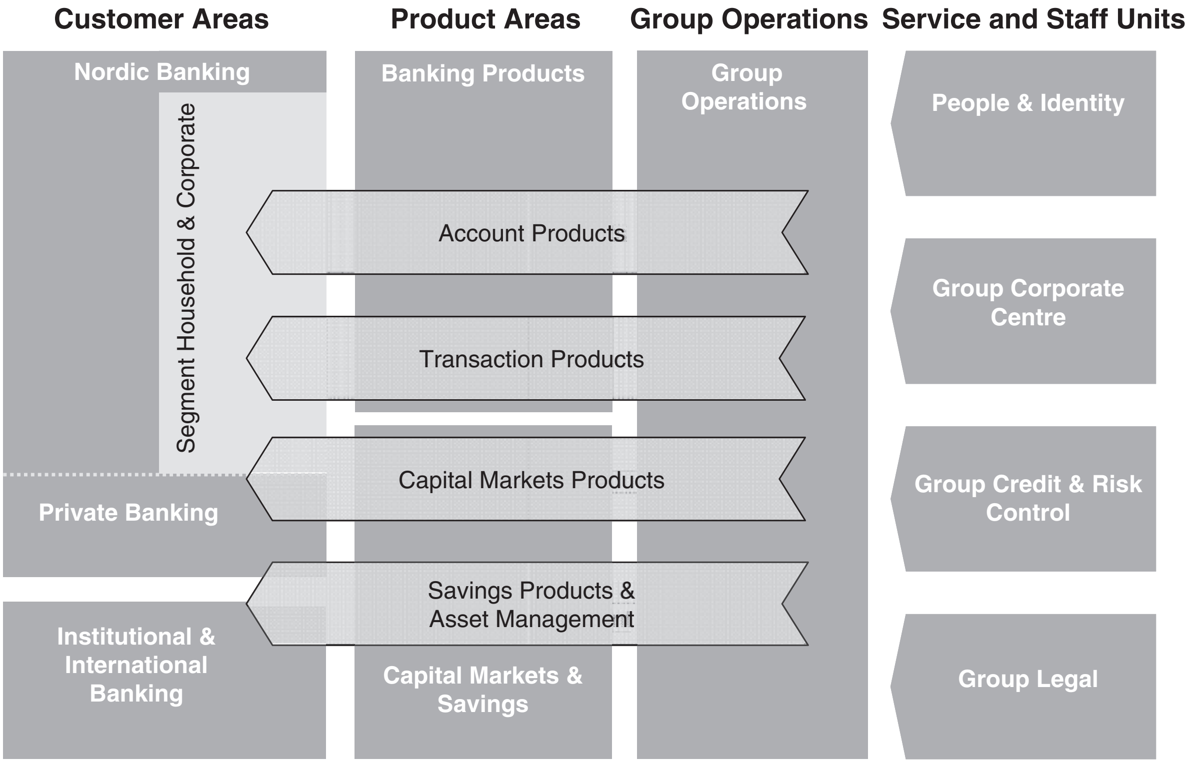
Nordea's International Private Banking & Funds is one of the largest Nordic private banking operations in Luxembourg and Switzerland. The operation includes private banking services and European fund distribution. Nordea's International Private Banking pursues an organic growth strategy, and its European fund distribution is positioned as a multi-service boutique with a range of own and in-sourced products distributed to institutional customers. To supplement its organic growth, Nordea, from time to time, selectively executes small acquisitions.

NORDEA'S OPERATING MODEL

Nordea's operating model is designed to support the organic growth strategy and to ensure operational efficiency by improving the quality of customer relations, increasing the time spent with customers and reducing the time required to bring new products and services to market. A fundamental principle of the operating model is to ensure clear responsibilities and to avoid overlapping functions or activities across organisational units along the value chain.

The operating model is applied across all Nordic markets and is gradually being implemented in the New European Markets. This implies a uniform customer organisation and customer relationship processes in each market in Nordea's Customer Areas.

The diagram below presents Nordea's operating model:



The operating model divides Nordea's operations into four areas:

- *Customer Areas*: The customer areas are responsible for advising customers and for product sales. Nordic Banking, Nordea's largest customer area, serves household customers and corporate customers in the Nordic markets. Private Banking serves Nordea's Nordic and international private banking customers. Institutional & International Banking has the global customer responsibility for financial institutions and shipping, offshore and oil services companies, and also includes Nordea's banking activities in the New European Markets.

  Segment Household and Segment Corporate within Nordic Banking are responsible for segment strategies as well as concepts and coordinating product launches and activities with the product areas.

  Major transformation programmes are ongoing in the branch network of Nordic Banking to enable resources, which are currently engaged in product service delivery processes and manual daily customer transactions, to spend time on customer meetings. The initiatives include migration to self-services, reduction of product documentation and increase of automation. Concurrent with this, a more structured sales process has been implemented to increase efficiency in advisory services. These processes will lead to more sales-focused branches and a shift in the mix of competencies towards a higher proportion of advisors. Along with this transformation, resources are re-allocated to market areas with the highest growth potential within each country leading to a gradual reduction in the number of primarily small branches.

- *Product Areas*: The product and service delivery chain has been streamlined by organising all products and services group-wide into two product areas, Banking Products and Capital Markets & Savings. Within these product areas, Nordea has organised all products and related processing into four main product divisions: Account Products and Transaction Products (in the Banking Products product area) and Capital Markets Products and Savings Products & Asset Management (in the Capital Markets & Savings product area). In addition, some product responsibility resides within Institutional & International Banking. The product areas are responsible for ensuring common simple and transparent delivery processes and a flexible and fast product development. The focus in the current macroeconomic environment is on simple products with low capital requirement and on risk management products. Operationally, priority is given to initiatives optimising customers' access to products thereby supporting the ongoing transformation of the branch network. In addition, the product areas provide advisory tools and specialist competencies for the customer units.

- *Group Operations*: Group Operations supports the customer areas and the product areas and is responsible for providing a range of internal services, including IT, sourcing and premises management. Nordea has centralised the provision of these services to simplify product development, streamline internal procedures and improve transparency.
- *Service and Staff Units*: Nordea's service and staff units support the other parts of the value chain by providing centralised human resources, communication, credit and risk control as well as legal services. In addition, a centralised division, Group Corporate Centre, manages Nordea's in-house financial, accounting, planning and control activities, provides capital, asset and liability management services, and is responsible for Nordea's Group Treasury operations, including funding operations and Nordea's market risk-taking in financial instruments.

Nordea's financial reporting structure is largely aligned with its operating model and divides Nordea's operations into Nordic Banking, Institutional & International Banking and Other Customer Operations. For a discussion of financial results by geographic market and product area see "*Operating and Financial Review—Results of Operations for 2006, 2007 and 2008—Analysis by Customer Area*" and "*Operating and Financial Review—Results of Operations for 2006, 2007 and 2008—Analysis by Product Area*", respectively.

NORDEA'S CUSTOMERS AND OPERATIONS

Nordea's customer activities are organised around two major customer groups: household customers and corporate customers. For the year ended 31 December 2008, Nordea recorded 41.8% of its operating income from household customers and 48.2% of its operating income from corporate customers, of which 24.1% was recorded from small and medium-sized enterprises. The remaining 10% of Nordea's operating income is income not reported to customer segments, including, *e.g.*, Nordea's market making activities and its Group Treasury operations. As of 31 December 2008, household customers represented 41.7% of Nordea's loans and receivables to the public and corporate customers represented 50.8% of Nordea's loans and receivables to the public, of which small and medium-sized enterprises represented 17.0%.

With both its household customers and corporate customers, Nordea seeks to build long-term banking relationships and become a lifetime financial partner by gaining an understanding of the customers' specific product and service needs and offering products and advice tailored to meet those requirements. This relationship banking concept is at the core of Nordea's customer-focused operating strategy.

Household customers

Household markets and customer segments

Nordea serves household customers in the Nordic markets and the New European Markets and also provides Private Banking services in certain other international locations. Nordea assigns household customers in both the Nordic markets and the New European Markets to one of four segments based on the business volume and number of products and services the customer has with Nordea: Private Banking customers as well as Nordea's customer programme customers (Gold customers, Silver customers and Bronze customers).

The following table sets forth certain financial data for each customer segment as of and for the year ended 31 December 2008. For a description of how Nordea defines customer segments, see "*—Nordic markets*" below.

	As of and for the year ended 31 December 2008						
	Nordic						
	Private Banking	Gold Customers	Silver and Bronze Household Customers[1]	Total Household Customers	New European Markets Household Customers[2]	International Private Banking	Total Household Customer
Income (*EUR million*)	324	1,911	999	3,234	108	85	3,427
Volumes (*EUR billion*):							
Lending	4.5	90.5	10.9	105.9	4.6	0.9	111.3
Deposits	6.2	40.6	16.4	63.2	1.6	1.7	66.5
Assets under management	36.1					6.8	
Margins[3] (*in %*):							
Lending	0.70	0.87	2.46	1.07	1.48	0.77	1.08
Deposits	0.71	1.47	2.57	1.74	1.12	0.60	1.70

1 Includes also other customers who have accounts with Nordea, but do not participate in the customer programme.

2 Includes Gold, Silver and Bronze customers.

3 Calculated as the difference between internal interest and customer interest, expressed as a percentage per annum of the cash based average balance.

Note: As of 31 December 2008, Nordea had 7.5 million active Household customers in the customer programme, *i.e.*, customers who were signed up to the customer programme and meeting the requirement of a balance of at least EUR 50 and making at least one transaction per year.

Nordic markets

As of 31 December 2008, Nordea had approximately 6.8 million household customers affiliated to the customer programme in the Nordic markets. As such, Nordea has the largest customer base of any financial services group in the Nordic markets. Operating income from household customers in the Nordic markets was EUR 3.2 billion, or approximately 94.4% of Nordea's total operating income from household customers. As of 31 December 2008, lending to and deposits from household customers in the Nordic markets amounted to EUR 105.9 billion and EUR 63.2 billion, respectively, or 39.9% and 42.5% of Nordea's total lending to and deposits from customers, respectively.

As of 31 December 2008, Nordea served household customers in the Nordic markets through more than 1,100 branches. Private Banking customers are served out of 73 Private Banking units, which in general are staffed with specialist advisors.

In the Nordic markets, Nordea's customers typically satisfy the following criteria and benefit from the following value propositions:

- Private Banking customers: Nordea has one of the leading private banking operations in the Nordic markets and was ranked first in the Nordic markets in the category "best private banking services" in a survey published by Euromoney in February 2009. Private Banking serves affluent and high net worth individuals requiring personalised service and more sophisticated investment products, and provides such individuals with a high level of access to product specialists and advisor meetings at least once a year. Private Banking customers typically have at least EUR 150,000 in assets, and high net worth individuals typically have at least EUR 1.0 million in assets. As of 31 December 2008, Nordea had approximately 83,000 Private Banking customers.
- Gold customers: Customers with a volume (including loans and savings) of at least EUR 30,000 with Nordea and who have at least five products qualify as Gold customers. Gold customers have access to named advisors who seek to meet with each Gold customer once a year to review the customer's financial portfolio and provide specialised advice. Gold customers also qualify for favourable pricing. In addition, Nordea provides a special value proposition for Gold customers with assets of at least EUR 75,000. Nordea provides such customers with additional specialist advice, more frequent personal meetings and access to financial planning and saving tools. As of 31 December 2008, Nordea had approximately 2.5 million Gold customers.
- Silver customers: Customers with a volume (including loans and savings) of at least EUR 6,000 with Nordea and who have at least three products qualify as Silver customers. Silver customers have access to personal service when needed and are given favourable product pricing.

- Bronze customers: Customers with an active banking relationship with Nordea who do not satisfy the volume and product requirements of the above segments qualify as Bronze customers.

In addition, Nordea has a special value proposition, called the "check-in offering", for young adults between 18 and 28 years old.

New European Markets

The segmentation of household customers in the New European Markets is similar to that in the Nordic markets, however the thresholds for the different segments of the customer programme (*i.e.*, Gold, Silver and Bronze) are adapted as appropriate to the local markets. As of 31 December 2008, Nordea had approximately 746,000 customers in the customer programme.

- Poland: As a large market in terms of both assets and population, Poland is a key element of Nordea's strategy in the New European Markets. During 2007 and 2008, Nordea expanded its branch network from 45 to 144 branches to reach more household customers, and experienced growth in particular in household mortgage lending and deposit volumes. In addition, Nordea offers life and savings products to approximately 873,000 household customers in Poland, with the value of personal gross written premiums up by 46% compared to 2007. However, in response to current economic conditions, Nordea has adjusted the speed of the implementation of its growth strategy in Poland and plans for a slower expansion of the branch network in 2009.
- Russia: Nordea's long-term aim is to build a well-diversified banking business in Russia, including a household franchise, replicating the segmentation in the Nordic markets. A key element will be to attract Gold customers. In response to current market conditions, Nordea will reduce lending growth significantly in 2009. Expansion in the household segment has been put on hold, and business development is expected to focus on the launch of the Nordea brand and on the further enhancement of product offerings and risk management procedures, to prepare for continued expansion when market conditions improve.
- Baltic countries: Nordea expanded its offering of advisory services to household customers in Estonia, Latvia and Lithuania through its network of 66 branches and customer service units as of 31 December 2008. In 2009, Nordea intends to focus on supporting existing customers and expects either limited or no lending growth in these countries.

International

Nordea also offers private banking and investment fund services to wealthy individuals resident outside the Nordic markets and the New European Markets. International Private Banking customers are served in close coordination with the Nordic Private Banking customers. The head office of International Private Banking is in Luxembourg, with a branch in Zürich, and representative offices in Cannes and Marbella. International Private Banking also acts as the platform for the distribution of funds in Europe, with representative offices in Milan, Paris, and Vienna as well as a subsidiary in Cologne. As of 31 December 2008, Nordea funds were licensed for sale in 16 European countries.

As of 31 December 2008, Nordea International Private Banking & Funds had approximately 12,000 customers based in more than 125 countries. Nordea International Private Banking & Funds generated EUR 116 million in operating income in the year ended 31 December 2008, and had assets under management of EUR 8.4 billion.

Household sales processes and distribution channels

Nordea operates a multi-access distribution strategy in its household customer segment to ensure that household customers can access the bank when and how it suits them. The three core elements of the distribution strategy are the branches, the contact centres and the net bank. Through Nordea's common customer relationship system, the three distribution channels are fully integrated, so that customer interaction in one channel is simultaneously recorded in all channels.

- Branches: The primary distribution channel for Nordea's banking products offered to household customers is its branch network, which as of 31 December 2008 consisted of approximately 1,400 branches, including 345, 341, 319 and 124 branches in Finland, Sweden, Denmark and Norway, respectively, and more than 260 branches in the New European Markets. In addition, there are 73 Private Banking Centres in the Nordic markets, which solely serve Private Banking customers.

- Contact centres: Household customers have access to service staff over the telephone through Nordea's contact centres. As of 31 December 2008, the contact centres were staffed with more than 1,300 employees who have been trained in Nordea's product range and are able to process most requests in one call. Via the contact centres, household customers can get product support and engage in most banking transactions, including making payments, opening deposit accounts, purchasing and selling mutual fund units and securities, and applying for loans.
- Net bank: Nordea's net bank allows household customers to perform most types of banking transactions online, such as paying bills, transferring funds and reviewing the status of their accounts. In the year ended 31 December 2008, Nordea had approximately 5.2 million net bank customers.

In addition to these core distribution channels, Nordea distributes life and pension products using the sales force of Tryg Vesta in the Nordic markets. Nordea also provides the standard range of other self-service channels to provide banking services to its customers, including cash dispensers and payment ATMs.

Household products and services

Nordea's advisors work to develop relationships with Nordea's household customers and to provide them with product solutions tailored to meet their individual banking needs, including products and services from following product areas:

- Account Products:
  - Mortgage lending: Nordea offers a wide range of residential mortgage lending products that are designed to provide liquidity solutions during the customers' housing life cycle, including home savings products, products for first-time buyers and home equity products. As of 31 December 2008, Nordea had outstanding residential mortgage loans of EUR 84 billion, of which EUR 79.6 billion were in the Nordic markets, and approximately 90% of Nordea's Gold customers in the Nordic markets had a mortgage loan.
  - Consumer lending: Nordea offers credit and debit cards as a closely integrated product offering within Nordea's customer programme. In addition, Nordea offers a wide range of consumer lending products, including standard non-collateralised lending, transaction accounts with overdraft facilities and standard collateralised lending. As of 31 December 2008, Nordea's consumer lending portfolio amounted to EUR 24.8 billion.
  - Third-party consumer finance: Nordea offers third-party consumer finance products, *e.g.*, store credit cards, through agreements with companies such as Stockmann Oyj Abp.
- Transactions Products:
  - Payments: Nordea offers its customers a wide range of options to make their domestic and international payments. During 2008, Nordea processed approximately 400 million payments by Nordic household customers.
- Savings Products & Asset Management and Capital Markets Products:
  - Savings deposits: Nordea offers a number of savings deposit options, including time deposits and variable interest rate products, allowing customers the flexibility to select products with different interest rate and minimum term requirements. Nordea's savings deposit products benefit from state capital protection guarantees. Reflecting market instability, attractive actual deposit rates and household customers' increased aversion to risk in 2008, inflow into Nordea's savings deposits reached record levels and Nordic household customer savings deposit volumes increased by 12% to EUR 46 billion as of 31 December 2008.
  - Investment funds: Nordea offers a broad spectrum of investment funds based on traditional asset classes, such as fixed income, equities and balanced funds, as well as alternative assets within hedge funds and private equity. Offerings include Nordea-branded funds, which are primarily managed internally, as well as externally managed funds. Both external managers and external funds are carefully selected by Nordea's in-house manager selection team. Nordea launched several new funds in 2008, including external funds to supplement Nordea branded funds. Net outflow from funds held by Nordea's household and private banking customers was EUR 3.0 billion in 2008, though this was offset by the increase in funds on deposit.
  - Equity, bonds and structured products: Nordea offers a wide range of equity, bond and structured products, including advisory products and trading possibilities for both Nordic and international

equities and fixed-income instruments. The activity in equity and bond trading declined in 2008 and the sale of structured products was challenged by the difficult markets and by competing savings products. The overall decline in the sale of these products was offset by an increase in funds held in Nordea's savings deposit accounts.

- Life and pension products: In each country in the Nordic markets and in Poland, Nordea offers household customers a full range of life insurance and pension products that are designed to cover all stages of the customers' life cycle. Pension products are also offered to household customers in Estonia. As of 31 December 2008, gross written premiums were EUR 4,222 million.

Corporate customers

Corporate markets and customer segments

Nordea's approximately 700,000 corporate customers are segmented according to business potential and to reflect the differences in both product and service requirements. Nordea serves corporate customers in the Nordic markets and the New European Markets, within the divisions Financial Institutions and Shipping and Oil Services, and through its international network. The following table sets forth certain financial data for each corporate customer segment as of and for the year ended 31 December 2008. For a description of how Nordea defines its customer segments, see "—*Nordic markets*" below.

	As of and for the year ended 31 December 2008							
	Nordic							
	Corporate Merchant Banking Customers	Large Corporate Customers	Small and Medium Corporate Customers	Total Corporate Customers	New European Markets Corporate Customers	Shipping and Oil Services	Financial Institutions	Total Corporate and Financial Institutions
Income (*EUR million*)	1,079	916	951	2,946	291	306	409	3,952
Volumes (*EUR billion*):								
Lending	43.2	42.0	22.9	108.2	10.7	13.8	2.0	134.7
Deposits	17.1	17.3	19.5	53.9	3.2	6.4	14.5	78.0
Margins[1] (*in %*):								
Lending	0.99	0.94	1.04	0.97	1.72	1.10	0.55	1.03
Deposits	0.39	0.64	1.59	0.93	1.58	0.42	0.34	0.79

1 Calculated as the difference between internal interest and customer interest, expressed as a percentage per annum of the cash based average balance.

Nordic markets

In the Nordic markets, Nordea divides its corporate customers into the following customer segments:

- Corporate Merchant Banking: The CMB organisation serves Nordea's largest Nordic customers in one central unit in each market. Nordea seeks to establish strategic partnerships with its CMB customers, by becoming their primary source for a wide range of financial services, including day-to-day banking services such as cash management. Nordea provides CMB customers with tailored, highly individualised product solutions and terms.
- Large: Nordea seeks to establish partnerships with its Large corporate customers and provides such customers with individualised product solutions and terms.
- Medium: Nordea seeks to build business relationships with its Medium corporate customers and provides such customers with individualised solutions based on standardised products and terms.
- Small: Nordea seeks to build personal relationships with its Small corporate customers and provides such customers efficient access to a range of standardised solutions. Nordea is developing a specific value proposition for small entrepreneurs, providing such customers with access to an advisor who is specially trained to offer both household and corporate products.

New European Markets

The segmentation of corporate customers in the New European Markets is similar to that in the Nordic markets, however the thresholds for the different segments (Large, Medium and Small for corporate customers) are adapted as appropriate to the local markets.

- Poland: Nordea has to date focused on attracting Medium and Large corporate customers as well as corporate customers with connections to the Nordic markets. During 2007 and 2008, Nordea added approximately 100 new branches to its branch network. Leveraging this expanded branch network, Nordea expects to give priority to solid mid-sized corporate customers, and plans for limited loan growth in 2009.

- Russia: Operating via its Russian subsidiary, JSB Orgresbank, Nordea has successfully targeted top-tier and large corporates in Russia. During 2008, Nordea expanded its product and service offerings to Russian corporate customers, including Nordic corporate customers operating in Russia. However, in response to current economic conditions, Nordea will reduce lending growth to a minimum in 2009 and will focus on core clients. In parallel, Nordea aims to enhance risk management capabilities in Russia to proactively manage its operations going forward.
- Baltic countries: In Estonia, Latvia and Lithuania, Nordea has primarily developed strong relationships with Nordic-related corporate customers. Nordea recruited additional relationship managers during the course of 2008 to expand its position with other corporate customers, in particular small and medium-sized corporate customers. This effort has been supported by the growing number of branches and customer service units, which increased from 54 to 66 in the Baltic countries in 2008. In 2009, Nordea has taken actions to ensure near zero loan growth and to focus the organisation on pro-active risk management by a range of measures, including work-out teams and tightened lending structures and financial covenants.

Financial Institutions

Customers of the Financial Institutions division include approximately 300 Nordic and 100 international financial institutions and 750 banking groups. When serving large financial institution customers, such as banks, investment banks, hedge funds and other financial institutions, Nordea employs the relationship banking concept used in the Large and CMB customer segments, seeking to establish a strategic partnership with the customer and provide specialised advice and tailored products and services. Nordea's local presence and commitment to the markets in which it operates has provided stability to Financial Institutions customers, especially in the current economic and financial environment. As of and for the year ended 31 December 2008, the Financial Institutions division generated EUR 409 million in total income.

Shipping and oil services

Nordea is one of the world's leading providers of financial services to the shipping and oil services industries. This position is based on broad industry knowledge, extensive structuring capabilities, sizable syndicated loan underwriting capacity and a strong syndication franchise. In 2007 and 2008, Nordea was the leading bookrunner of syndicated shipping loans, according to Dealogic. In 2008, Nordea was bookrunner for 42 syndicated shipping loan transactions, with an aggregate volume of USD 12.5 billion. Nordea's lending to the shipping industry constituted approximately 2.9% of total lending to the public and lending to the offshore industry constituted approximately 1.4% of total lending to the public, in each case as of 31 December 2008. In the year ended 31 December 2008, the Shipping and Oil Services division generated total operating income of EUR 306 million.

Nordea serves its customers in the shipping and oil services industries from branches in Oslo, Copenhagen, Gothenburg, Helsinki, London, New York and Singapore.

International network

Nordea is present in 19 countries around the world, operating an international network of branches in New York, London, Frankfurt, Shanghai and Singapore, as well as representative offices in Sao Paulo and Beijing. In addition to its own network, Nordea has entered into various cooperation agreements with banks around the world. As a result, Nordea is able to offer its Nordic corporate customers high quality solutions for their international business. The product offering focuses on day-to-day banking services, credit products, cash management, trade finance and capital markets products.

Corporate sales processes and distribution channels

A core part of Nordea's corporate strategy is to create value by relationship banking, through a named senior relationship manager ("SRM") responsible for developing and organising the customer relationship and having a total view of the customer's business and financial affairs. In the upper segments (CMB, Shipping and Oil Services, Financial Institutions as well as Large corporate customers to a large degree), Nordea is building strategic relationships through a structured relationship management process.

The SRM plays a key role in this process and acts as an account manager for the largest customers. Each SRM is supported by a customer team with product specialists from all relevant areas of the Nordea group, such as trade finance, export and project finance, capital markets, acquisition finance, corporate finance, cash management or life insurance and pensions.

Large corporate customers are assigned an SRM, who is the customer's main point of contact with Nordea and is located in one of 63 corporate service units throughout the Nordic markets. Each SRM is supported by a customer team of product specialists. Medium corporate customers are assigned relationship managers located in selected branches, while Small corporate customers are assigned customer advisers located in local branches.

Corporate products and services

Nordea's specialist advisors work to develop relationships with Nordea's corporate customers to provide them with product solutions tailored to meet their banking needs, including products and services from the following product areas:

- Account Products:
  - Corporate lending: Nordea offers a range of corporate lending products to corporate customers, including loan facilities, overdraft facilities, revolving credit facilities and standby facilities in a variety of currencies. Loans to corporate customers typically are secured with collateral, including securities, real estate or guarantees.
  - Corporate deposits: Nordea offers corporate customers a range of bank accounts, including deposit and settlement accounts and term deposits in a variety of currencies.
- Transaction Products:
  - Cash management products and services: Nordea offers corporate customers a range of cash management products and services, including liquidity management and handling of payment transactions. Nordea is one of the leading providers of institutional cash management solutions in the Nordic markets, handling transactions worth EUR 1.4 billion in 2008.
  - Securities services: In 2008, Nordea sold its Institutional Global Custody business to JPMorgan European Limited, a division of JPMorgan Chase Bank, N.A. Nordea continues to provide sub-custody services to customers. The business is expected to be transferred to J.P. Morgan Worldwide Securities Services over the course of 12 to 18 months from the date of the announcement of the transaction on 27 March 2008, with Nordea continuing to service its existing customers during the transition period.
  - Finance products: Asset finance and sales finance are two key areas for corporate customers. Asset finance includes solutions for the purchase of equipment, cars and machinery as well as solutions to enhance working capital. Within sales finance, Nordea distributes financial solutions through partners (*e.g.*, car dealers, vendors of industrial equipment, or retailers).
- Capital Markets Products:
  - Risk management products: Nordea supplies a wide range of risk management products and advisory services to corporate customers in all segments. Risk management products are designed to allow corporate customers to better manage foreign exchange, interest rate, credit and commodity risks and have been a significant growth driver in net gains on items at fair value in 2008, both for corporate and institutional customers.
  - Debt and equity-related products: Nordea provides a variety of debt and equity-related products for liquidity and capital raising purposes, ranging from syndicated loans, bond financings and initial public offerings to share buy-backs.
  - Mergers and acquisitions: Nordea offers financial advisory services to corporate customers and governments in connection with the structuring and execution of mergers and acquisitions transactions.
- Savings and Life Products:
  - Life and pension products: Nordea offers corporate customers a wide range of corporate pension schemes, from simplified collective schemes to complex tailor-made products, while offering a full range of life and pension products to employees. Nordea offers life and pension products to corporate customers through its own branch network and via brokers or tied agents, such as Tryg Vesta.

- Institutional asset management: Nordea's institutional asset management services range from single products (funds, equity products, etc.) offered to large pension funds, as well as asset allocating advice and balanced mandates for institutional customers and fund sales via external platforms. The fund offering includes Nordea's European Funds, which are licensed in 16 European countries. As of 31 December 2008, the value of institutional assets under management was EUR 23.1 billion.

Competition and Markets

Nordea serves customers in nine home markets, consisting of the Nordic and Baltic countries, Poland and Russia. The two tables below set forth Nordea's market shares in each country for the products indicated, in each case as of the period indicated. See "*Forward-Looking Statements and Presentation of Financial and Other Information—Market Share and Other Information*".

The Nordic markets

	2008			
	Denmark[4]	**Finland[5]**	**Norway[6]**	**Sweden[7]**
	(in %)			
Corporate lending[1]	21	37	16	14
Corporate deposits[1]	30	42	19	22
Household investment funds[2]	15	29	10	14
Life and pensions[3]	20	23	11	4
Household mortgage lending[1]	16	31	11	15
Household deposits[1]	21	32	9	18

1 Market shares as of 30 November 2008.

2 Market shares as of 31 December 2008. Market share in Denmark is defined as "assets under management in retail funds" and comprises Nordea's internal estimates based on figures made available by InvesteringsFöreningsRådet. Market share in Finland is defined as "private persons' holdings of assets under management of mutual funds" and comprises Nordea's internal estimates based on figures made available by the Finnish FSA. Market share in Norway is defined as "assets under management in funds supplied by Norwegian asset management companies to customers with a Norwegian social security number", provided by Verdipapirfondenes Førening. Market share in Sweden is defined as "household fund holdings, including IPS and Premiepension and unit linked products" and comprises Nordea's internal estimates based on figures made available by Fondbolagens Förening.

3 Market shares are as of 30 September 2008 and comprise the rolling 12 month market shares based on Nordea's internal estimates.

4 Market shares calculated by Nordea based on total market figures made available by the Danish National Bank for each of corporate lending, corporate deposits, household mortgage lending and household deposits.

5 Market shares calculated by Nordea based on total market figures made available by the Bank of Finland for each of corporate lending, corporate deposits, household mortgage lending and household deposits.

6 Market shares calculated by Nordea based on total market figures made available by the Norwegian Financial Services Association for each of corporate lending, corporate deposits, household mortgage lending and household deposits.

7 Market shares calculated by Nordea based on total market figures made available by the Central Bank of Sweden for each of corporate lending, corporate deposits, household mortgage lending and household deposits.

Nordea is one of the leading banks in the Finnish market as of 30 November 2008, with market shares of 31% and 32% of household mortgage lending and household deposits, respectively, and 37% and 42% of corporate lending and corporate deposits, respectively, according to Nordea's calculations based on figures made available by the Bank of Finland. Nordea's main competitors in the Finnish market are Pohjola Bank together with cooperative banks and Sampo Bank (part of Danske Bank). The Finnish market is consolidated, with the top three banks holding in the aggregate approximately 90% of the total banking assets at the end of 2007 according to the Federation of Finnish Financial Services.

In Denmark, Nordea is the second largest bank as of 30 November 2008, with market shares of 16% and 21% of household mortgage lending and household deposits, respectively, and 21% and 30% of corporate lending and corporate deposits, respectively, according to Nordea's calculations based on figures made available by Nationalbanken. The Danish banking market is more fragmented than the markets in the other Nordic markets. Nordea's main domestic competitors are Danske Bank, Jyske Bank, Sydbank and Nykredit Bank. Of the more than 150 small and medium-sized banks, some are expected to face substantial challenges caused by the financial crisis in the near future, and several such banks filed for bankruptcy or were acquired during 2008.

Nordea is one of the four largest banks in Sweden as of 30 November 2008, with market shares of 15% and 18% of household mortgage lending and household deposits, respectively, and 14% and 22% of corporate lending and corporate deposits, respectively, according to Statistics Sweden. Nordea's main competitors in Sweden are Swedbank, SEB, and Handelsbanken. The Swedish market is consolidated; the four largest banks are relatively similar in size and, combined, held more than 75% of the total lending market at the end of 2008, according to Statistics Sweden.

Nordea is the second largest bank in the Norwegian market as of 30 November 2008, with market shares of 10% and 9% of household lending and household deposits, respectively, and 16% and 19% of corporate lending and corporate deposits, respectively, according to Nordea's calculations based on figures made available by SSB (Statistics Norway). Nordea's main competitors in Norway are DnB NOR, Danske Bank, and Sparebank1. The Norwegian market is consolidated, with the top three banks in aggregate controlling more than 55% of the total lending market at the end of 2007, according to FNH (The Norwegian Financial Services Association).

New European Markets

	As of 31 December 2008				
	Estonia[1]	Latvia[2]	Lithuania[3]	Poland[4]	Russia
			(in %)		
Lending	13	13	10	3	n.a.
Deposits	7	5	4	1	n.a.

1 Market shares as per Nordea's calculations based on total market figures made available by the Bank of Estonia.
2 Market shares as per Nordea's calculations based on total market figures made available by the Latvian Financial and Capital Markets Commission.
3 Market shares as per Nordea's calculations based on total market figures made available by Bank of Lithuania.
4 Market shares as per Nordea's calculations based on total market figures made available by the National Bank of Poland.

The Baltic countries

The banking sector in the Baltic countries is highly concentrated and dominated by the major Nordic banks, Swedbank, SEB, DnB NOR, Danske Bank and Nordea. The competitive situation in the Baltic countries has been fierce in recent years.

In Estonia, the four leading market participants had more than 95% of the lending market as of 30 September 2008, according to Bank of Estonia and published financial statements of peer banks. As of December 2008, Nordea was among the four largest banks in Estonia, with lending and deposit market shares of approximately 13% and 7%, respectively, according to Nordea's calculations based on figures made available by Bank of Estonia.

In Latvia, the five largest banks combined represent approximately 70% of Latvian banking assets at the end of 2008, according to the Latvian Financial and Capital Market Commission. As of December 2008, Nordea was the fourth largest bank in Latvia in terms of assets, with lending and deposit market shares of approximately 13% and 5%, respectively, according to Nordea's calculations based on figures made available by the Latvian Financial and Capital Market Commission.

In Lithuania, the combined market share of the five largest banks was more than 84% in the lending market and more than 75% in the deposits market at the end of 2008, and Nordea was the fourth largest bank in terms of lending in Lithuania, according to the Association of Lithuanian Banks. As of December 2008, Nordea's lending and deposit market shares were approximately 10% and 4%, respectively, according to the Bank of Lithuania.

Nordea believes that the competitive situation in the Baltic countries will likely become less intense as a result of the challenging economic development and ongoing pressure on the largest banks, which is expected to permit banks to increase their margins.

Poland

Poland has a substantial and growing banking market. Due to the growth potential of the Polish economy, Nordea believes that the Polish banking market has the potential for solid growth in the medium-term. In addition, the banking sector is still relatively undeveloped based on the size of the economy as a whole, as illustrated by data from the Economist Intelligence Unit, which estimated Polish banking assets at approximately 69% of GDP, compared to more than 250% in Sweden and Denmark in 2007. The competitive landscape is fragmented, with the three leading market participants, PKO Bank Polski, Bank Pekao, and BRE Bank, as of 30th September 2008 together representing approximately 38% of total Polish banking assets, according to data presented by National Bank of Poland and newspaper Rzeczpospolita (18.08.2008). Nordea was the 15th largest bank in Poland in terms of assets as of 30th September 2008, according to Rzeczpospolita, with a 1.7% share of assets, according to Rzeczpospolita. With approximately 100 new branches opened since the beginning of 2007, Nordea is one of the fastest growing banks in the market.

Russia

The Russian banking sector is highly fragmented and is structured in three tiers. The first tier contains large state-owned banks and banks in which the Russian government has a controlling influence. Banks in this tier, including, among others, Sberbank, Vnestorgbank, Gazprombank, the Bank of Moscow and the Russia Agricultural Bank (Rossel'khozbank) in 2008 held more than 52% of the lending and deposit markets in Russia, according to the Central Bank of Russia. The second tier includes a large number of foreign-owned banks, which together constitute a competitive force in the market. The third tier includes hundreds of private commercial banks in which the Russian government owns either a limited stake or no shares. While Nordea is the largest Nordic-owned bank in Russia, its share of the overall market is limited, ranking as of the end of 2008 among the 26 largest banks in terms of assets in Russia, according to Profile magazine.

INFORMATION TECHNOLOGY

Overview

IT is a division in Nordea's Banking Products & Group Operations. The division delivers IT services for the whole bank in cooperation with external IT vendors. The organisation is designed to ensure that IT development and maintenance services are closely coordinated with the respective Customer Areas, Product Areas and other internal stakeholders. All production and infrastructure management are concentrated within a group-wide unit: Infrastructure & Production. Another group-wide unit, Shared Development Services, provides project management, testing and development services.

Originally, Nordea had more than 10 computer centres which, in line with its IT strategy, have been consolidated. Currently, Nordea's two main computer centres, a primary centre and a back-up facility, are located in Stockholm. In addition, there is a centre in Helsinki, as well as a specialised computer centre for Capital Markets Products, located in Copenhagen. Nordea's network covers all branches in the Nordic markets and a group-wide network connects operations in the Nordic markets, the Baltic countries and Poland.

Overall, Nordea's IT division employs more than 1,600 employees, of which approximately 175 are located in the New European Markets. In addition, more than 1,000 employees are employed by outsourcing partners, working for Nordea.

IT strategy and key initiatives

Nordea's IT strategy is designed to support Nordea's overall strategy, which in practice means supporting efficient and multiple sales channels, as well as developing a scalable and flexible infrastructure to support Nordea's cross-border operating model and potential future acquisitions.

Nordea continuously develops its IT systems, and are currently running a number of key group-wide projects of strategic importance. One of the main initiatives is the Nordea Transformation Programme ("NTP"), which focuses on harmonising and consolidating business processes and IT solutions for the main banking activities in the Nordic markets. In addition to directly supporting Nordea's organic growth strategy and efficiency, the NTP is expected to increase the flexibility of IT processes and components. The NTP has been set up to initially deliver solutions to the customer-facing parts of the bank, and then in latter stages to consolidate the core banking systems. In 2008, Nordea's IT expenses, including IT operations, service expenses and consultant fees, was EUR 576 million, including IT expenses relating to the NTP, but excluding IT expenses in Nordea Life & Pensions.

Other key initiatives include an infrastructure programme in Nordea's Capital Markets Products area (called COBRA), which is focusing on providing the Capital Markets Products area with robust and consistent processing, securing the necessary scalability for future business growth, and enabling large scale production of standardised products together with tailored, structured customer solutions. COBRA is expected to contribute to the reduction of operational risk and to support more cost-efficient processing. A project to establish a renewed fibre-based network is commencing and will be completed during the first part of 2010, the updated network will serve as a foundation for future communication tools like IP-based voice and video solutions. Further, Nordea is developing its internal credit risk reporting systems, implementing improvements and enhancements in accordance with Basel II.

External resources

Nordea currently uses predominantly internal resources for maintenance and development, supplemented by local consultants to the degree that internal resources are not available. Nordea's has a number of key outsourcing partners, including CapGemini for the outsourcing of application maintenance and development; Fidenta Oy, a company jointly owned by Nordea (20%) and TietoEnator (80%) (though Nordea has 60% of the voting power), which provides systems development, integration, application service management and consulting services; Nordic Processor AB, a company jointly owned by Nordea (40%) and IBM (60%), to which Nordea has outsourced the IT infrastructure and production (operation of platforms, consolidation of processes and services and transformation) in the Nordic markets; and Accenture, for maintenance and development for Nordea's Basel II solution.

In addition to outsourcing, Nordea engages a number of consultant partners in IT development, either through limited off-shoring or through external sourcing partners. Given the increasing maturity of the off-shoring market, Nordea IT continually evaluates opportunities for off-shoring as a means to access relevant competencies at competitive costs.

IT organisation and security management

Nordea's organisational set-up within IT promotes overall information security management and ensures that the operative tasks are handled by the respective business lines and not by individual persons. Further, the design aims to split responsibility clearly between IT delivery units and activities relating to IT strategy. IT security skills are included in most of the respective IT processes. The overall responsibility for management of IT security is within Group Operational Risk Management. Activities are initiated and supervised in Group Operational Risk Management's Security Forum. IT Security is responsible for IT security controls in all IT processes and also has the group-wide responsibility for IT strategy and technology standards.

EMPLOYEES

As of 31 December 2008, Nordea had 34,008 employees, calculated on a full-time equivalent basis. In Sweden, collective bargaining agreements are made periodically between the Swedish Bank Employees' Union and the Employers' Association of the Swedish Banking Institutes of which Nordea is a member. In Finland, Denmark and Norway collective bargaining agreements are also periodically entered into by the relevant local employee and employer organisations. Nordea has a staff education budget, which in recent years was increasingly focused on training programmes designed to improve skills in credit assessment and management training. Management believes that Nordea's relationship with its employees and the unions representing such employees is good.

The following table sets forth the number of full-time equivalent employees in each of unit in its operating model as of the years indicated.

	As of 31 December		
	2006[1]	2007	2008
Full-time equivalents			
Nordic Banking, of which:	16,076	16,583	17,253
Banking Denmark	4,878	4,966	5,150
Banking Finland	5,352	5,425	5,420
Banking Norway	1,662	1,799	1,878
Banking Sweden	4,184	4,393	4,804
Institutional & International Banking, of which	2,433[3]	4,202	5,155
Baltic countries[2]	—	1,028	1,181
Poland[2]	—	1,112	1,553
Russia	0	1,371	1,692
Financial Institutions	390	407	414
Shipping, Oil Services & International	277	283	316
Capital Markets and Savings Products	3,508	3,678	4,112
Banking Products and Group Operations	6,028	6,018	6,174
People and Identity	411	404	427
Group Credit and Risk Control	327	353	376
Group Corporate Centre	223	232	255
Group Legal	140	150	150
Other functions	103	102	108
Total number of employees (FTE), end of period	**29,248**	**31,721**	**34,008**
Average number of employees (FTE)	**30,159**	**31,867**	**33,944**

1 2006 figures restated to reflect organisation as of 31 December 2008.

2 In 2006, Nordea had in the aggregate 1,758 full-time equivalent employees in the Baltic countries and Poland.

3 2006 figures include full-time equivalent employees in IIB Management and Administration.

As of 31 January 2009, Nordea had approximately 33,891 full-time equivalent employees and expects the number of employees to decrease during 2009.

All of Nordea's employees participate in a profit sharing programme. Criteria for the allocation of a share of profit are determined by the Board of Directors early each year and reflect internal goals as well as benchmarking with competitors. In 2008, each employee was entitled to receive up to EUR 3,200, of which EUR 2,000 was based on a pre-determined level of risk-adjusted profit, EUR 600 was based on customer satisfaction criteria, and an additional EUR 600 was based on Nordea's relative performance compared to a Nordic peer group as measured by return on equity. Had all performance criteria been satisfied in 2008, the cost of the profit sharing plan would have been approximately EUR 100 million. However, the actual cost of the profit sharing plan in 2008 was approximately EUR 30 million. The profit sharing scheme for 2009 has been changed to better reflect Nordea's aim to strengthen its customer relations. The possible maximum outcome for the three parameters will be unchanged.

Nordea has pension obligations from defined benefit plans in all Nordic countries, with the predominant share of such obligations in Sweden, Norway and Finland. While the plans remain open to new employees in Sweden and Norway, the plans in Denmark and Finland are closed to new employees. Pensions for new employees in Finland are instead based on defined contribution arrangements, as are the pension plans available to employees in Denmark. The defined contribution plans are not reflected on the balance sheet. Nordea also contributes to public pension plans.

As of 31 December 2008, the funded status of Nordea's defined benefit plans was a deficit of EUR 731 million, compared to a deficit of EUR 368 million as of 31 December 2007. For more information on Nordea's retirement benefit obligations, see "*Note 35*" in the audited consolidated financial statements included elsewhere in this prospectus.

Additional Information about Nordea

For additional information regarding Nordea's material contracts, agreements with related parties, insurance coverage, investments, real property, intellectual property rights and legal and administrative proceedings, see "*Legal Considerations and Supplementary Information* ".

SELECTED FINANCIAL AND OTHER DATA

The selected consolidated income statement and balance sheet data presented below has been derived from Nordea's audited consolidated financial statements as of and for the years ended 31 December 2006, 2007 and 2008 included elsewhere in this prospectus. Those financial statements have been prepared in accordance with IFRS as adopted by the EU. The data set forth below should be read in conjunction with "*Operating and Financial Review*" and the audited consolidated financial statements included elsewhere in this prospectus.

Selected Consolidated Income Statement Data

	Year ended 31 December		
EUR million	**2006**	**2007**	**2008**
Net interest income	3,869	4,282	5,093
Net fee and commission income	2,074	2,140	1,883
Net gains/losses on items at fair value	1,042	1,209	1,028
Profit from companies accounted for under the equity method	68	41	24
Other operating income	312	214	172
Total operating income	**7,365**	**7,886**	**8,200**
General administrative expenses:			
Staff costs	(2,251)	(2,388)	(2,568)
Other expenses	(1,485)	(1,575)	(1,646)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(86)	(103)	(124)
Total operating expenses	**(3,822)**	**(4,066)**	**(4,338)**
Loan losses	257	60	(466)
Disposals of tangible and intangible assets	8	3	0
Operating profit	**3,808**	**3,883**	**3,396**
Income tax expense	(655)	(753)	(724)
Net profit for the year	**3,153**	**3,130**	**2,672**
Attributable to:			
Shareholders of Nordea Bank	3,145	3,121	2,671
Minority interests	8	9	1
Total	**3,153**	**3,130**	**2,672**

SELECTED CONSOLIDATED BALANCE SHEET DATA

EUR million	As of 31 December 2006	2007	2008
Cash and balances with central banks	2,104	5,020	3,157
Treasury bills	6,280	5,193	6,545
Loans and receivables to credit institutions	26,792	24,262	23,903
Loans and receivables to the public	213,985	244,682	265,100
Interest-bearing securities	29,464	38,782	44,830
Financial instruments pledged as collateral	10,496	4,790	7,937
Shares	14,585	17,644	10,669
Derivatives	24,207	31,498	86,838
Other[1]	18,977	17,183	25,095
Total assets	**346,890**	**389,054**	**474,074**
Deposits by credit institutions	32,288	30,077	51,932
Deposits and borrowings from the public	126,452	142,329	148,591
Liabilities to policyholders	31,041	32,280	29,238
Debt securities in issue	83,417	99,792	108,989
Derivatives	24,939	33,023	85,538
Other[2]	33,431	34,393	31,983
Total liabilities	**331,568**	**371,894**	**456,271**
Total equity	**15,322**	**17,160**	**17,803**
of which Minority interests	46	78	78
Total liabilities and equity	**346,890**	**389,054**	**474,074**

1 Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, investments in associated undertakings, intangible assets, property and equipment, investment property, deferred tax assets, current tax assets, prepaid expenses and accrued income, retirement benefit assets and other assets, which includes claims on securities settlement proceeds, reinsurance recoverables and other.

2 Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, current tax liabilities, accrued expenses and prepaid income, deferred tax liabilities, provisions, retirement benefit obligations, subordinated liabilities and other liabilities, which includes securities settlement liabilities, sold (not held) securities, accounts payable and other.

SELECTED CONSOLIDATED RATIOS AND KEY FIGURES

	As of and for the year ended 31 December 2006	2007	2008
Basic earnings per share, EUR	1.21	1.20	1.03
Diluted earnings per share, EUR	1.21	1.20	1.03
Share price, EUR	11.67	11.42	5.00
Total shareholders' return, %	32.3	6.4	(46.9)
Dividend per share, EUR	0.49	0.50	0.20[2]
Equity per share, EUR	5.89	6.58	6.84
Shares outstanding, million	2,591	2,593	2,590
Diluted shares outstanding, million	2,591	2,594	2,592
Return on equity, %	22.9	19.7	15.3
Assets under management, EUR billion	158.1	157.1	125.6
Cost/income ratio, %	52	52	53
Tier 1 capital ratio, before transition rules, %	—	8.3	9.3
Total capital ratio, before transition rules, %	—	10.9	12.1
Tier 1 capital ratio, with transition rules, %	7.1	7.0	7.4
Total capital ratio, with transition rules, %	9.8	9.1	9.5
Tier 1 capital, EUR million	13,147	14,230	15,760
Risk-weighted amounts, EUR billion[1]	185	205	213
Number of employees (FTE)	29,248	31,721	34,008

1 Risk-weighted amounts according to Basel II transition rules for the years 2007 and 2008, and according to Basel I for the year 2006.

2 Subject to approval at the annual general meeting to be held on 2 April 2009.

Definitions of Key Ratios

Set forth below are definitions of terms and key ratios used in "—*Selected Consolidated Ratios and Key Figures*" and other sections of this prospectus, including "*Risk Management*".

Earnings per share	Net profit divided by the average number of outstanding shares, minority interests excluded.
Earnings per share, after full dilution	Net profit divided by the average number of outstanding shares after full dilution, minority interests excluded.
Total shareholders return, %	Total shareholder return measured as growth in the value of a shareholding over a specified period, assuming the dividends are reinvested at the time of the payment to purchase additional shares.
Equity per share	Equity as shown in the balance sheet after full dilution and minority interest excluded divided by the number of shares after full dilution.
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 direct in equity, as a percentage of average equity for the period. Average equity including net profit and dividend until paid, minority interests excluded.
Capital base	The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated liabilities, after deduction of the book value of the shares in wholly owned insurance companies and the deduction for expected shortfall.
Cost/income ratio, %	Total operating expenses divided by total operating income.
Tier 1 capital	The proportion of the capital base, which includes consolidated shareholders´ equity excluding investments in insurance companies, proposed dividend, deferred tax assets, goodwill in the banking operations and half of the expected shortfall deduction.
Tier 1 capital ratio, %	Tier 1 capital as a percentage of risk-weighted amounts.
Total capital ratio, %	The capital base as a percentage of risk-weighted amounts.
Risk-weighted amounts or "RWA"	Total assets and off-balance sheet items valued on the basis of the credit and market risks, as well as operational risks of Nordea's undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, book value of shares which have been deducted from the capital base and goodwill.
Risk-adjusted profit	Total income minus total operating expenses, minus expected losses and standard tax (26% in 2008), excluding major non-recurring items.
Economic Profit	Risk-adjusted profit minus cost of equity.
Economic Capital	Nordea's internal estimate of required capital measuring the capital required to cover unexpected losses in the course of Nordea's business with a certain degree of probability.
RAROCAR, %	Risk adjusted return on capital at risk, defined as risk adjusted profit relative to economic capital.
MCEV	Estimate of the value a shareholder would put on a portfolio of in-force life and pension business based on objective market return, excluding franchise value or other additional value.

Selected Income Statement Data on a Segment Basis

The following selected income statement data is presented on a segment basis for the years ended 31 December 2006, 2007 and 2008. Income statement data for Nordea's two other segments, Group Corporate Centre and Group Functions and Eliminations, is not presented below. For additional information on the allocations made to the Group Corporate Centre and to Group Functions and Eliminations, see "*Note 2*" to the audited consolidated financial statements presented elsewhere herein.

	Nordic Banking[1]			Institutional & International Banking[2]			Other Customer Operations[3]		
EUR million	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Net interest income	3,328	3,666	4,206	304	424	656	58	65	60
Net fee and commission income	1,731	1,772	1,530	232	257	287	159	176	101
Net gains / losses on items at fair value	393	460	517	141	178	271	420	410	255
Profit from companies accounted for under the equity method	15	25	11	30	1	(12)	0	0	0
Other income	79	40	25	212	8	15	9	9	9
Total operating income	**5,546**	**5,963**	**6,289**	**919**	**868**	**1,217**	**646**	**660**	**425**
Staff costs	(1,064)	(1,140)	(1,160)	(100)	(143)	(192)	(387)	(434)	(474)
Other expenses	(1,784)	(1,836)	(1,901)	(214)	(243)	(275)	(22)	(11)	(10)
Depreciation of tangible and intangible assets	(28)	(26)	(46)	(8)	(8)	(10)	(13)	(10)	(9)
Total operating expenses	**(2,876)**	**(3,002)**	**(3,107)**	**(322)**	**(394)**	**(477)**	**(422)**	**(455)**	**(493)**
Loan losses	276	55	(402)	(19)	5	(115)	0	0	0
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	1	0
Operating profit	**2,946**	**3,016**	**2,780**	**578**	**479**	**625**	**224**	**206**	**(68)**

1 Consists of Nordea's corporate and household operations (including Private Banking customers) in the Nordic region.

2 Consists of Nordea's corporate and household operations in the New European Markets, Nordea's business with Financial Institutions and Shipping, Oil Services & International companies.

3 Consists of Nordea's customer operations which are not included in Nordic Banking or Institutional & International Banking, primarily Nordea's International Private Banking & Funds operations, as well as certain parts of Nordea's life insurance business and capital market operations not allocated to other customer segments.

Selected Balance Sheet Data on a Segment Basis

The following selected balance sheet data is presented on a segment basis as of 31 December 2006, 2007 and 2008. Balance sheet data for Nordea's two other segments, Group Corporate Centre and Group Functions and Eliminations, is not presented below. For additional information on the allocations made to the Group Corporate Centre and to Group Functions and Eliminations, see "*Note 2*" to the audited consolidated financial statements presented elsewhere herein.

	Nordic Banking[1]			Institutional & International Banking[2]			Other Customer Operations[3]		
EUR billion	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Loans and other receivables to the public	182	208	214	17	25	33	11	10	15
Other assets	24	25	33	8	9	9	36	37	35
Total assets	**206**	**233**	**247**	**25**	**34**	**42**	**47**	**47**	**50**
Deposits and borrowings from the public	99	110	117	20	31	26	6	8	8
Other liabilities	100	116	122	4	2	15	40	38	41
Total liabilities	**199**	**226**	**239**	**24**	**33**	**41**	**46**	**46**	**49**
Equity	0	7	8	0	0	1	0	0	0
Total liabilities and equity	**199**	**233**	**247**	**24**	**33**	**42**	**46**	**46**	**49**
Economic capital	7	7	8	1	1	1	1	1	1

1 Consists of Nordea's corporate and household operations (including Private Banking customers) in the Nordic region.

2 Consists of Nordea's corporate and household operations in the New European Markets, Nordea's business with Financial Institutions and Shipping, Oil Services & International companies.

3 Consists of Nordea's customer operations which are not included in Nordic Banking or Institutional & International Banking, primarily Nordea's International Private Banking & Funds operations, as well as certain parts of Nordea's life insurance business and capital market operations not allocated to other customer segments.

OPERATING AND FINANCIAL REVIEW

The following discussion of Nordea's financial condition and results of operations should be read in conjunction with the annual consolidated financial statements and other information included elsewhere in this prospectus. This section contains forward-looking statements that are subject to assumptions, risks and uncertainties. Nordea's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under "Risk Factors" and "Forward-Looking Statements and Presentation of Financial and Other Information—Forward-Looking Statements".

OVERVIEW

Nordea is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Poland, Russia, Estonia, Latvia and Lithuania, which Nordea refers to as its "New European Markets", in Luxembourg, as well as branches in a number of other international locations. Nordea believes that it has the largest customer base of any financial services group based in the Nordic markets with approximately 10 million customers across the markets in which it operates, including approximately 7.5 million household customers in its customer programme and approximately 0.7 million active corporate customers, in each case as of 31 December 2008. As of the same date, Nordea had total assets of EUR 474 billion and Tier 1 capital of EUR 15.8 billion, and was the largest Nordic-based asset manager with EUR 126 billion in assets under management. For the year ended 31 December 2008, Nordea's total operating income was EUR 8.2 billion, of which 76.7% was recorded in Nordic Banking (22.0%, 21.8%, 20.6% and 11.6% in Denmark, Sweden, Finland and Norway, respectively), 5.7% was attributable to the New European Markets and 17.6% was generated by Nordea's other operations, including its International Private Banking operations and its operations with Financial Institutions and Shipping & Oil Services customers.

KEY FACTORS AFFECTING RESULTS OF OPERATIONS

The discussion below describes certain key factors that have affected, and may continue to affect, Nordea's business, results of operations and financial condition. The impact of these and other factors may vary significantly in the future.

General economic conditions

Nordea's results of operations are affected by general economic conditions in the countries in which it operates. Generally, macroeconomic factors, such as GDP growth, business events and turnover, unemployment rates and inflation rates have an impact, in particular, on the following:

- Corporate and household customers' investment and business activities, which lead to credit decisions and drive the need for external funding and, as a result, impact growth in lending volumes.
- Loan losses and loan impairments, which generally, though with some delay, correlate with macroeconomic developments.
- The developments in asset prices, including prices of equity and debt securities, which impact in particular asset management commissions, income from Nordea's life insurance business and its Treasury, equity and corporate finance operations, which are, in part, driven by the performance of the underlying investments.
- Downgrades or upgrades in internal credit ratings of customers due to deterioration or improvement in their credit quality, which impact Nordea's regulatory capital levels and, indirectly, Nordea's ability to increase lending volumes. See "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management—Measurement methods*".
- Volatility in interest rates, currency rates, security and commodity prices, which has an impact on customers' demand for risk management products.

Nordea derives the majority of its income from its operations in the Nordic countries and, to a lesser degree, the New European Markets, which represented 5.7% of Nordea's loans and receivables to the public in 2008. The economies of all four Nordic countries are currently at different stages of economic recession. In addition, each of the New European Markets is facing either a severe economic downturn, slow economic growth or no growth in the near term. During 2006, 2007 and 2008, the above factors have, to a greater or lesser degree, been affected by these adverse economic trends as discussed in more detail below. During the same periods, however, the quality of Nordea's credit portfolio and its risk management processes have enabled Nordea to continue to capture increased lending and deposit volumes and, in particular in 2008, benefit from increased corporate lending margins reflecting re-pricing of credit risk to compensate for higher liquidity premiums.

Income

Net interest income

General

For the year ended 31 December 2008, net interest income constituted 62.1% of Nordea's total operating income, compared to 54.3% and 52.5% in 2007 and 2006, respectively. In 2008, Nordea generated approximately 30% of net interest income from Nordic corporate customers, approximately 40% from Nordic household customers, approximately 15% from Institutional & International Banking and approximately 15% from other operations, including Group Treasury and interest on Economic Capital reported as part of customer area income.

The amount of net interest income Nordea earns depends on the level of its interest-earning assets and interest-bearing liabilities, as well as on the net interest spread, which represents the difference between the average rate earned on its interest-earning assets and the average rate paid on its interest-bearing liabilities. The average interest rate on Nordea's total interest-earning assets in 2008 was 4.9%, compared to 4.3% in 2007 and 3.6% in 2006. The average interest rate on Nordea's interest-bearing liabilities was 3.6% in 2008, compared to 3.2% in 2007 and 2.4% in 2006. Accordingly, the net interest spread was 1.5% in 2008, compared to 1.4% in 2007 and 1.4% in 2006. See "*Selected Statistical and Other Information—Average Balances and Interest Rates*".

Interest rates

The level of interest rates is one of the key drivers of net interest income. To monitor its net interest rate position, Nordea tracks its Structural Interest Income Risk ("SIIR"), which is the amount that Nordea's historical net interest income would change during the next 12 months if all interest rates changed by one percentage point. SIIR reflects the mismatch in the volumes or reference rates of assets, liabilities and derivatives in interest rate re-pricing periods. As of 31 December 2008, the SIIR for decreasing market rates by one percentage point was EUR (218) million, compared to EUR (267) million as of 31 December 2007 and the SIIR for increasing rates by one percentage point was EUR 55 million, compared to EUR 235 million as of 31 December 2007. These figures imply that net interest income would increase if interest rates rise and decrease if interest rates fall. The changes demonstrated by the SIIR analysis are not symmetrical for increases and decreases in interest rates. This is because in a low interest rate environment, decreases in interest rates cannot be fully applied to deposits since rates payable on deposits cannot be negative. This suggests that Nordea's net interest income in the current low interest rate environment is more sensitive to further decreases in interest rates than increases in interest rates.

Lending and deposit margins

Nordea monitors and calculates separately the net interest income contributions from its lending and deposit products, which are driven by the combination of lending and deposit volumes and margins, respectively. Deposit margin for a particular deposit product represents the difference between the interest rate payable on the deposit and Nordea's internal treasury base rate, which is based on the one-week LIBOR rate and represents the rate at which Nordea could theoretically on-lend its deposit inflows to interbank markets at any given time and, thereby, earn a margin on the deposit. Correspondingly, the lending margin represents the difference between the interest rate of the relevant customer loan and Nordea's internal treasury base rate. The deposit margin is generally more sensitive to decreases in interest rates than the lending margin because in periods of low interest rates the rates payable on customer deposits are approaching the minimum floor of zero, which limits Nordea's and other banks' ability to manage deposit margins.

The Group Treasury function, acting as Nordea's internal bank, provides the same internal base rates for lending and deposit products to ensure correct margin allocations. Weekly LIBOR rates are used as the internal treasury base rate as Nordea's average wholesale funding rate has been very close to one-week LIBOR over medium term. For fixed rate products, instead of the one-week LIBOR rate, the Group Treasury function applies the external market rate for the relevant maturity to determine the lending or deposit margin. The internal base rate does not, and correspondingly the lending and deposit margins do not, include the average funding cost of Nordea's subordinated or hybrid securities, or the cost of equity, which are separately allocated to the cost base of the relevant customer area.

Corporate lending

In the corporate customer segment, Nordea generated approximately twice as much net interest income in 2008 from corporate lending as from corporate deposits. Net interest income from corporate lending is driven by both volume and margin development. Corporate lending volume is, to a large extent, impacted by economic conditions, as corporate customers' investment decisions and, correspondingly, their funding needs are in part based on the economic cycle. However, in the current economic downturn, Nordea has been able to capture corporate lending volume by proactively contacting high-quality corporate customers (in particular, in the segments Corporate Merchant Banking and Large) who have been impacted by limitations in many financial institutions' ability to extend funding at commercially attractive rates and limitations in alternative corporate funding sources such as through the bond markets. For corporate lending margins, this development has in part reversed the pressure on lending margins experienced in 2006 and the first half of 2007, which resulted from intense competition for corporate customers in the markets in which Nordea operates. In the second half of 2007 and in 2008, Nordea, like other banks, increased interest rate spreads to reflect re-pricing of credit risk and to compensate for higher liquidity premiums.

Corporate deposits

The market for corporate deposits is competitive, and customer loyalty among large customers typically is low. Net interest income from corporate deposits therefore is largely driven by the overall liquidity in the market and the interest rate levels set by central banks in the markets in which Nordea operates. Central bank rates in the markets in which Nordea operates are impacted by general economic policy considerations and the rate of actual and expected inflation. Central bank lending rates in the Nordic countries have had a significant impact on income from transaction accounts because interest rates payable on customer deposits are approaching zero in periods of low interest rates, thereby compressing corporate deposit margins.

Household lending

In the household customer segment, the residential mortgage loan is one of Nordea's most important products, accounting for approximately 25% of net interest income and 80% of total loans in the household customer segment in 2008. Like many other financial institutions, Nordea considers this to be a key relationship product that often produces cross-selling opportunities. Volume development for residential mortgage loans is closely linked to economic conditions, interest rate levels and housing values, which, in turn, are driven by economic development, household savings rates and unemployment rates, among other factors. Competition in the mortgage lending market was intense during the periods under review. The reported margins on mortgages do not reflect the significant increase in funding costs related to liquidity premiums on long-term maturities experienced under current market conditions.

Household deposits

Household deposit volumes increased during 2006, 2007 and 2008 as a result of the turbulence in the financial markets, which have attracted household customers to the security of deposit accounts such as savings accounts, typically benefiting from statutory deposit guarantees up to specified amounts. The increase in deposit volumes was adversely impacted by the weakening of SEK and NOK against the EUR in the fourth quarter of 2008. This impacted the value of Nordea's Norwegian and Swedish deposits, which are primarily denominated in NOK and SEK, in EUR terms. See "*—Key Factors Affecting Results of Operations—Currency fluctuations*". In addition, particularly in the second half of 2007 and in 2008, household customers were attracted to deposits by relatively high interest rates. These factors, coupled with Nordea's favourable positioning in the market, have driven an outflow from investment funds and transaction accounts into household savings accounts, the inflow being less pronounced towards the end of 2008. The competition for household savings accounts has been fierce in the periods under review, in particular in 2008, and has driven down margins as rates payable on customer deposits have increased. The recent focus of financial institutions on their funding gaps has intensified this development.

Net interest income from household transaction accounts (as opposed to long-term savings deposits) is driven by the increase in underlying deposit volume as well as margins. Deposit volume is in turn primarily driven by the services related to the accounts and liquidity in the financial markets, which can be linked to money supply and inflation. Margins in this product segment are highly correlated to changes in central bank lending rates. Under current market conditions, as central bank lending rates decline, margins are reduced as interest rates payable on customer deposits approach zero.

Treasury operations

Net interest income from Nordea's Group Treasury operations is primarily driven by developments in the trading portfolio and interest rate levels.

Net fee and commission income

General

For the year ended 31 December 2008, net fee and commission income constituted 23.0% of Nordea's total operating income, compared to 27.1% and 28.2% in 2007 and 2006, respectively. The three main components of net fee and commission income are: (i) savings commissions, which are primarily derived from household customers in connection with Nordea's asset management business and from investment transactions; (ii) payment commissions, which are generated from transactions by corporate and household customers, such as payment fees, card issuance and transaction fees, as well as cash management services; and (iii) lending commissions, which are primarily generated in the corporate customer segment from lending and guarantee fees.

Savings commissions

Net fee and commission income from savings commissions is driven by net inflows into the asset management business, as well as fee margins and the underlying performance of the investments. As asset management commission income is in part driven by the absolute and relative performance of the underlying securities, this income is typically highly correlated to movements in equity and debt securities. In the second half of 2007 and in 2008, income in this area was under pressure due to lower transaction volumes as well as a decline in the value of assets under management and lower underlying asset levels due to net outflows of assets. In the periods under review, fee margins have been under pressure, primarily due to the substitution of higher yielding equity-related products with fixed income products, as well as, to a lesser degree, competition among asset managers. Nordea also generates savings commission income from its unit-linked life insurance business (where returns are linked to the value of an underlying investment portfolio or fund), while income from Nordea's traditional life insurance business (where policyholders are guaranteed a set return upon redemption) is recorded in net gains/losses on items at fair value.

Payment commissions

Net fee and commission income from payment commissions is impacted by pricing in general, in particular on credit and debit cards, domestic and international payments and other cash management transactions. Payment commissions are in addition impacted by the payment behaviour of household customers, who to an increasing degree are using self-service distribution channels, such as Nordea's net bank, which typically generate lower payment commissions per transaction, but provide cost efficiencies to Nordea. In addition, income from fund transfers and payments has been reduced in recent years as EU Regulation (2560/2001), which took effect in December 2001, mandates that the same fees be charged for intra-EU cross border payments as domestic payments.

Lending commissions

Net fee and commission income from lending commissions is largely driven by lending volume to corporate customers and is significantly impacted by the same drivers as corporate lending. See *"—Income—Net interest income—Corporate lending"*.

Other fee and commission income

Other fee and commission income is generated by syndication, acquisition finance, equity finance and debt capital market activities, which are largely impacted by general macroeconomic conditions. In 2008, other fee and commission income was adversely impacted by lower investments by corporate customers, including merger and acquisition activity, and the lower levels of equity and debt capital markets issuance.

Net gains/losses on items at fair value

General

For the year ended 31 December 2008, net gains/losses on items at fair value constituted 12.5% of Nordea's total operating income, compared to 15.3% and 14.1% in 2007 and 2006, respectively. Net gains/losses on items at fair value is the most volatile component of Nordea's operating income and is generated primarily by Nordea Markets and Group Treasury and, to a lesser degree Nordea's life insurance business. Income from net gains/ losses on items at fair value can be divided into the following four key components: sales, market-making, proprietary trading and the life business.

Sales

Nordea's sales or margin driven operations are primarily for the account of corporate and financial institutions customers. These operations include the sale of foreign exchange products, derivatives, structured products and equities. Nordea also offers household customers, primarily in Denmark and Norway, access to debt and equity products, as well as certain index-linked bonds. Nordea generates net gains/losses on items at fair value from its sales operations primarily from sales margins. Volume and margins in these operations are driven by liquidity in the market, combined with the overall level of market volatility and the hedging needs of corporate and financial institutions customers, who in the periods under review have invested in foreign exchange and fixed-income products. Nordea seeks to actively cross-sell these products to its corporate lending customers to create added value by complementing lending products and to generate net gains on items at fair value. In the current volatile market environment, a growing number of corporate and financial institutions customers are also seeking access to products of this type to address their hedging needs, which is driving growth in this area.

Market-making

Nordea's market-making operations take limited risk in order to be able to warehouse the financial products needed by corporate customers. Nordea typically does not hedge these positions. Warehousing is necessary to ensure supply of the products at competitive prices. Depending on the movement in market prices, Nordea will record gains or losses on the fair value of the products that are warehoused by it. Nordea also generates net gains at fair market value from its market-making operations through trading margins.

Proprietary trading

In addition, Group Treasury engages in proprietary trading within pre-defined limits, and the related risk positions drive net gains/losses on items at fair value. As part of its risk mandate, Group Treasury takes active positions in certain product areas, such as foreign exchange, interest rates and equities. See "*Risk, Liquidity and Capital Management—Capital Management*".

Life business

Nordea also generates net gains/losses on items at fair value from its traditional life business (where policyholders are guaranteed a set return upon redemption). The income model varies from country to country and is partly fee-based and partly based on a split of the profit surplus. Hence, the income model is contingent upon, but not solely dependent on, investment return. The fee income, which is recorded under net gains/losses on items at fair value, will only accrue if sufficient earnings before profit sharing and financial buffers are in place. In 2008, Nordea reversed the fee income accrued in the first nine months of 2008 from its Danish life business owing to the decline in financial buffers in light of the general decline in asset values, which had a negative impact on net gains/losses on items at fair value.

Profit from companies accounted for under the equity method and other operating income

For the year ended 31 December 2008, profit from companies accounted for under the equity method and other operating income constituted 2.4% of Nordea's total operating income, compared to 3.2% and 5.2% in 2007 and 2006, respectively. Income is driven by recognition of profit derived from partly-owned companies, the sale of assets and the occurrence of certain other non-recurring items, including, without limitation, the sale of Nordea's stake in NCSD Holding AB ("NCSD") in 2008, the negative result from Nordea's 23% holding in Norwegian Eksportfinans ASA (see "*—Liquidity and Capital Resources—State funding guarantee schemes, capitalisation programmes and participation in state-owned entities*"), a refund from the former Finnish deposit guarantee system in 2007 and the divestment of ZAO International Moscow Bank in 2006.

Operating expenses

For the year ended 31 December 2008, staff costs accounted for 59.2% of Nordea's total operating expenses, compared to 58.7% and 58.9% in 2007 and 2006, respectively. Staff costs are driven by the overall number of Nordea's full-time equivalent employees as well as salaries, pension costs and salary inflation. Variable salaries and bonuses, including costs related to Nordea's long-term incentive programmes are also part of this line item and are linked to Nordea's overall financial performance, which is measured primarily as Nordea's risk adjusted profit for these purposes. Other operating expenses include the cost of Nordea's office and branch network, IT, information deliveries, office supplies and cleaning services. These other operating expenses accounted for 37.9% of Nordea's total operating expenses in 2008, compared to 38.7% in 2007 and 38.9% in 2006. A final component of Nordea's operating expenses is depreciation, amortisation and impairment charges on tangible and intangible assets, which is linked primarily to investment in IT projects and, to a lesser extent, physical property and office equipment, and accounted for 2.3%, 2.5% and 2.9% of Nordea's total operating expenses in 2006, 2007 and 2008, respectively. In light of the economic recession, increased emphasis has been put on cost management, which will include acceleration of efficiency programs in branch offices and a general right sizing of the staffing, which is expected to correspond to a 2% staff reduction in 2009.

Loan losses

Loan losses are driven by lending volumes, overall credit quality, the geographic and industry concentration of the credit portfolio, as well as economic developments. Loan losses tend to follow the business cycle and increase when the economy is weak. Loan losses increased from a positive net loan recovery of EUR 60 million in 2007 to a net loan loss of EUR 466 million in 2008, of which EUR 320 million was recorded in the fourth quarter. The increase in loan losses in 2008 occurred across all markets in which Nordea operates, but primarily in Denmark. Due to the deterioration of the economies in the Baltic countries, Nordea has over time increased its collective allowances for loan losses for the Baltic countries, which at the end of 2008 represented 1.42% of the lending portfolio in these countries. See "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management—Credit risk analysis*" and "*—Outlook and Recent Developments*".

Tax expenses

Tax expenses are determined by the standard tax rates in the countries in which Nordea operates and are generally proportional to its operating profit before tax. In 2008, the effective tax rate for the Nordea group was 21%, compared to 19% in 2007 and 17% in 2006, reflecting primarily the utilisation of tax assets and certain non-recurring events which lowered the effective tax rate in these periods. Nordea expects its effective tax rate to be in the range of 23% to 25% in 2009.

Goodwill

As of 31 December 2008, Nordea's consolidated balance sheet included EUR 2,143 million of goodwill, primarily arising from MeritaNordbanken's merger with Unidanmark A/S in Denmark, including its life insurance companies, and its acquisition of Christiania Bank & Kreditkasse ASA in Norway in 2000, as well as the acquisition of JSB Orgresbank in 2007. See *"Business—History and Development"*. Other than the acquisition of JSB Orgresbank in 2007, changes in goodwill during 2006, 2007 and 2008 have primarily arisen from currency translation differences upon consolidation. Nordea has not recorded impairment charges besides an insignificant amount of goodwill, which entirely relates to its real estate agency in Finland. Nordea tests goodwill for impairment annually and more frequently if there is indication of impairment.

Currency fluctuations

Nordea prepares its consolidated financial statements in euro, but the functional currencies for its Swedish, Danish and Norwegian banking businesses are SEK, DKK and NOK, respectively. Similarly, most of Nordea's other subsidiaries prepare their financial statements in the local currency. When preparing its consolidated balance sheet, Nordea translates all non-EUR denominated assets and liabilities into euros at the exchange rates prevailing in the market on the relevant balance sheet date. For the purposes of the consolidated income statement, Nordea translates its non-EUR income and expense items into euros at average exchange rates which prevailed during the relevant accounting period. Nordea shows translation differences for its consolidated subsidiaries through booking such differences into equity.

Nordea's exposure to currency fluctuations in 2007 was limited primarily due to the relatively stable exchange rates between the SEK, NOK and DKK (which is pegged to the EUR) on one hand and the EUR on the other, as well as Nordea seeking to hedge this risk through funding in the corresponding currency. However, as the majority of Nordea's lending and deposit portfolios in Sweden and Norway are denominated in SEK and NOK, the significant weakening of SEK and NOK against the EUR in the fourth quarter of 2008 negatively impacted Nordea's consolidated lending and deposit volume growth and the corresponding net interest income.

Nordea is also exposed to fluctuations between the USD and the EUR, primarily arising from Nordea's lending to its Shipping, Oil Services & International customers, as well as customers in Russia. This exposure has to date had a limited impact on Nordea's results of operations as, similar to its other currency exposures, Nordea has sought to hedge this exposure through matched funding.

State funding guarantee schemes and capitalisation programmes

In response to the financial market turmoil, the governments in each of the Nordic countries have launched, or are considering to launch, state funding guarantee schemes or capitalisation programmes. To date, Nordea has not joined the Finnish state funding or capital schemes or the Danish or Norwegian capital schemes and, other than as set forth below, it has not participated in any of the guarantee schemes and/or stabilisation funds designed by the Finnish, Norwegian and Swedish governments (including the Swedish guarantee scheme from October 2008). To facilitate the Swedish State's subscription of its pro rata number of New Shares in the Rights Offering through the National Debt Office, Nordea has signed an agreement with the National Debt Office, in accordance with the new regulation on capital injections to solvent banks. In Denmark, Nordea decided that for commercial reasons Nordea Bank Denmark would participate in the Danish guarantee scheme established in October 2008. In 2008, Nordea recorded a commission expense of EUR 50 million and loan losses of EUR 44 million arising from the Danish guarantee scheme. Nordea expects that its commission payments to the Danish guarantee scheme will be approximately EUR 180 million to EUR 200 million annually for the two years in which the guarantee is in force and possible additional expenses for the guarantee of up to approximately EUR 500 million, which would be recorded as loan losses. In Norway, stabilising efforts have so far been focused on liquidity measures implemented by the Norwegian Ministry of Finance. Nordea has participated in the swap facilities under the liquidity scheme under which covered bonds could be swapped for government securities, issuing EUR 0.5 billion of covered bonds under such facilities in the fourth quarter of 2008. See "*—Liquidity and Capital Resources—State funding guarantee schemes, capitalisation programmes and participation in state-owned entities*" *and* "*Banking Regulation and Supervision—Government Stabilisation Plans*".

RESULTS OF OPERATIONS ON A CONSOLIDATED BASIS FOR 2006, 2007 AND 2008

The following table sets forth Nordea's consolidated income statement for the periods indicated.

	For the year ended 31 December				
EUR million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Net interest income	3,869	10.7%	4,282	18.9%	5,093
Net fee and commission income	2,074	3.2%	2,140	(12.0)%	1,883
Net gains/losses on items at fair value	1,042	16.0%	1,209	(15.0)%	1,028
Profit from companies accounted for under the equity method	68	(39.7)%	41	(41.5)%	24
Other operating income[2]	312	(31.4)%	214	(19.6)%	172
Total operating income	**7,365**	**7.1%**	**7,886**	**4.0%**	**8,200**
General administrative expenses:					
Staff costs	(2,251)	6.1%	(2,388)	7.5%	(2,568)
Other expenses	(1,485)	6.1%	(1,575)	4.5%	(1,646)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(86)	19.8%	(103)	20.4%	(124)
Total operating expenses	**(3,822)**	**6.4%**	**(4,066)**	**6.7%**	**(4,338)**
Loan losses	257	(76.7)%	60	—	(466)
Disposals of tangible and intangible assets	8	(62.5)%	3	—	0
Operating profit	**3,808**	**2.0%**	**3,883**	**(12.5)%**	**3,396**
Income tax expense	(655)	15.0%	(753)	(3.9)%	(724)
Net profit for the year	**3,153**	**(0.7)%**	**3,130**	**(14.6)%**	**2,672**

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

2 Includes non-recurring income of EUR 199 million in the year ended 31 December 2006 from the capital gain from the divestment of its 23.42% interest in ZAO International Moscow Bank and of EUR 120 million in the year ended 31 December 2007 from the refund of funds in the former Finnish deposit guarantee system, which dissolved in 1998.

For a further analysis of certain components of Nordea's consolidated income statement, see "*Selected Statistical and Other Information*".

Net interest income

2008

In 2008, net interest income increased by EUR 811 million, or 18.9%, from EUR 4,282 million in 2007 to EUR 5,093 million in 2008. The increase in net interest income primarily reflected increased lending and deposit volumes and increased lending margins in corporate lending and household mortgage lending. In 2008, total lending to the public increased by 8.3%. This increase was driven by corporate lending, which increased by 10.7% to EUR 135 billion (excluding reversed repurchase agreements and repurchase agreements), and to a lesser extent by a smaller increase of 1.5% to EUR 111 billion in lending to household customers. Deposits from corporate customers (excluding reversed repurchase agreements and repurchase agreements) decreased by 0.8% to EUR 78 billion in 2008, while deposits from household customers increased by 3.3% to EUR 66.5 billion. Average margins from lending to corporate customers increased from 0.91% in 2007 to 1.03% in 2008, while average margins from deposits from corporate customers decreased from 0.82% in 2007 to 0.79% in 2008 (in each case, these margins do not reflect the contribution of Nordea's Russian operations for 2007). Average margins from lending to household customers increased from 1.01% in 2007 to 1.08% in 2008, while average margins from deposits from household customers decreased from 1.77% in 2007 to 1.70% in 2008.

Lending volume growth of 8.3% from EUR 245 billion to EUR 265 billion was partially offset by the weakening of the NOK and SEK against the EUR in the fourth quarter of 2008. Assuming constant foreign exchange rates, the growth in Nordea's lending to the public from 2007 to 2008 would have been 17%. Lending volume growth was also managed in line with Nordea's aim to balance lending growth rates with deposit growth to manage its wholesale funding requirements in the second half of 2008. Average volume growth was also reduced by the higher pricing of loans to reflect increased funding costs.

In corporate lending, the lending volume growth of 10.7% reflected strong demand across the Nordic region and from most sectors. Assuming constant foreign exchange rates, the growth in Nordea's lending to corporate customers would have been 19%. The scarce liquidity in debt markets for corporate customers due to the global financial market turmoil provided Nordea with opportunities to provide corporate customers with alternative funding through lending products. Corporate lending margins increased during the year, reflecting repricing of credit risk and higher liquidity premiums.

In mortgage lending to household customers and in consumer lending, volume grew by 1.5%, from EUR 110 billion to EUR 111 billion, though the growth was offset by the weakening of the NOK and SEK against the EUR. Assuming constant foreign exchange rates, volume growth would have been approximately 9%. Nordea's mortgage lending margins increased in the second half of 2008, mainly to reflect the implied liquidity premium for increased costs for long-term funding.

Nordea continued to attract high deposit inflows into household savings accounts and corporate deposits, as a result deposit market shares increased in all geographical markets and deposit volumes increased by 4.4% from EUR 142 billion to EUR 149 billion. Assuming constant foreign exchange rates, deposit volumes would have increased by 12% overall and 14% in Nordic Banking. Deposit margins decreased in the fourth quarter of 2008 as a consequence of significant central bank interest rate cuts in Sweden and Norway, as well as competition for household savings volumes.

2007

In 2007, net interest income increased by EUR 413 million, or 10.7%, from EUR 3,869 million in 2006 to EUR 4,282 million in 2007. The increase in net interest income was primarily driven by lending volume growth. Lending volume growth was particularly strong in the corporate segment and in household mortgages. The impact of the lending volume growth was partially offset by margin pressure, in particular among corporate customers, which reflected the fierce competition among banks for the financially strong customers in this customer segment. Increased deposit margins, following higher market interest rates, also contributed to the increase in net interest income. Inflow into savings accounts was strong, illustrating customers' demand for low-risk products.

For an analysis of the impact of changes in volumes and interest rates on the individual components of Nordea's interest income and interest expenses for the periods under review, see "*Selected Statistical and Other Information—Analysis of Changes in Interest Income and Expense*".

Net fee and commission income

The following table sets forth the components of Nordea's net fee and commission income for the periods indicated.

	For the year ended 31 December				
EUR Million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Asset management commissions	744	2.4%	762	(30.2)%	532
Life insurance	233	15.9%	270	0.0%	270
Brokerage	227	14.5%	260	(16.5)%	217
Custody	76	3.9%	79	6.3%	84
Deposits	40	(7.5)%	37	21.6%	45
Total savings related commissions	**1,320**	**6.7%**	**1,408**	**(18.5)%**	**1,148**
Payments	442	(1.8)%	434	(2.8)%	422
Cards	296	15.5%	342	0.6%	344
Total payment commissions	**738**	**5.1%**	**776**	**(1.3)%**	**766**
Lending	235	9.8%	258	15.9%	299
Guarantees and documentary payments	117	16.2%	136	5.1%	143
Total lending related commissions	**352**	**11.9%**	**394**	**12.2%**	**442**
Other commission income	**172**	**(9.3)%**	**156**	**12.8%**	**176**
Fee and commission income	**2,582**	**5.9%**	**2,734**	**(7.4)%**	**2,532**
Life insurance	(51)	33.3%	(68)	(1.5)%	(67)
Payment expenses	(229)	17.9%	(270)	6.3%	(287)
State guarantee payments	—		—	—	(50)
Other commission expenses	(228)	12.3%	(256)	(4.3)%	(245)
Fee and commission expense	**(508)**	**16.9%**	**(594)**	**9.3%**	**(649)**
Net fee and commission income	**2,074**	**3.2%**	**2,140**	**(12.0)%**	**1,883**

[1] Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

2008

In 2008, net fee and commission income decreased by EUR 257 million, or 12.0%, from EUR 2,140 million in 2007 to EUR 1,883 million in 2008. The decrease in net fee and commission income was primarily driven by decreases in savings related commissions and, to a lesser degree, payment commissions, whereas lending related commissions continued to increase. Savings related commissions decreased by 18.5%, primarily due to three factors. First, the value of Nordea's assets under management depreciated by 20% from EUR 157 billion in 2007 to EUR 126 billion in 2008. Second, income margins decreased as a result of a change in asset mix from equities to fixed income products which have lower margins, and a change in the sales mix from sales of retail funds to sales of institutional products. And third, transaction income decreased as a result of fewer transactions. The total net outflow in assets under management amounted to EUR 2.0 billion. The net outflow was primarily from retail funds (EUR 4.5 billion). Over the same period, Nordea experienced net inflow of EUR 2.1 billion to Nordic Private Banking, of which EUR 1.1 billion was from institutional customers. The net outflow from retail funds partly contributed to a net inflow into savings deposits of EUR 4.7 billion during the year, which allowed Nordea to generate net interest income from these deposits. Total payment commissions decreased by 1.3%, although Nordea experienced a small increase in payment commission income from credit cards. Lending related commissions increased by 12.2%, largely reflecting the increased lending volumes with large corporate customers, and shipping, offshore oil and gas services customers.

In 2008, Nordea's fee and commission expense increased by 9.3% from EUR 594 million to EUR 649 million due to the increase in overall business volumes as well as EUR 50 million of payments to the Danish State guarantee scheme. See "—*Liquidity and Capital Resources—State funding guarantee schemes, capitalisation programmes and participation in state-owned entities*". Fee and commission expense also increased due to the roll-out of security hardware in relation to Nordea's credit cards and Nordea's entry into an agreement with Stockmann Oyj to offer store consumer finance cards in Finland.

2007

In 2007, net fee and commission income increased by EUR 66 million, or 3.2%, from EUR 2,074 million in 2006 to EUR 2,140 million in 2007. The increase in net fee and commission income was driven by positive developments in savings, payments and lending related commissions. Total lending related commissions increased by 11.9%, driven by both strong lending growth and increased guarantee fees. The 6.7% increase in total savings related commissions was driven by 15.9% commission growth from life insurance and brokerage activities, resulting from increased sales in unit-linked life insurance products and increased brokerage activities, whereas asset management commissions increased modestly by 2.4%, mainly illustrating a slightly higher level of assets under management which was partly offset by a negative asset substitution effect related to outflows from equity funds with high margins to fixed income products with lower margins. Total payment commissions increased by 5.1%, mainly driven by a strong increase in credit card commissions, partly offset by reduced payment commissions in the self-service channels.

Total fee and commission expense increased by 16.9% in 2007, primarily due to an increase in overall business volumes and the launch of credit card issuance to Nordea's Gold customer segment.

Net gains/losses on items at fair value

2008

In 2008, the net gains/losses on items at fair value decreased by EUR 181 million, or 15.0%, from EUR 1,209 million in 2007 to EUR 1,028 million in 2008. The decrease in net gains on items at fair value primarily reflected a significant decrease in the value of listed and non-listed equities in 2008, the non-recurring nature of certain net gains in 2007, such as the disposal of Nordea's holding in OMX AB (publ) and a decrease in net gains on items at fair value from Other Customer Operations. The reduction in net gains from Other Customer Operations of approximately EUR 155 million was due to a EUR 92 million reduction in the accrual of fees in Nordea's life insurance business and, to a lesser extent, fair value losses in Nordea Markets due to the significant credit market turmoil. In Customer Areas, net gains on items at fair value remained virtually unchanged, at EUR 1,043 million in 2008 compared to EUR 1,048 million in 2007. Customer Areas represent Nordea's customer-facing operations recorded under this line item, such as sales and market-making in foreign exchange products, derivatives, structured products and equities for corporate customers and financial institutions who are seeking access to products of this type to address their hedging needs. Gains from customer-driven capital markets activities largely offset the valuation losses in the first half of 2008 following the credit market turmoil.

The decrease relating to the life and pensions business reflected lower asset values and the fact that fee income from the life and pensions business in Denmark, which is reported as part of net gains/losses on items at fair value, was deferred in light of the decline in the value of financial buffers resulting in a reversal in the fourth quarter of the fee income for the first nine months of 2008. The deferred fee income will be available for income recognition in future periods if the financial buffers improve. Similarly, no fee income was recognised from the Finnish life insurance business in 2008 under net gains/losses on items at fair value due to constraints on financial buffers.

2007

In 2007, the net gains/losses on items at fair value increased by EUR 167 million, or 16.0%, from EUR 1,042 million in 2006 to EUR 1,209 million in 2007. The increase in net gains on items at fair value was primarily driven by high activity levels in all segments within the Capital Markets Products area, higher margins and increased sales of capital markets products to Nordea's corporate customers, despite the difficult market conditions in the second half of the year. The other main contributor was Nordea's successful Group Treasury operations which contributed EUR 156 million as a result of successful asset and liability management and the positive revaluation of Nordea's holding in OMX AB (publ) upon its disposal.

Profit from companies accounted for under the equity method

In 2008, profit from companies accounted for under the equity method decreased by EUR 17 million, or 41.5%, from EUR 41 million in 2007 to EUR 24 million in 2008. Profit from companies accounted for under the equity method included a loss of EUR 15 million due to the decline in the value of Nordea's 23.21% equity interest in Eksportfinans ASA ("Eksportfinans") in Norway.

In 2007, the profit from companies accounted for under the equity method decreased by EUR 27 million, or 39.7%, from EUR 68 million in 2006 to EUR 41 million in 2007. The decrease in profit from companies accounted for under the equity method primarily reflected the discontinued profit contribution from Nordea's holding in ZAO International Moscow Bank following its divestment in 2006.

Other operating income

In 2008, other operating income decreased by 19.6% from EUR 214 million to EUR 172 million and consisted primarily of a EUR 85 million gain from Nordea's sale of its 24.82% holding in NCSD Holding AB to effect the disposal of Nordea's interests in the Nordic book-entry systems operators together with the other owners. In 2007, other operating income consisted mainly of the EUR 120 million refund from the former Finnish deposit guarantee system, which dissolved in 1998. In 2006, the largest component consisted of the proceeds from the divestment of ZAO International Moscow Bank.

Operating expenses

The following table sets forth the components of Nordea's operating expenses for the periods indicated.

	For the year ended 31 December				
EUR Million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Operating expenses					
Staff costs	(2,251)	6.1%	(2,388)	7.5%	(2,568)
Other general and administrative expenses	(1,485)	6.1%	(1,575)	4.5%	(1,646)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(86)	19.8%	(103)	20.4%	(124)
Total operating expenses	**(3,822)**	**6.4%**	**(4,066)**	**6.7%**	**(4,338)**

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

Staff costs

In 2008, the staff costs increased by EUR 180 million, or 7.5%, from EUR 2,388 million in 2007 to EUR 2,568 million in 2008. In 2007, staff costs increased by EUR 137 million, or 6.1%, from EUR 2,251 million in 2006 to EUR 2,388 million in 2007.

Both in 2008 and 2007, the increase in staff costs was primarily driven by the higher number of employees following investment in growth areas and wage inflation. The identified growth areas were Nordic Private Banking, the New European Markets (primarily Poland), Nordea's capital markets operations and Growth Plan Sweden, which primarily focused on strengthening Nordea's sales force and its advisory capacity to support income growth and market share in Sweden and was completed in 2008.

In 2007, the increase in staff costs also reflected higher variable salaries and the acquisition of JSB Orgresbank in Russia, which was consolidated in Nordea's financial statements from 31 March 2007 onwards. The number of Nordea's full-time equivalent employees, excluding employees of JSB Orgresbank, which was acquired in 2007, increased by approximately 1,100, or 4% in 2007. Including the approximately 1,400 full-time equivalent employees of JSB Orgresbank, Nordea had approximately 2,500 more full-time equivalent employees on 31 December 2007 than on 31 December 2006.

In 2008, 2007 and 2006, Nordea's average number of full-time equivalent employees was 33,944, 31,867 and 30,159, respectively, including the impact of the JSB Orgresbank acquisition in 2007.

Other general and administrative expenses

In 2008, other general and administrative expenses increased by EUR 71 million, or 4.5%, from EUR 1,575 million in 2007 to EUR 1,646 million in 2008. The increase in other general and administrative expenses primarily reflected investments in Nordea's aforementioned growth areas and also included a EUR 28 million restructuring expense relating to the ongoing efficiency improvements in Nordea's branch network, including restructuring expenses related to the integration of branches acquired from Roskilde Bank and staff rationalisation costs.

In 2007, other general and administrative expenses increased by EUR 90 million, or 6.1%, from EUR 1,485 million in 2006 to EUR 1,575 million in 2007. The increase in other general and administrative expenses was primarily driven by increased overall business volumes and investments in the aforementioned growth areas.

Nordea's cost to income ratio was 52.9%, 51.6% and 51.9% in 2008, 2007 and 2006, respectively.

Loan losses

In 2008, loan losses were EUR 466 million, compared to a net loan recovery of EUR 60 million in 2007, which represented a decrease of EUR 197 million, or 76.7% from the net loan recovery of EUR 257 million in 2006.

In 2008, loan losses reflected increased provisions both for collectively and individually assessed loans, as well as lower reversals and recoveries primarily during the fourth quarter of 2008, which represented EUR 320 million of the total loan losses net of recoveries for the year. See "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management—Credit risk analysis—Loan losses*". The increases, from very low levels in 2007, followed the economic slowdown in all markets in which Nordea operates. Net loan losses also included losses related to the Danish guarantee scheme of EUR 44 million. The increase of net loan losses stem from a large number of smaller and medium-sized exposures rather than from a few large exposures. In 2008, net loan losses represented a loan loss ratio of 17 basis points, excluding losses related to the Danish guarantee scheme, and 19 basis points including such losses. New collective provisions were made in 2008 at a net amount of EUR 54 million for certain sectors, including construction, real estate, pig farming and consumer financing. In the New European Markets, loan losses increased in the Baltic countries and Russia.

Nordea continued to report a net loan recovery in 2007, in the amount of EUR 60 million, compared to EUR 257 million in 2006, indicating a high level of recoveries and the limited need for new provisions.

Income tax expense

Income tax expense decreased by EUR 29 million, or 3.9% from EUR 753 million in 2007 to EUR 724 million in 2008, which represented a EUR 98 million, or 15.0% increase from EUR 655 million in 2006. Nordea's effective tax rate was 21%, 19% and 17% in 2008, 2007 and 2006, respectively.

BALANCE SHEET ON A CONSOLIDATED BASIS AS OF 2006, 2007 AND 2008

The following table sets forth the principal items of Nordea's balance sheet as of the dates indicated. For a further analysis of certain items of Nordea's balance sheet, see "*Selected Statistical and Other Information*".

	As of 31 December				
EUR Million	**2006**	**% Change[3]**	**2007**	**% Change[3]**	**2008**
Cash and balances with central banks	2,104	138.6%	5,020	(37.1)%	3,157
Treasury bills	6,280	(17.3)%	5,193	26.0%	6,545
Loans and receivables to credit institutions	26,792	(9.4)%	24,262	(1.5)%	23,903
Loans and receivables to the public	213,985	14.3%	244,682	8.3%	265,100
Interest-bearing securities	29,464	31.6%	38,782	15.6%	44,830
Financial instruments pledged as collateral	10,496	(54.4)%	4,790	65.7%	7,937
Shares	14,585	21.0%	17,644	(39.5)%	10,669
Derivatives	24,207	30.1%	31,498	175.7%	86,838
Other[1]	18,977	(9.5)%	17,183	46.0%	25,095
Total assets	**346,890**	**12.2%**	**389,054**	**21.9%**	**474,074**
Deposits by credit institutions	32,288	(6.8)%	30,077	72.7%	51,932
Deposits and borrowings from the public	126,452	12.5%	142,329	4.5%	148,591
Liabilities to policyholders	31,041	4.0%	32,280	(9.4)%	29,238
Debt securities in issue	83,417	19.6%	99,792	9.2%	108,989
Derivatives	24,939	32.4%	33,023	159.0%	85,538
Other[2]	33,431	2.9%	34,393	(7.0)%	31,983
Total liabilities	**331,568**	**12.2%**	**371,894**	**22.7%**	**456,271**
Total equity	**15,322**	**12.0%**	**17,160**	**3.7%**	**17,803**
of which Minority interests	46	69.6%	78	0.0%	78
Total liabilities and equity	**346,890**	**12.2%**	**389,054**	**21.9%**	**474,074**

1 Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, investments in associated undertakings, intangible assets, property and equipment, investment property, deferred tax assets, current tax assets, prepaid expenses and accrued income, retirement benefit assets and other assets, which includes claims on securities settlement proceeds, reinsurance recoverables and other.

2 Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, current tax liabilities, accrued expenses and prepaid income, deferred tax liabilities, provisions, retirement benefit obligations, subordinated liabilities and other liabilities, which includes securities settlement liabilities, sold (not held) securities, accounts payable and other.

3 Indicates percentage change from 31 December 2006 to 31 December 2007 and from 31 December 2007 to 31 December 2008, respectively.

Total assets

In 2008, total assets increased by EUR 85 billion, or 21.9%, from EUR 389 billion in 2007 to EUR 474 billion in 2008. The increase in total assets was driven by an increase in lending volumes as demonstrated by the 8.3% increase in loans and receivables to the public to EUR 265 billion in 2008 from EUR 245 billion in 2007. The 15.6% increase in investments in interest-bearing securities, which was primarily attributable to the decision to increase Nordea's financial buffers due to the turbulent market situation, also contributed to the increase of total assets. The increase in total assets was offset by the strengthening of the EUR against both SEK and NOK towards the end of 2008, which resulted in a decrease in total assets of EUR 25 billion, as well as by the 39.5% decrease in shares, which was driven by declining securities lending volumes. The balance sheet item "derivatives" reflects the net present value of derivatives contracts. The nominal values of these contracts are recognised as off-balance sheet items (as discussed below). The volume of derivatives transactions increased significantly in 2008 and was reflected by the increase of the nominal values. Derivatives with total positive fair values, including any accrued interest, are recognised as assets. These increased 175.7% to EUR 86.8 billion in 2008 from EUR 31.5 billion in 2007, reflecting the higher net present value of derivatives due to high volatility in foreign currencies and interest rates during the last quarter of 2008. However, this significant increase was matched by a corresponding increase in derivatives liabilities (as discussed below).

In 2007, total assets increased by EUR 42 billion, or 12.2%, from EUR 347 billion in 2006 to EUR 389 billion in 2007. The increase in total assets was primarily driven by increased volumes as demonstrated by a 14.3% increase in loans and receivables to the public in 2007 to EUR 245 billion from EUR 214 billion in 2006. The growth was further driven by the increase in interest bearing securities and shares, which resulted from both higher volumes and increases in fair value, and increases in Nordea's derivatives positions. The increase in total assets was offset to a certain extent by the changes in the foreign exchange rates, in particular, the weakening of the SEK against the EUR. The net effect of changes in the foreign exchange rates amounted to a decrease of EUR 4 billion in Nordea's total assets.

Total liabilities

In 2008, total liabilities increased by EUR 84 billion, or 22.7%, from EUR 372 billion in 2007 to EUR 456 billion in 2008. The increase in total liabilities primarily was driven by the 72.7% increase in deposits by credit institutions, which was largely a result of the general shift in credit institutions towards safer and more liquid funding due to the market turmoil. Growth in total liabilities was also impacted by increases in deposits and borrowings from the public which increased by 4.5% to EUR 149 billion in 2008 from EUR 142 billion in 2007. Debt securities in issue increased by 9.2% to EUR 109.0 billion in 2008 from EUR 99.8 billion in 2007, reflecting Nordea's funding operations. In 2008, long-term issuance under Nordea's funding programmes in the bank and in the mortgage companies amounted to EUR 31 billion. The increase in total liabilities was partly offset by a 9.4% decline in liabilities to policy holders to EUR 29 billion in 2008 from EUR 32 billion in 2007, largely reflecting the lower values of securities and properties in which the net premiums in the Life insurance business are invested. The net effect of changes in currency exchange rates reduced total liabilities by EUR 24 billion. Derivatives with total negative fair values, including any accrued interest, are recognised as liabilities. These increased 159.0% from EUR 33 billion in 2007 to EUR 86 billion in 2008. As discussed above in "*—Total assets*", this significant increase was due to volatility in foreign currencies and interest rates during the last quarter of 2008.

In 2007, total liabilities increased by EUR 40 billion, or 12.2%, from EUR 332 billion in 2006 to EUR 372 billion in 2007. The increase in total liabilities was largely due to increases in deposits and other borrowings from the public, which increased by 12.5% in 2007 to EUR 142 billion from EUR 127 billion in 2006. Total debt securities in issue increased by 19.6% in 2007 to EUR 100 billion from EUR 83 billion in 2006, reflecting Nordea's funding activities. Of the total debt securities in issue in 2007, the long-term issuance of debt under Nordea's funding programmes (including those issued by mortgage companies) comprised EUR 31 billion. In addition, the liabilities to life insurance policy holders increased by EUR 1.2 billion to EUR 32 billion in 2007, or 4%, from EUR 31 billion in 2006, due to increase in premiums received from policy holders and fair value changes in investments in the Life business. The high level of activity in the financial markets resulted in growth in derivatives volume, which led to the net present value of such derivative contracts on Nordea's balance sheet to increase by EUR 8 billion, or 32.4%, from EUR 25 billion in 2006 to EUR 33 billion in 2007. Nordea's total liabilities were reduced by EUR 7 billion due to changes in foreign exchange rates.

Capital Contributions to Subsidiaries

In December 2008, Nordea made capital contributions to two of its subsidiaries. Nordea resolved to subscribe for a capital increase of EUR 100 million in JSB Orgresbank to sustain the level of growth Nordea has projected in Russia in the near to medium term. Nordea also conducted a capital increase of EUR 200 million into its wholly-owned subsidiary Nordea Life Holding AB to strengthen the solvency of the Life subgroup.

Nordea is currently also considering a capital contribution of approximately EUR 100 million in its Finnish life insurance subsidiary to strengthen its financial buffers within the national statutory framework.

Off-Balance Sheet

In the ordinary course of its business, Nordea issues various forms of guarantees and credit commitments in favour of its customers and enters into derivatives transactions largely for risk management purposes on standardised terms and conditions with off-balance sheet risk. See "*Note 40*" and "*Note 41*" to the audited consolidated financial statements included elsewhere in this prospectus. The volume of derivatives transactions increased significantly in 2008 due to the market turmoil and was reflected by an increase in nominal values.

Nordea is also an arranger of issues of credit linked notes through an off-balance sheet special purpose entity, Mermaid Repackaging Plc. Nordea is not a liquidity or a credit enhancement provider in connection with these notes. As of 31 December 2008, Nordea's investment in Mermaid Repackaging Plc amounted to EUR 34 million.

Results of Operations for 2006, 2007 and 2008—Analysis by Customer Area

Nordea prepares the primary segmentation in its consolidated financial statements to reflect its two customer areas, Nordic Banking and Institutional & International Banking, with the rest of the group's customer operations reported under Other Customer Operations. A fourth reporting segment, Group Corporate Centre, includes a range of proprietary activities.

- *Nordic Banking* is Nordea's largest customer area. It comprises Nordea's corporate and household operations (including Private Banking customers) in the Nordic region. In 2008, Nordic Banking generated EUR 4,206 million in net interest income, EUR 6,289 million in total operating income and EUR 2,780 million in operating profit, compared to EUR 3,666 million, EUR 5,963 million and EUR 3,016 million, respectively, in 2007, in each case before intra-group eliminations.
- *Institutional & International Banking* consists of Nordea's corporate and household operations in the New European Markets, its business with Financial Institutions and its business with Shipping, Oil Services & International companies. In 2008, Institutional & International Banking generated EUR 656 million in net interest income, EUR 1,217 million in total operating income and EUR 625 million in operating profit, compared to EUR 424 million, EUR 868 million and EUR 479 million, respectively, in 2007, in each case before intra-group eliminations.
- *Other Customer Operations* represents Nordea's customer operations which are not included in Nordic Banking or Institutional & International Banking, primarily Nordea's International Private Banking & Funds operations, as well as certain parts of its life insurance business and capital markets operations not allocated to other customer areas. In 2008, Other Customer Operations generated EUR 60 million in net interest income, EUR 425 million in total operating income and EUR 68 million of operating loss, compared to EUR 65 million, EUR 660 million and EUR 206 million in operating profit, respectively, in 2007, before intra-group eliminations.

Nordic Banking

The following table sets forth the key components of the Nordic Banking customer area's operating results before intra-group eliminations for the periods indicated.

	For the year ended 31 December				
Income statement, EUR Million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Net interest income	3,328	10.2%	3,666	14.7%	4,206
Net fee and commission income	1,731	2.4%	1,772	(13.7)%	1,530
Net gains/losses on items at fair value	393	17.0%	460	12.4%	517
Profit from companies accounted for under the equity method	15	66.7%	25	(56.0)%	11
Other income	79	(49.4)%	40	(37.5)%	25
Total operating income	**5,546**	**7.5%**	**5,963**	**5.5%**	**6,289**
Staff costs	(1,064)	7.1%	(1,140)	1.8%	(1,160)
Other expenses	(1,784)	2.9%	(1,836)	3.5%	(1,901)
Depreciation of tangible and intangible assets	(28)	(7.1)%	(26)	77.0%	(46)
Total operating expenses	**(2,876)**	**4.4%**	**(3,002)**	**3.5%**	**(3,107)**
of which allocations	(1,372)	5.1%	(1,442)	0.8%	(1,453)
Loans losses	276	(80.0)%	55	—	(402)
Operating profit	**2,946**	**2.4%**	**3,016**	**(7.8)%**	**2,780**
Balance Sheet, EUR billion					
Loans and other receivables to the public	182	14.3%	208	2.9%	214
Other assets	24	4.2%	25	32.0%	33
Total assets	**206**	13.1%	**233**	6.0%	**247**
Deposits and borrowings from the public	99	11.1%	110	6.4%	117
Other liabilities	100	16.0%	116	5.2%	122
Total liabilities	**199**	13.6%	**226**	5.8%	**239**
Equity	0	0.0%	7	14.3%	8
Total liabilities and equity	**199**	**17.1%**	**233**	**6.0%**	**247**

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

The following table sets forth the components of operating results in Nordic Banking, broken down by country, for the periods indicated.

	Nordic Banking											
	Denmark			Finland			Norway			Sweden		
EUR million	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Net interest income	956	1,036	1,192	927	1,065	1,146	511	544	686	900	984	1,123
Net fee and commission income	511	489	413	464	509	415	166	170	161	600	604	540
Net gains/losses on items at fair value	125	155	173	98	111	128	74	80	95	95	114	121
Equity method	15	25	20	0	0	(9)	0	0	0	0	0	0
Other operating income	9	2	5	28	11	8	4	7	8	5	15	1
Total income incl. allocations	**1,616**	**1,707**	**1,803**	**1,517**	**1,696**	**1,688**	**755**	**801**	**950**	**1,600**	**1,717**	**1,785**
Staff costs	(341)	(360)	(376)	(283)	(292)	(292)	(149)	(163)	(170)	(279)	(300)	(318)
Other expenses	(433)	(462)	(497)	(439)	(455)	(476)	(279)	(283)	(291)	(634)	(632)	(621)
Depreciations, etc.	(9)	(2)	(5)	0	(2)	(4)	(6)	(4)	(7)	(8)	(8)	(9)
Expenses incl. allocations	**(783)**	**(824)**	**(878)**	**(722)**	**(749)**	**(772)**	**(434)**	**(450)**	**(468)**	**(921)**	**(940)**	**(948)**
Profit before loan losses	**833**	**883**	**925**	**795**	**947**	**916**	**321**	**351**	**482**	**679**	**777**	**837**
Loan losses	153	1	(192)	28	60	(65)	103	7	(66)	(1)	(26)	(76)
Operating profit	**986**	**884**	**733**	**823**	**1,007**	**851**	**424**	**358**	**416**	**678**	**751**	**761**
EUR billion												
Loans and receivables to the public	54.5	62.7	68.0	42.4	47.5	52.1	30.4	37.2	35.0	54.8	59.8	59.0
Deposits and other borrowings from the public	28.1	31.6	33.6	26.4	30.4	35.7	16.6	18.8	17.2	28.1	29.3	30.6

Nordic Banking—Customer Area

Total operating income

In 2008, total operating income increased by EUR 326 million, or 5.5%, from EUR 5,963 million in 2007 to EUR 6,289 million in 2008. Total operating income increased by 18.6%, 5.6%, and 4.0% in Norway, Denmark and Sweden, respectively, and decreased by 0.5% in Finland due primarily to pressure on savings fee and commission income, as well as lower margins on corporate deposits. The substantial part of the increase in total operating income in Nordic Banking was achieved in the first three quarters of the year, with total operating income decreasing in Denmark, Finland and Sweden in the fourth quarter of 2008. The overall increases were driven by strong developments in Norway where net interest income, in particular, developed favourably.

In 2007, total operating income increased by EUR 417 million, or 7.5%, from EUR 5,546 million in 2006 to EUR 5,963 million in 2007. The increase in total operating income was the result of positive developments in each of the Nordic markets. In Sweden, Norway and Denmark, total operating income increased by 7.3%, 6.1% and 5.6%, respectively. In Finland, the increase was 11.8%. Nordea's strong funding base in Finland, combined with increased average interest rates, were the key drivers of the growth in total operating income.

Net interest income

In 2008, net interest income increased by EUR 540 million, or 14.7%, from EUR 3,666 million in 2007 to EUR 4,206 million in 2008. The increase in net interest income in Nordic Banking reflected both lending volume growth and increased corporate lending margins, with the composition of net interest income growth shifting from volume growth in the first half of 2008 to margin growth in the second half of 2008. Net interest income increased by 7.6% in Finland, 14.1% in Sweden, 15.1% in Denmark and 26.1% in Norway. Lending volume growth was adversely affected by the weakening of the NOK and SEK against the EUR in the fourth quarter of

2008. Margins on corporate lending increased, reflecting the repricing of credit risk and to compensate for higher liquidity premiums. Deposit volumes developed favourably due to Nordea's channelling the outflow from retail funds in its asset management business into its savings accounts. Deposit margins declined reflecting a series of interest rate cuts by central banks, including central banks in the Nordic countries during the fourth quarter. In Nordic Banking, lending margins with corporate customers were 0.97% in 2008 compared to 0.89% in 2007 and deposit margins were 0.93% and 0.96%, respectively, in the same periods. Lending margins with household customers in Nordic Banking were 1.07% in 2008 and 1.00% in 2007 and deposit margins were 1.74% and 1.81% in the same periods.

In 2007, net interest income increased by EUR 338 million, or 10.2%, from EUR 3,328 million in 2006 to EUR 3,666 million in 2007. The increase in net interest income in Nordic Banking was driven by strong volume growth in lending in both the corporate and household segments. Net interest income increased by 14.9% in Finland, 9.3% in Sweden, 8.4% in Denmark and 6.5% in Norway. This growth was partially offset by negative pressure on lending margins reflecting continued competition in all segments. Overall, there was a strong increase in deposit volumes, complemented by deposit margin growth, which also contributed to the increase in net interest income.

Net fee and commission income

In 2008, net fee and commission income decreased by EUR 242 million, or 13.7%, from EUR 1,772 million in 2007 to EUR 1,530 million in 2008. The decrease in net fee and commission income in Nordic Banking was primarily driven by lower income from savings (including asset management) and unit-linked life insurance products. This primarily reflected the significant declines in equity markets and lower net sales of investment funds and structured products. Also, Nordic Banking fee and commission expense included EUR 40 million of the overall EUR 50 million commission expense arising from the Danish guarantee scheme for 2008, which further lowered net fee and commission income.

In 2007, net fee and commission income increased by EUR 41 million, or 2.4%, from EUR 1,731 million in 2006 to EUR 1,772 million in 2007. The increase in net fee and commission income in Nordic Banking was driven by increased lending and guarantee commissions, and was partially offset by a decrease in payment commissions. Asset management commissions remained relatively stable during the same period.

Net gains/losses on items at fair value

In 2008, net gains/losses on items at fair value increased by EUR 57 million, or 12.4%, from EUR 460 million in 2007 to EUR 517 million in 2008. The increase in net gains on items at fair value primarily reflected the increased demand for interest rate and foreign exchange risk management products in Nordic Banking among corporate customers.

In 2007, net gains/losses on items at fair value increased by EUR 67 million, or 17%, from EUR 393 million in 2006 to EUR 460 million in 2007. The increase in net gains on items at fair value primarily reflected the increased sales of capital markets products to corporate customers.

Operating expenses

In 2008, operating expenses increased by EUR 105 million, or 3.5%, from EUR 3,002 million in 2007 to EUR 3,107 million in 2008. The increase in total operating expenses primarily reflected increased staff costs in Nordic Banking with the number of full-time equivalent employees in Nordic Banking increasing by 673 in 2008. The increases in the number of full-time employees was part of the planned expansion to support Nordea's growth strategy and also the inclusion of 205 and 144 full-time equivalent employees in connection with the acquisitions of branches from Svensk Kassaservice and Roskilde Bank, respectively.

In 2007, operating expenses increased by EUR 126 million, or 4.4%, from EUR 2,876 million in 2006 to EUR 3,002 million in 2007. The increase in total operating expenses primarily reflected increased staff costs, with the number of full-time equivalent employees increasing by 456 in 2007. The increased number of employees supported Nordea's growth strategy and mainly related to expansion in Sweden, growth in Norwegian regional banks and increased staff in the Nordea contact centres.

The cost to income ratio of Nordic Banking was 49.4%, 50.3% and 51.9% in 2008, 2007 and 2006, respectively.

Loan losses

In 2008, net loan losses were EUR 402 million compared to a net loan recovery of EUR 55 million in 2007. In 2006, there was a net loan recovery of EUR 276 million. In 2008, EUR 313 million of the overall loan losses were recorded in the fourth quarter. Total loan losses included EUR 44 million of losses related to the Danish guarantee scheme. Approximately half of the total loan losses arose in Denmark, with particular concentration on the construction and agriculture sectors. In Finland, loan losses arose mostly from the trade and services sectors. The increases in loan losses in Norway and Sweden, although less pronounced, also stemmed primarily from loans to corporate customers. The decrease in net loan recoveries in 2007 reflected a lower level of reversals and a slightly higher provisioning level when compared to 2006.

Nordic Banking—Banking Denmark

Total operating income

In 2008, total operating income in Banking Denmark increased by EUR 96 million, or 5.6%, from EUR 1,707 million in 2007 to EUR 1,803 million in 2008. The increase was due largely to an increase in net interest income driven by increased corporate margins and volume growth in both lending and deposits. In the fourth quarter of 2008, while Banking Denmark's total operating income was negatively impacted by a decline in savings commissions as well as payments to the Danish State guarantee scheme, the payments did not fully negate the positive growth from the first three quarters.

In 2007, total operating income increased by EUR 91 million, or 5.6%, from EUR 1,616 million in 2006 to EUR 1,707 million in 2007, due largely to an increase in net interest income stemming from increased lending volumes to both household and corporate customers and higher margins on transaction deposits mainly due to increased central bank lending rates.

Total operating expenses

In 2008, total operating expenses increased by EUR 54 million, or 6.6% from EUR 824 million in 2007 to EUR 878 million in 2008 in Banking Denmark, primarily as a result of integration costs related to the acquisition of branches from Roskilde Bank.

In 2007, total operating expenses increased by EUR 41 million, or 5.2%, from EUR 783 million in 2006 to EUR 824 million in 2007, largely due to an increase in staff costs driven by the increase in the number of full-time equivalent employees and the general wage increases in the financial sector.

Operating profit

In 2008, operating profit decreased by EUR 151 million, or 17.1%, from EUR 884 million in 2007 to EUR 733 million in 2008, as net loan losses increased to EUR 192 million from a net loan recovery of EUR 1 million in 2007. The increase in net loan losses, in particular in the fourth quarter of 2008, was due to increased group-wide impairments connected with the Danish guarantee scheme and an overall slowdown in Danish economic activity. Including the losses from the Danish guarantee schemes, the loan loss ratio in 2008 was 31 basis points; however, excluding the losses associated with the Danish guarantee schemes, the loan loss ratio was 24 basis points. While individual loan losses were not isolated to one specific geographic region or industry, the losses in agriculture and construction industries were noteworthy industry concentrations. Compared to other Nordic countries, the economic downturn throughout 2008 was most pronounced in Denmark.

In 2007, operating profit decreased by EUR 102 million, or 10.3%, from EUR 986 million in 2006 to EUR 884 million in 2007, primarily due to the development in net loan losses with a net loan recovery of EUR 153 million in 2006 compared to the net loan recovery of only EUR 1 million in 2007.

Nordic Banking—Banking Finland

Total operating income

In 2008, Banking Finland's total operating income decreased by EUR 8 million, or 0.5%, from EUR 1,696 million in 2007 to EUR 1,688 million in 2008. Throughout 2008, corporate lending increased as new corporate loans were granted with increased margin levels reflecting the re-pricing of credit risk and higher liquidity premiums. While increased lending margins and volume growth drove an increase in net interest income, this positive performance could not compensate for the negative impact on income growth due to decreased fee and commission income. Specifically, in the household customer segment, customers' savings preferences shifted from investment funds and insurance savings products to more traditional deposits, which generally produce lower margins.

In 2007, total operating income increased by EUR 179 million, or 11.8%, from EUR 1,517 million in 2006 to EUR 1,696 million in 2007, primarily driven by Nordea's strong lending and deposit volume growth, complemented by increased deposit margins.

Total operating expenses

Total operating expenses increased by EUR 23 million, or 3.1%, from EUR 749 million in 2007 to EUR 772 million in 2008. The increase in total operating expenses is largely a result of general wage inflation with the number of full-time equivalent employees remaining stable.

Total operating expenses in 2007 increased by EUR 27 million, or 3.7%, from EUR 722 million in 2006 to EUR 749 million in 2007 largely due to salary increases in other Nordea units that allocated costs to Nordic Banking.

Operating profit

Total operating profit decreased by EUR 156 million, or 15.5%, from EUR 1,007 million in 2007 to EUR 851 million in 2008, largely due to the increase in net loan losses of EUR 65 million compared with a net loan loss recovery of EUR 60 million in 2007. The loan losses were predominately generated by the trade and services industries.

In 2007, total operating profit increased by EUR 184 million, or 22.4%, from EUR 823 million in 2006 to EUR 1,007 million in 2007, largely due to increased net interest income from deposits and higher savings related commission income.

Nordic Banking—Banking Norway

Total operating income

In 2008, total operating income increased by EUR 149 million, or 18.6%, from EUR 801 million in 2007 to EUR 950 million in 2008, largely due to an increase in net interest income as a result of increased lending margins. Despite the current financial turmoil, Banking Norway experienced general positive trends in business volumes within both the corporate and the household customer segments primarily resulting from higher growth rates in deposits. Corporate lending margins also increased reflecting the re-pricing of credit risk and higher liquidity premiums. However, volumes were adversely impacted by the weakening of the NOK against the EUR. Overall, the total volume of deposits from household customers decreased by 9% in EUR terms, but increased by 13% on a constant currency basis compared to 31 December 2007.

In 2007, total operating income increased by EUR 46 million, or 6.1% from EUR 755 million in 2006 to EUR 801 million in 2007, mainly as a result of higher net interest income from lending to corporate customers and from transaction deposits to both corporate and household customers.

Total operating expenses

In 2008, total operating expenses increased by EUR 18 million, or 4.0%, from EUR 450 million in 2007 to EUR 468 million in 2008, primarily as a result of higher staff costs as the number of employees on a full-time equivalent employee basis increased.

Total operating expenses in 2007 increased by EUR 16 million, or 3.7%, from EUR 434 million in 2006 to EUR 450 million in 2007, largely due to higher staff costs.

Operating profit

Total operating profit increased by EUR 58 million, or 16.2%, from EUR 358 million in 2007 to EUR 416 million in 2008 despite an increase in net loan losses. The increase in operating profit was largely a result of higher net interest income. However, as in the other Nordic markets, Banking Norway experienced an increase in net loan losses of EUR 66 million compared with the loan recovery of EUR 7 million in 2007 largely due to individual provisions and collective provisions. A substantial portion of the net loan losses occurred in the fourth quarter of 2008 and related to collective provisions for residential real estate.

Total operating profit in 2007 decreased by EUR 66 million, or 15.6%, from EUR 424 million in 2006 to EUR 358 million in 2007, largely due to lower net loan recoveries. Net loan recoveries amounted to EUR 103 million in 2006, compared to EUR 7 million in 2007.

Nordic Banking—Banking Sweden

Total operating income

In 2008, total operating income increased by EUR 68 million, or 4.0%, from EUR 1,717 million in 2007 to EUR 1,785 million in 2008, largely due to continued strong business development with corporate and household customers resulting in balanced growth of both lending and deposits. Both corporate lending margins and household margins increased in the fourth quarter of 2008, demonstrating the re-pricing of risk and higher liquidity premiums. The growth in deposit volumes from household customers also remained strong as customers shifted towards more traditional savings products. Conversely, there was a decline in the fourth quarter of 2008 in net fee and commission income as assets under management decreased mainly in the investment funds and insurance areas. The weakening of the SEK against the EUR adversely impacted volume and income development.

In 2007, total operating income increased by EUR 117 million, or 7.3%, from EUR 1,600 million in 2006 to EUR 1,717 million in 2007, mainly as a result of higher net interest income from both savings and transaction deposits. Margins on transaction deposits increased as central bank lending rates generally increased in the Nordic countries.

Total operating expenses

Total operating expenses in 2008 increased by EUR 8 million, or 0.9%, from EUR 940 million in 2007 to EUR 948 million in 2008, mainly due to the ongoing integration of the 68 branches acquired from Svensk Kassaservice at the beginning of the third quarter of 2008.

Total expenses increased by EUR 19 million, or 2.1%, from EUR 921 million in 2006 to EUR 940 million in 2007, largely due to investments in growth initiatives and increased staff costs.

Operating profit

Total operating profit in 2008 increased by EUR 10 million, or 1.3%, from EUR 751 million in 2007 to EUR 761 million in 2008, as a result of higher net interest income, which was mostly offset by increases in net loan losses to EUR 76 million in 2008, compared to EUR 26 million in 2007, and modest cost growth. The increase in net loan losses, which accelerated in the fourth quarter of 2008, was largely related to suppliers to the retail trade and consumer durables industries.

Total operating profit increased by EUR 73 million, or 10.8%, from EUR 678 million in 2006 to EUR 751 million in 2007, primarily due to higher net interest income from deposits and modest cost growth.

Institutional & International Banking

The following table sets forth the key components of Institutional & International Banking customer area's operating results before intra-group eliminations for the periods indicated.

Income statement, EUR Million	As of and for the year ended 31 December 2006	% Change[1]	2007	% Change[1]	2008
Net interest income	304	39.5%	424	54.7%	656
Net fee and commission income	232	10.8%	257	11.7%	287
Net gains/losses on items at fair value	141	26.2%	178	52.2%	271
Profit from companies accounted for under the equity method	30	(96.7)%	1	—	(12)
Other income	212	(96.2)%	8	87.5%	15
Total operating income	**919**	**(5.5)%**	**868**	**40.2%**	**1,217**
Staff costs	(100)	43.0%	(143)	34.3%	(192)
Other expenses	(214)	13.6%	(243)	13.2%	(275)
Depreciation of tangible and intangible assets	(8)	0.0%	(8)	25.0%	(10)
Total operating expenses	**(322)**	**22.4%**	**(394)**	**21.1%**	**(477)**
of which allocations	(158)	4.4%	(165)	—	—
Loans losses	(19)	—	5	—	(115)
Disposals of tangible and intangible assets	0	0.0%	0	0.0%	0
Operating profit	**578**	**(17.1)%**	**479**	**30.5%**	**625**
Balance Sheet, EUR billion					
Loans and other receivables to the public	17	47.1%	25	32.0%	33
Other assets	8	12.5%	9	0.0%	9
Total assets	**25**	**36.0%**	**34**	**23.5%**	**42**
Deposits and borrowings from the public	20	55.0%	31	(16.1)%	26
Other liabilities	4	(50.0)%	2	650.0%	15
Total liabilities	**24**	**37.5%**	**33**	**24.2%**	**41**
Equity	0	0.0%	0	—	1
Total liabilities and equity	**24**	**37.5%**	**33**	**27.3%**	**42**

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

The following table sets forth the components of operating results in Institutional & International Banking, broken down by business area for the periods indicated.

EUR million	Financial Institutions			Shipping, Oil Services & International			New European Markets			of which Russia		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Net interest income	50	65	73	155	170	221	77	168	336	—	56	149
Net fee and commission income	119	136	146	45	54	51	32	57	75	—	7	22
Net gains/losses on items at fair value	133	138	181	17	13	33	14	26	53	—	(1)	6
Equity method	0	0	0	0	0	0	0	0	0	—	0	0
Other operating income	9	0	9	3	0	1	2	4	6	—	1	1
Total income incl. allocations	**311**	**339**	**409**	**220**	**237**	**306**	**125**	**255**	**470**	**—**	**63**	**178**
Staff costs	(30)	(31)	(31)	(32)	(37)	(41)	(34)	(72)	(118)	—	(26)	(52)
Other expenses	(140)	(143)	(153)	(11)	(13)	(10)	(40)	(67)	(95)	—	(12)	(24)
Depreciations, etc.	0	0	0	(2)	0	(1)	(7)	(7)	(9)	—	(1)	(1)
Expenses incl. allocations	**(170)**	**(174)**	**(184)**	**(45)**	**(50)**	**(52)**	**(81)**	**(146)**	**(222)**	**—**	**(39)**	**(77)**
Profit before loan losses	**141**	**165**	**225**	**175**	**187**	**254**	**44**	**109**	**248**	**—**	**24**	**101**
Loan losses	0	0	(14)	3	2	(10)	(5)	(1)	(46)	—	1	(18)
Operating profit	**141**	**165**	**210**	**178**	**189**	**244**	**39**	**108**	**202**	**—**	**25**	**83**
EUR billion												
Loans and other receivables to the public	1.5	1.9	2.0	9.4	11.1	13.8	4.6	9.8	15.3	—	1.6	3.8
Deposits and borrowings from the public	13.0	20.3	14.5	4.5	6.7	6.4	2.3	3.7	4.7	—	0.6	0.9

Total operating income

In 2008, total operating income increased by EUR 349 million, or 40.2% from EUR 868 million in 2007 to EUR 1,217 million in 2008. The increase in total operating income was primarily driven by increases in net interest income and net gains on items at fair value. Total operating income was also impacted by the consolidation of JSB Orgresbank for the full-year in 2008 and, to a limited degree, by the accrued sales proceeds from the sale of Nordea's global custody business to JPMorgan in March 2008.

In 2007, total operating income decreased by EUR 51 million, or 5.5%, from EUR 919 million in 2006 to EUR 868 million in 2007. The decrease in total operating income mainly illustrated the impact of non-recurring items that contributed to total operating income in 2006. On a comparable basis, excluding the impact of the acquisition of JSB Orgresbank, and the one-off capital gain of EUR 199 million from the divestment of ZAO International Moscow Bank in 2006 recorded under "other income", total income would have increased by 12%. JSB Orgresbank contributed to total operating income by EUR 63 million in 2007 since its consolidation on 31 March 2007. The market turmoil had an impact on certain customer segments, primarily in the Financial Institutions business.

Net interest income

In 2008, net interest income increased by EUR 232 million, or 54.7%, from EUR 424 million in 2007 to EUR 656 million in 2008. The 54.7% increase in net interest income was primarily driven by positive developments in the New European Markets and in Shipping, Oil Services & International operations.

In the New European Markets, net interest income reflected increased lending volumes in most markets despite the challenging macroeconomic developments. In Poland, lending volume growth was driven by the household customer segment, which also reflected increased distribution capacity with almost 60 new branches opened during the year. In the Baltic countries, lending volumes increased for both local and Nordic-based existing corporate customers, as well as for household customers. In Russia, increased lending volumes were primarily attributable to loans to large Russian corporate customers and, to a lesser degree, increased lending to household customers. Lending margins with corporate customers in the New European Markets were 1.72% in 2008 when compared to 1.01% in 2007 and deposit margins were 1.58% and 1.37%, respectively over the same periods.

Lending margins with household customers in the New European Markets were 1.48% in 2008 and 1.25% in 2007 and deposit margins were 1.12% and 1.50%, respectively, in the same periods. The increase in net interest income in the New European Markets in 2008 also reflected the consolidation of JSB Orgresbank for the full year in 2008.

In Shipping, Oil Services & International operations, net interest income was driven by increased lending volumes. Nordea acted as bookrunner for 42 syndicated shipping loans, with an aggregate volume of USD 12.5 billion in 2008. Lending margins with corporate customers in Shipping, Oil Services & International were 1.10% in 2008 when compared to 0.96% in 2007 and deposit margins were 0.42% and 0.41%, respectively over the same periods.

In 2007, net interest income increased by EUR 120 million, or 39.5%, from EUR 304 million in 2006 to EUR 424 million in 2007. When the impact of the acquisition of JSB Orgresbank is excluded, the increase was 21%. The increase was driven by high growth in lending and deposit volumes. The growth mainly derived from the New European Markets, but was also complemented by growth in the Financial Institutions and the Shipping, Oil Services & International businesses. The increase in lending in the New European Markets was balanced across countries with a focus on customers in the premium segment.

Net fee and commission income

In 2008, net fee and commission income increased by EUR 30 million, or 11.7%, from EUR 257 million in 2007 to EUR 287 million in 2008. The increase in net fee and commission income was primarily attributable to the New European Markets and to Financial Institutions as a result of increased customer activity. In Financial Institutions, Nordea's sub-custody business volumes increased throughout the year despite subdued equity markets.

In 2007, net fee and commission income increased by EUR 25 million, or 10.8%, from EUR 232 million in 2006 to EUR 257 million in 2008. Excluding the impact of the acquisition of JSB Orgresbank, the increase was 8% as customer activity continued on a high level throughout 2007.

Net gains/losses on items at fair value

In 2008, net gains/losses on items at fair value increased by EUR 93 million, or 52.2%, from EUR 178 million in 2007 to EUR 271 million in 2008. In 2007, net gains/losses on items at fair value increased by EUR 37 million, or 26.2%, from EUR 141 million in 2006 to EUR 178 million in 2007. Both in 2008 and 2007, the increases in net gains on items at fair value reflected a strong performance in all businesses within Institutional & International Banking. In 2008, the Financial Institutions business was a major contributor as Nordea was able to attract business in an adverse environment, and customers showed particular interest in Nordea's risk management and asset liability management products.

Operating expenses

In 2008, total operating expenses increased by EUR 83 million, or 21.1%, from EUR 394 million in 2007 to EUR 477 million, primarily driven by higher investments within the New European Markets and the resulting higher number of employees. The number of full-time equivalent employees in Institutional & International Banking increased to 5,134 as of 31 December 2008 from 4,194 as of 31 December 2007, the increase being mainly attributable to the New European Markets. Total operating expenses were also impacted by the consolidation of JSB Orgresbank for the full year in 2008.

In 2007, operating expenses increased by EUR 72 million, or 22.4%, from EUR 322 million in 2006 to EUR 394 million in 2007. The increase was primarily driven by a higher number of full-time equivalent employees and higher variable salaries, but also by investments in the New European Markets, including the acquisition of JSB Orgresbank. Excluding the impact of the acquisition of JSB Orgresbank, the increase in total operating expenses was 10%. Staff growth amounted to approximately 1,800 full-time equivalent employees, mainly attributable to growth in the New European Markets.

The cost to income ratio of Institutional & International Banking amounted to 39.2%, 45.4% and 35.0% in 2008, 2007 and 2006, respectively.

Loan losses

In 2008, net loan losses were EUR 115 million in 2008 compared to a net loan recovery of EUR 5 million in 2007 and a net loss of EUR 19 million in 2006. The increase reflected increased loan loss provisions relating primarily to the Baltic countries. Of total lending for the full year 2008, the loan loss ratio was 47 basis points for Institutional & International Banking, 9 basis points for Shipping, Oil Services & International, and 47 basis points for New European Markets. In the Baltic countries, the loan loss ratio was 106 basis points, of which 48 basis points refer to collective provisions reported in the first and third quarter.

In 2007, net loan recoveries were EUR 5 million, primarily reflecting reversals in the transfer risk reserve, which were partially offset by collective loan loss provisions with respect to the Baltic countries.

Other Customer Operations

The Other Customer Operations category represents Nordea's customer operations which are not included in Nordic Banking or Institutional & International Banking, such as Nordea's International Private Banking & Funds operations as well as certain parts of Nordea's life insurance business. The following table sets forth the key components of the operating results of the Other Customer Operations category before intra-group eliminations.

	As of and for the year ended 31 December				
Income statement, EUR Million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Net interest income	58	12.1%	65	(7.7)%	60
Net fee and commission income	159	6.9%	176	(42.6)%	101
Net gains/losses on items at fair value	420	(2.4)%	410	(37.8)%	255
Profit from companies accounted for under the equity method	0	0.0%	0	0.0%	0
Other income	9	33.3%	9	0.0%	9
Total operating income	**646**	**1.7%**	**660**	**(35.6)%**	**425**
Staff costs	(387)	12.1%	(434)	9.2%	(474)
Other expenses	(22)	(50.0)%	(11)	(9.1)%	(10)
Depreciation of tangible and intangible assets	(13)	(30.8)%	(10)	(10.0)%	(9)
Total operating expenses	**(422)**	**7.6%**	**(456)**	(8.4)%	**(493)**
of which allocations	69	18.8%	82	—	—
Loans losses	0	0.0%	0	0.0%	0
Disposals of tangible and intangible assets	0	—	1	—	0
Operating profit	**224**	**(8.9)%**	**206**	(133.0)%	**(68)**
Balance Sheet, EUR billion					
Loans and other receivables to the public	11	(9.1)%	10	50.0%	15
Other assets	36	2.8%	37	(5.4)%	35
Total assets	**47**	**0.0%**	**47**	**6.4%**	**50**
Deposits and borrowings from the public	6	33.3%	8	0.0%	8
Other liabilities	40	(5.0)%	38	7.9%	41
Total liabilities	**46**	**0.0%**	**46**	**6.5%**	**49**
Equity	0	0.0%	0	0.0%	0
Total liabilities and equity	**46**	**0.0%**	**46**	**6.5%**	**49**

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

The following table sets forth the components of operating results in the Other Customer Operations category, broken down by business area for the periods indicated.

	Life			International Private Banking & Funds			Other[1]		
EUR million	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**	**2006**	**2007**	**2008**
Net interest income	0	0	0	39	44	49	19	21	11
Net fee and commission income	45	81	81	111	113	66	3	(18)	(46)
Net gains/losses on items at fair value	261	283	191	23	15	0	136	112	64
Equity method	0	0	0	0	0	0	0	0	0
Other income	8	(3)	9	0	11	0	1	1	0
Total operating income	**314**	**360**	**281**	**173**	**183**	**116**	**159**	**116**	**29**
Staff costs	(96)	(103)	(117)	(50)	(55)	(51)	(241)	(276)	(306)
Other expenses	(77)	(74)	(83)	(23)	(23)	(29)	78	86	103
Depreciations	(9)	(4)	(5)	(3)	(5)	(4)	(1)	0	0
Total operating expenses	**(182)**	**(181)**	**(204)**	**(76)**	**(83)**	**(84)**	**(164)**	**(190)**	**(204)**
Loan losses	0	0	0	0	0	(3)	0	0	0
Disposals of tangible and intangible assets	0	0	0	0	1	0	0	0	0
Operating profit	**132**	**179**	**76**	**97**	**101**	**29**	**(5)**	**(74)**	**(175)**

[1] Customer Operations in "Other" mainly reflect Markets' product results. Markets operating results reflect primarily Nordea's market-making operations in connection with the offering of a range of products to Nordea customers including risk management products, foreign exchange products, equity products and structured products.

Life

Life includes Nordea's life insurance operations outside of Nordea's distribution network, primarily its branch network. This includes sales to Nordic customers through Life's own sales force, brokers and tied agents. The Life business also includes Nordea's Polish life insurance business.

In 2008, total operating profit decreased by EUR 103 million, or 57.5%, from EUR 179 million in 2007 to EUR 76 million in 2008. The decrease in total operating profit was primarily due to a reversal of fee income of EUR 67 million from the Danish life and pension business accrued in the first nine months of 2008. This fee income was deferred in light of the decline in the value of financial buffers. Total operating income was driven by growth in gross written premiums in the Polish and Danish operations. Growth was, however, stalled in the fourth quarter of 2008, mainly due to the slowdown in these economies.

In 2007, total operating profit increased by EUR 47 million, or 35.6%, from EUR 132 million in 2006 to EUR 179 million in 2007. The 35.6% increase in total operating profit primarily reflected increased volumes in the new businesses, such as unit-linked insurance, and strong cost control and active risk management. Life's own sales/advisors team that services corporate customers was strengthened by approximately 30 new advisors in the Nordic markets. Sales channels are well established in Denmark and Norway and were developed in Sweden and Finland. The Polish Life company's gross written premiums increased by 57% driven by direct sales, sales through Bancassurance with Nordea Bank Poland and distribution through external distribution partners.

International Private Banking & Funds

In 2008, total operating profit decreased by EUR 72 million, or 71.3%, from EUR 101 million in 2007 to EUR 29 million in 2008. The 71.3% decrease in total operating profit primarily reflected the depreciation of assets under management and a net outflow of assets. Due to market depreciation and the net outflow, total assets under management in International Private Banking & Funds decreased by 20% compared to 2007. Combined with reduced transaction activities, this affected total operating income negatively. In the fourth quarter of 2008, however, Nordea experienced a transfer of customers from banks in distress which partially offset the outflow. Cost reductions were undertaken in 2008.

In 2007, total operating profit increased by EUR 4 million, or 4.1%, from EUR 97 million in 2006 to EUR 101 million in 2007. The International Private Banking & Funds business managed a net inflow of EUR 600 million in assets under management and experienced an increase of 4.1% in total operating profit. Assets under management reached EUR 9.6 billion, representing a 4% increase from 2006. The inflow primarily reflected the introduction of more innovative products and advisory services, combined with increased sales, focus and cooperation with Nordic

Private Banking. However, the Funds business saw a total net outflow of EUR 1.8 billion, with total assets under management amounting to EUR 3.6 million as of 31 December 2007. This primarily reflected outflows from the two major value funds (North America and Europe), which were partially offset by inflows in non-value funds.

RESULTS OF OPERATIONS FOR 2006, 2007 AND 2008—ANALYSIS BY PRODUCT AREA

Nordea presents certain total income and other financial data broken down by product area. In Nordea's consolidated financial statements, the total income included in the product areas discussed below is presented under one or more of Nordea's primary customer areas, Nordic Banking, Institutional & International Banking and Other Customer Operations. In the preparation of Nordea's consolidated financial statements, income from a product area is allocated directly to the relevant customer area(s) depending primarily on the relevant customer category. The presentation of results of operations by products area below does not comprise all volumes or result items within Nordea.

Nordea's product areas include Savings Products & Asset Management, Life & Pensions and Capital Markets Products. The Life & Pensions product category includes certain parts of Nordea's life insurance business that are not presented under Nordea's Other Customer Operations.

Savings Products & Asset Management

The results from Savings Products & Asset Management consist of income related to funds, international private banking, institutional mandates including life mandates, as well as income from several savings products not related to assets under management. The following table sets forth the key components of product results in Savings Products & Asset Management for the periods indicated.

	As of and for the year ended 31 December				
EUR Million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Net interest income	47	8.5%	51	5.9%	54
Net fee and commission income	643	21.6%	782	(26.9)%	572
Net gains/losses on items at fair value	25	(40.0)%	15	—	0
Equity method	0	—	0	0.0%	0
Other income	14	(50.0)%	7	—	0
Total income	**729**	**17.3%**	**855**	**(26.8)%**	**626**
Staff costs	(142)	17.6%	(167)	6.6%	(156)
Other expenses	(82)	72.5%	(138)	1.4%	(140)
Operating expenses	**(224)**	**36.2%**	**(305)**	**(3.3)%**	**(295)**
Estimated distribution expenses in Nordic Banking	(140)	5.0%	(147)	(6.8)%	(137)
Product Result	**365**	**10.4%**	**403**	**(51.9)%**	**194**
of which income within Nordic Banking	323	81.4%	586	(19.5)%	472
Margins[2]					
Income margins (%)	0.71	(5.6)%	0.67	(16.4)%	0.56
Cost/income ratio, %	50	6.0%	53	30.2%	69
Assets under management[3], EUR billion	108	(4.6)%	103	(22.3)%	80

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

2 Annual margins calculated using average assets under management for Asset Management activities excluding Nordic Banking activities.

3 Includes Assets under management in the product area only.

In 2008, total product result decreased by EUR 209 million, or 51.9%, from EUR 403 million in 2007 to EUR 194 million in 2008. The decrease in total product result primarily reflected a decrease in net fee and commission income due to lower amounts of assets under management and a lower average income margin. Mainly as a result of market depreciation, total assets under management decreased by 22.3% when compared to 31 December 2007 and there was a net outflow of EUR 23 billion. The decrease in income margin in 2008 is largely attributed to customer shifts away from retail funds, which generally produce higher margins, and into institutional products, as well as negative equity market returns and overall lower investment activity that, in turn, decreased the transaction income margin. The institutional asset management business reported an overall net inflow of EUR 1.1 billion in 2008; however, in the fourth quarter there was a net outflow as clients increasingly attempted to mitigate their risk in the worsening economic climate. Yet, the international institutional business reported a positive inflow in the fourth quarter as demand for well-performing equity products increased. Nordic Private Banking customers shifted funds away from investment products to savings deposits resulting in a net outflow of EUR 0.1 billion. International Private Banking also experienced a net outflow of EUR 0.3 billion in the fourth quarter of 2008. See "*—Other Customer Operations—International Private Banking & Funds*". Costs were reduced by 3.3%, but this did not fully compensate for the overall decrease in income.

In 2007, Savings Products & Asset Management experienced an overall increase in total product result of EUR 38 million, or 10.4%, from EUR 365 million in 2006 to EUR 403 million in 2007. Assets under management decreased to EUR 103 billion in 2007, down EUR 5 billion from 2006 mainly as a result of an overall net outflow of EUR 2.4 billion. In addition, the strong performance of Nordea's investment composites, where 70.0% outperformed their relevant benchmark, further contributed to the overall growth in the product segment.

Life & Pensions

Life & Pensions represents certain parts of Nordea's life insurance business that is not reported under Nordea's Other Customer Operations. The following table sets forth the key components of operating results in Life & Pensions for the periods indicated.

	As of and for the year ended 31 December				
EUR Million	**2006**	**% Change[1]**	**2007**	**% Change[1]**	**2008**
Profit Drivers					
Traditional insurance					
Fee contribution/profit sharing	152	13.8%	173	(97.1)%	5
Contribution from cost result	(9)	(66.7)%	(3)	(66.7)%	(1)
Contribution from risk result	28	7.1%	30	43.3%	43
Return on shareholders' equity/other profits	37	(21.6)%	29	186.2%	83
Total Profit Traditional	**208**	**10.1%**	**229**	**(43.2)%**	**130**
Total Profit Unit-linked	**52**	**19.2%**	**62**	**(4.8)%**	**59**
Estimated distribution expenses in Nordic Banking	(17)	0.0%	(17)	(29.4)%	(12)
Total Product Result	**243**	**12.8%**	**274**	**(35.4)%**	**177**
of which income within Nordic Banking	139	(10.8)%	124	(21.0)%	98
Key Figures					
Premiums written, net of reinsurance	3,768	0.3%	3,780	11.7%	4,222
of which from Traditional business	2,197	0.5%	2,208	15.0%	2,539
of which from Unit-linked business	1,572	0.0%	1,572	7.1%	1,683
Total operating expenses	**(174)**	**0.6%**	**(175)**	**12.6%**	**(197)**
Investment assets:					
Bonds	15,642	1.0%	15,799	16.0%	18,322
Equities	4,843	(1.5)%	4,772	(69.6)%	1,451
Alternative investments	2,345	18.9%	2,788	(9.9)%	2,513
Property	3,017	5.3%	3,178	(5.7)%	2,998
Unit-linked	6,683	10.0%	7,349	(5.1)%	6,977
Total investment assets	**32,530**	**4.2%**	**33,885**	**(4.8)%**	**32,261**
Investment return %	4.7	(23.4)%	3.6	—	(1.6)
Technical provisions	30,765	4.4%	32,118	(11.9)%	28,281
of which financial buffers	2,277	(2.0)%	2,231	(69.8)%	673

1 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

In 2008, total product result decreased by EUR 97 million, or 35.4%, from EUR 274 million in 2007 to EUR 177 million in 2008. The decrease in total product result was primarily due to financial buffer level constraints on fee income in Denmark and Finland. During the fourth quarter of 2008, there was a reversal of the accrued fee income in the Danish business from the first three quarters and no fee income recognised from the Finnish business as a result of constraints from low financial buffers. The limitations on fee contributions was somewhat offset by strong investment performance in Sweden and a resulting profit sharing contribution. Despite the ongoing financial crisis, Life & Pensions experienced 12.0% growth in gross written premiums. This growth strengthened Nordea's leading position in the Nordic markets within the life and pensions business with a market share of 10.0% in 2008 based on total gross written premiums. The strong performance is primarily attributed to competitive product offerings. Nordea believes that the removal of the ban on policy transfers in Sweden in 2008 also permitted Nordea to capture market share through policy transfers.

In 2007, Life & Pensions product result was at an all time high with a growth of EUR 31 million, or 12.8%, from EUR 243 million in 2006 to EUR 274 million in 2007. Notwithstanding the volatile equity markets and a general increase in interest rates, the full year Life & Pensions investment return ended at a level of 3.6% reflecting the operation's overall balanced asset portfolio. While financial buffers were down 10.0% of the Life provisions as compared with 2006, overall Nordea's buffers remained above statutory levels. The value of new business benefited from good premium collections from new sales.

Capital Markets Products

The Capital Markets Products product area represents Nordea's customer operations in capital markets products and services. The following table sets forth the key components of operating results in Capital Markets Products for the periods indicated.

	As of and for the year ended 31 December				
EUR Million	**2006[1]**	**% Change[2]**	**2007**	**% Change[2]**	**2008**
Markets, product result					
Net interest income	196	23.0%	241	29.9%	313
Net fee and commission income	172	26.7%	218	(7.8)%	201
Net gains/losses on items at fair value	663	8.6%	720	13.8%	819
Other	4	—	1	—	0
Total income	**1,035**	**14.0%**	**1,180**	**13.0%**	**1,333**
Staff costs	(241)	14.5%	(276)	10.5%	(305)
Other expenses	(133)	5.3%	(140)	10.0%	(154)
Depreciation etc.	0	—	0	—	0
Operating expenses	**(375)**	**10.9%**	**(416)**	**10.3%**	**(459)**
Product Result	**611**	**20.6%**	**737**	**14.7%**	**845**

1 Data for 2006 has been prepared assuming constant foreign exchange rates.

2 Indicates percentage change from year ended 31 December 2006 to 31 December 2007 and from year ended 31 December 2007 to 31 December 2008, respectively.

In 2008, the total product result increased by EUR 108 million, or 14.7%, from EUR 737 million in 2007 to EUR 845 million in 2008. The increase was largely a result of high customer activity and continued demand for corporate risk management products. Transaction volumes were at a record high in the fourth quarter of 2008, and margins increased as credit spreads widened significantly and markets remained generally illiquid. While market conditions remained challenging throughout 2008, there was strong customer demand across all product lines to hedge market volatility through risk management products. However, the demand for corporate finance and other advisory services remained low as a result of continued unfavourable market conditions for these types of transactions. Credit-risk-related fair value adjustments also negatively impacted the overall product result, yet not so significantly as to negate the positive results in other areas. Throughout 2008, Capital Markets Products continued to increase its focus on the equities business expanding its market share in the area.

In 2007, the total product result was EUR 737 million. Despite increasingly volatile market conditions, this strong performance was mainly attributed to high activity in most areas and strong customer demand for risk management products, foreign exchange products, equity products and structured products. In 2006, the total product result was EUR 611 million, prepared on the basis of constant foreign exchange rates.

The following table sets forth Nordea's operating income from Capital Markets Products by key product type for the periods indicated.

	For the year ended 31 December		
EUR million	**2006[1]**	**2007**	**2008**
Fixed income products	274	221	397
Foreign exchange products	382	475	776
Other products	379	484	160
Total	**1,035**	**1,180**	**1,333**

1 Data for 2006 has been prepared assuming constant foreign exchange rates.

Outlook and Recent Developments

The statements under this section contain forward-looking statements. These statements are not guarantees of future financial performance and Nordea's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "Forward-Looking Statements and Presentation of Financial and Other Information—Forward-Looking Statements". Investors are urged not to place undue reliance on the forward-looking statements set out below.

Outlook

The following Outlook statement is unchanged from the one provided in the 2008 Full Year Result report, released publicly on 10 February 2009 (the "Full Year Report"):

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 is therefore preparing for a challenging year. In addition to firm attention on cost, risk and capital management, the focus in 2009 will be to continue doing more business with existing customers, and on a selective basis attracting new customers with solid credit profiles in prioritised segments. Market lending growth is expected to be lower in 2009, compared to 2008, however Nordea sees potential for growth somewhat more than the market. 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 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 approximately the same level as in 2008. The effective tax rate is expected to be in the range of 23% to 25%.

Macro-economic development relevant for the Outlook

The outlook statement provided above is based on a number of factors, including an internal assessment of customer demand and their business plans, Nordea's current credit portfolio, relevant interest rate forecasts and macro-economic forecasts as well as known legal, regulatory and political conditions within the EU and individual countries in which Nordea operates.

The world economy has deteriorated significantly since the autumn of 2008 and a large number of Western economies are currently in recession. Since the beginning of the autumn, the rapid slowdown in global growth is clearly affecting the Nordic economies. Accordingly, there can be no assurances that the assumptions underlying the outlook will materialise. In particular, uncertainty with regards to the macro-economic development remains high. If the macro-economic development were to significantly worsen compared to these assumptions, the financial outlook presented above and in the Full Year Report would be adversely affected.

Most recent developments

During the first two months of 2009, Nordea has recorded strong growth in total operating income compared to the same period in 2008. The positive trend has been driven by an increase in net gains and losses reported in Capital Markets and Treasury and a continued positive development in net interest income, notwithstanding pressure on deposit margins. The developments in both cost and loan losses during the first two months are in line with the expectations reflected above in "*—Outlook*". In addition, risk-adjusted profit was, during the first two months in 2009, higher than in the same period in the previous year.

Financial Targets and Capital Structure Policy

The statements under this section present Nordea's financial targets and capital structure policy. These statements are not forecasts or projections. They do not represent Nordea's expectations of its future operating or financial performance and there can be no assurance that these targets will be attained in the targeted timeframe or otherwise. Investors are urged not to place undue reliance on these statements.

Nordea's overall mission is to make it possible for its customers to reach their objectives. Nordea has an ambitious vision of being the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders. The external financial targets of Nordea reflect the ambitious vision on value creation, which is measured by total shareholder return. The profitability dimension of value creation is measured by return on equity and the long-term growth dimension is measured by risk-adjusted profit.

The following table sets forth Nordea's long-term financial targets together with its historical performance with regard to such targets.

		Outcome	
Long-Term Financial Targets	**Target**	**2007**	**2008**
Total Shareholder Return (%)	In the top quartile of European peer group[1]	#3 of 20	#2 of 20
Risk Adjusted Profit *(EUR million)*[2]	Double in 7 years[3]	15.0%	16.7%
Return on Equity (%)	In line with top Nordic peers	19.7%	15.3%

		Outcome	
Capital Structure Policy	**Target over a business cycle**	**2007[4]**	**2008[4]**
Tier 1 ratio (%)	9%	8.3%	9.3%
Capital ratio (%)	11.5%	10.9%	12.1%
Dividend pay-out ratio (%)	> 40% of net profit	42%	19%[5]

1 The peer group as of 31 December 2008 consists of AIB Bank, Bank of Ireland, Barclays, BNP Paribas, Commerzbank, Danske Bank, DnB Nor, Erste Bank, HBOS, KBC Bank, Intesa Sanpaolo, Lloyds TSB, Nordea, RBS, Santander, SEB, Societe Generale, Svenska Handelsbanken, Swedbank and Unicredit.

2 Risk-adjusted profit is defined as total income less total expenses, less expected losses and standard tax. In addition, risk-adjusted profit excludes major non-recurring items.

3 Baseline 2006 EUR 2,107 million

4 Tier 1 ratios and capital ratios are calculated before transition rules.

5 Based on proposed dividend of EUR 0.20 per share.

With top-three and top-two positions in the peer group, Nordea met its overall shareholder value target in 2007 and 2008. For the period as a whole, Nordea was only slightly below the trend line for its long-term risk-adjusted profit target despite the extraordinary market conditions.

Nordea has aligned its capital structure policy as part of the ongoing implementation of the Basel II framework and, reflecting the market developments and changed market perceptions, has raised its capital ratio targets.

Capital Adequacy

Nordea is in the process of transitioning to the Basel II capital adequacy framework. During this transition, which is expected to be completed in 2010, Nordea uses a variety of capital measurements and capital ratios to manage its capital. The regulatory transition rules comprise a floor on Nordea's requirements when compared to Basel II (Pillar 1) minimum requirements. Nordea received approval from the relevant financial supervisory authorities in July 2007, permitting it to use the internal ratings based approach of Basel II for its corporate and institutional credit portfolios in Denmark, Finland, Norway and Sweden (with exceptions for foreign branches and subsidiaries). In December 2008, Nordea also received approval to use internal ratings based models for its retail credit portfolio.

The following table sets forth the Group's capital ratios and risk-weighted assets as of the dates indicated.

EUR Million	As of 31 December 2006	2007	2008
Tier I capital	13,147	14,230	15,760
Tier II capital base	5,012	4,430	4,566
Tier I ratio with transition rules (%)	7.1	7.0	7.4
Tier I ratio before transition rules (%)	—	8.3	9.3
Capital ratio with transition rules (%)	9.8	9.1	9.5
Capital ratio before transition rules (%)	—	10.9	12.1
Risk-Weighted Assets			
Credit risk	176,329	156,952	150,746
IRB foundation	—	83,865	119,207
of which corporate	—	73,736	86,358
of which institutions	—	9,302	12,699
of which retail	—	—	18,313
of which other	—	827	1,837
Standardised	—	67,342	31,539
of which sovereign	—	243	940
of which other	—	67,099	30,599
Basel I reporting entities	—	5,745	n.a.
Market risk	9,069	3,554	5,930
of which trading book, VaR	—	527	1,715
of which trading book, non-VaR	—	3,027	3,372
of which FX, non-VaR	—	0	843
Operational risk (standardised)	—	10,976	11,896
Adjustments for transition rules	—	33,103	44,709
Total	**185,398**	**204,585**	**213,281**

Liquidity and Capital Resources

Nordea views liquidity risk as the risk of being able to meet liquidity commitments only at increased cost, or ultimately, being unable to meet obligations as they fall due. See "*Risk, Liquidity and Capital Management—Liquidity Management*". Nordea demonstrates a conservative attitude towards liquidity risk management and strives to diversify its sources of funding, and accordingly seeks to establish and maintain relationships with investors in order to manage the market access in difficult market conditions.

Nordea is of the opinion that the group's working capital (*i.e.*, its ability to access cash and other available liquid resources) is sufficient for it to meet its liabilities as they become due for a period of 12 months after the date of this prospectus.

Sources of funding

Nordea's funding structure is based on customer deposits, primarily in the Nordic markets, and a variety of funding programs. Nordea's short-term funding programmes include commercial paper and certificate of deposit programmes. Nordea's long-term funding is dominated by issuance of covered bonds out of its two mortgage companies, Nordea Hypotek AB in Sweden and Nordea Kredit Realkreditaktieselskab in Denmark. In addition to covered bonds Nordea has focused its senior debt issuance out of its EMTN and MTN programmes which also provide for the opportunity of issuance of subordinated debt and capital contribution securities (so called hybrid securities). The latter are issued for regulatory capital purposes. The EMTN and MTN programmes are multi-currency programmes allowing issuance in the currencies specified. This is to allow for currency risk management and local funding flexibility for Nordea's banking subsidiaries.

The following table sets forth Nordea's long and short-term funding sources as of 31 December 2008.

		As of 31 December 2008	
EUR million	**Interest rate base**	**Average Maturity (years)**	**Amount**
Deposits by credit institutions			
—Shorter than 3 months	Euribor etc.	0.1	49,341
—Longer than 3 months	Euribor etc.	0.8	2,591
Deposits and borrowings from the public			
—Deposits on demand	Administrative	0.0	107,393
—Other deposits	Euribor etc.	0.4	41,198
Debt securities in issue			
—Certificates of deposits	Euribor etc.	0.2	33,666
—Commercial papers	Euribor etc.	0.2	10,440
—Mortgage covered bond loans	Fixed rate, market based	11.3	49,504
—EMTN	Fixed rate, market based	1.4	6,249
—Other bond loans	Fixed rate, market based	2.1	9,129
Derivatives		n.a	85,538
Other non-interest bearing items		n.a	23,774
Subordinated debentures			
—Dated subordinated debenture loans	Fixed rate, market based	6.4	6,268
—Undated subordinated debenture loans	Fixed rate, market based	n.a	536
—Hybrid capital loans	Fixed rate, market based	n.a	1,406
Equity		n.a	17,803
Total (total liabilities and equity)			**444,836**
Liabilities to policyholders in the Life insurance operations		n.a	29,238
Total (total liabilities and equity) including Life insurance operations			**474,074**

"*Note 49*" to Nordea's audited consolidated financial statements included elsewhere in this prospectus sets forth the maturity profile of Nordea's assets and liabilities, including its debt securities in issue and subordinated liabilities.

Deposits and borrowings from the public

Nordea has a well-diversified base of household and corporate deposits, primarily in the Nordic markets, in which Nordea conducts the majority of its banking operations, as well as in the New European Markets. As of 31 December 2008, Nordea's total deposits and borrowings from the public amounted to EUR 148.6 billion, compared to EUR 155.1 billion as of 30 September 2008 and EUR 142.3 billion as of 31 December 2007. Deposits and borrowings from the public in Denmark, Finland, Sweden and Norway represented 23%, 24%, 21% and 12%, respectively, of total deposits and borrowings from the public as of 31 December 2008, and deposits and borrowings from the public in the New European Markets represented 3%. In late 2007 and in 2008, Nordea evidenced a shift from fund products to savings accounts as customers sought more stable returns amidst the financial turmoil, thus improving Nordea's deposit base.

Commercial paper and certificates of deposit

Nordea utilises commercial paper and certificates of deposits as a source of short-term funding. Nordea's current programs include U.S., European and domestic commercial paper programmes and certificates of deposit. As of 31 December 2008, Nordea had EUR 44.1 billion in commercial paper and certificates of deposit outstanding, with an average maturity of 0.2 years.

Covered bonds

Issuance of covered bonds represents a significant portion of Nordea's long-term funding. Covered bonds secured by mortgage assets are the main funding source for Nordea's mortgage lending operations. Nordea currently issues covered bonds out of its two mortgage companies: Nordea Hypotek AB (publ) is subject to the Swedish covered bond legislation and Nordea Kredit Realkreditaktieselskab is subject to Danish legislation. Covered bonds, which have mainly been issued in the domestic covered bond markets in Sweden and Denmark, have provided Nordea with commercially attractive and secure funding during the financial turmoil of 2007 and 2008, while other fixed income markets have provided less opportunities. Nordea's covered bonds are rated Aaa and AAA by Moody's and S&P, respectively. As of 31 December 2008, Nordea had EUR 49.5 billion in covered bonds outstanding, with an average maturity of 11.3 years.

Unsecured bonds and capital contribution securities

Long-term unsecured debt is primarily issued under Nordea's various EMTN and MTN programs. In 2007 and 2008 issuance volumes were influenced by the financial turmoil, which affected the liquidity in the fixed income markets negatively. Despite the market turmoil, Nordea was able to continue to raise funding during this period, including its issuance of subordinated debt in September 2008. As of 31 December 2008, Nordea had EUR 15.4 billon in unsecured bonds outstanding, with an average maturity of 1.8 years. Nordea also issues various forms of capital contribution securities, for Tier 1 and Tier 2 capital ratio management purposes. As of 31 December 2008, Nordea had EUR 8.2 billion in capital contribution securities outstanding. See "*Note 36*" to the audited consolidated financial statements included elsewhere in this prospectus.

State funding guarantee schemes, capitalisation programmes and participation in state-owned entities

In response to the financial market turmoil, the governments in each of the Nordic countries have launched, or are considering to launch, state funding guarantee schemes or capitalisation programmes. See "*Banking Regulation and Supervision—Government Stabilisation Plans*". To date, other than to facilitate the Swedish State's subscription of its pro rata number of New Shares in the Rights Offering through the National Debt Office, Nordea has not joined the Finnish or Swedish state funding or capitalisation schemes or the Danish or Norwegian capitalisation schemes.

In Norway, Nordea participated in swap facilities implemented by the Norwegian Ministry of Finance under which the government and banks may swap government securities and covered bonds. Nordea issued EUR 0.5 billion of covered bonds under such facilities in the fourth quarter of 2008.

In Denmark, Nordea decided for commercial reasons that Nordea Denmark would participate in the Danish guarantee scheme, which guarantees unsecured, unsubordinated creditors, including deposits and senior bonds which are not covered by the Danish depositor guarantee funds. The scheme does not guarantee covered bonds, debts and deposits that are otherwise secured, or hybrid capital and subordinated debt. In early 2009, Nordea issued EUR 1.5 billion senior bonds in Denmark under the Danish scheme at a price of mid-swap plus 38 basis points. The cost related to the Danish guarantee scheme will be reported as commission expenses and loan losses. See "*—Key Factors Affecting Results of Operations—State funding guarantee schemes and capitalisation programmes*".

Nordea owns 23.21% of Eksportfinans, a Norwegian export credit institution. Other major shareholders of Eksportfinans include the Norwegian government, DnB NOR and Danske Bank. Due to the turmoil in the financial markets, Eksportfinans has suffered mark-to-market losses in its securities portfolio. In mid-March 2008, Nordea, DnB NOR and Danske Bank entered into an agreement pursuant to which they undertook to provide a hedge against a further decline in the market value of Eksportfinans' securities portfolio as measured on 29 February 2008, up to a maximum of NOK 5 billion (of which Nordea's portion is approximately NOK 1.2 billion). The portfolio will be valued for payment purposes annually on the same date, beginning on 29 February 2011. On each annual valuation date, the portfolio will be marked-to-market. If the market value on any valuation date is less than the market value on the immediately preceding valuation date, the shareholders participating in the hedge agreement will pay to Eksportfinans an amount equal to the difference. If the market value on any annual valuation date is higher than the market value on the immediately preceding valuation date, Eksportfinans will pay the difference to the participating shareholders. The remaining shareholders of Eksportfinans were invited to participate, and on 30 June 2008 shareholders representing a total of 99.50% of the share capital had joined the agreement. This included the Norwegian Government. See "*Note 50*" to the audited consolidated financial statements included elsewhere in this prospectus. In addition, the major private shareholders of Eksportfinans have extended the company a credit line of up to USD 4.0 billion for committed repo facilities, of which Nordea's portion is up to approximately USD 1.3 billion.

Further to the above arrangements, the Norwegian government and Eksportfinans entered into a separate support agreement in November 2008. The agreement was approved by the shareholders of Eksportfinans at an extraordinary general meeting on 29 January 2009. Under the agreement the Norwegian government will, subject to certain conditions, until the end of 2010 provide funding to Eksportfinans with a maturity of up to 5 years to finance new export projects that qualify under the OECD Concensus Agreement (CIIR). The conditions include the introduction of a preference share, held by the Norwegian government, which is entitled to a dividend of 22.5% of net earnings from 2009, and as long as the funding arrangement is utilised, subject to liquidity and solvency considerations. Further conditions include the right of the Norwegian government to at any time during the term of the agreement ask for an independent audit of Eksportfinans and the freezing of management benefits until the end of 2010.

Nordea's income/loss arising from its shareholding in Eksportfinans is recorded under profit from companies accounted for under the equity method, which amounted to a non-cash loss of EUR 15 million in 2008 due to the decline in the value of Nordea's interest.

RATINGS

As of the date of this prospectus, Nordea and its subsidiaries have been assigned ratings by Moody's, S&P, Fitch and DBRS as set forth in the table below, all currently with a stable outlook.

	Moody's		S&P		Fitch		DBRS	
	Short	Long	Short	Long	Short	Long	Short	Long
Nordea Bank AB (publ)	P-1	Aa1	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Denmark	P-1	Aa1	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Finland	P-1	Aa1	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Norway	P-1	Aa1	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Hypotek AB (publ)	—	Aaa[1]	A-1+	AAA[1]	—	—	—	—
Nordea Kredit Realkreditaktieselskab	—	Aaa[1]	—	AAA[1]	—	—	—	—
Nordea Eiendomskreditt AS	P-1	A1	—	—	—	—	—	—

[1] Covered bond rating

CASH FLOWS

The following table sets forth the composition of Nordea's cash flow for the periods indicated.

EUR Million	For the year ended 31 December 2006	2007	2008
Cash flow from operating activities	1,065	4,419	10,839
Cash flow from investing activities	0	(351)	(11,184)
Cash flow from financing activities	(119)	(1,575)	(804)
Cash flow for the year	**946**	**2,493**	**(1,149)**
Cash and cash equivalents at the beginning of the year	3,676	4,650	7,097
Exchange rate difference	28	(46)	(1,254)
Cash and cash equivalents after the end of year	4,650	7,097	4,694
Change	**946**	**2,493**	**(1,149)**

Operating activities

Nordea's cash flow from operating activities is derived from the operating profit for the year, adjusted for items not included in cash flow and income taxes paid. Adjustments for items not included in cash flow include items such as loan losses, unrealised gains and losses, capital gains and losses, depreciation and impairment charges. Cash flow from operating activities is presented both before and after changes in operating assets and liabilities. Operating assets and liabilities consist of assets and liabilities that are part of Nordea's normal business activities, such as loans and receivables, deposits and debt securities in issue and which are not attributable to investing and financing activities.

Cash flow from operating activities includes interest payments received of EUR 16,230 million in 2008, compared to EUR 12,579 million in 2007 and EUR 9,351 million in 2006. Interest expenses paid were EUR 11,429 million in 2008, compared to EUR 8,131 million and EUR 5,586 million in 2007 and 2006, respectively.

Cash flow from operating activities increased by EUR 6,420 million during 2008, due largely to an increase in deposits by credit institutions. In 2007, cash flow from operating activities increased by EUR 3,354 million, due largely to the issuance of debt securities.

Investing activities

Investing activities include acquisitions and divestments of non-current assets, such as property and equipment as well as intangible and financial assets. Aggregated cash flow from the acquisition and sale of business operations are presented separately. Cash flow from the acquisition and sale of business operations was negative EUR 81 million in 2008, largely due to the acquisition of branches from Roskilde Bank. Also for 2007, a negative cash flow of EUR 28 million was reported, largely due to the acquisition of JSB Orgresbank. For 2006, a positive cash flow of EUR 77 million was reported, largely due to the demutualisation and, as a consequence, full consolidation of Nordea Life Assurance Sweden AB (publ) (formerly Nordea Life Assurance 1 Sweden AB (publ)).

Total cash flow used in investing activities was EUR 11,184 million in 2008, largely due to investments in debt securities, held to maturity, of EUR 10,938 million. In 2008, Nordea's investment activities also included the acquisition of property and equipment used in Nordea's banking operations in the amount of EUR 162 million. Investments in intangible assets, mainly internally developed software, amounted to EUR 132 million. The sale of the minority holding in NCSD Holding AB resulted in a positive cash flow of EUR 135 million.

In 2007, cash flow used in investing activities was EUR 351 million mainly comprising investments in debt securities, held to maturity, of EUR 149 million, investments of property and equipment of EUR 157 million and investments of intangible assets of EUR 119 million.

In 2006, cash flow used in investing activities was EUR 0 million. Sale of investments in associated undertakings contributed a positive cash flow of EUR 416 million, largely due to the sale of ZAO International Moscow Bank. This positive cash flow was offset by investments in debt securities, held to maturity, of EUR 300 million, investments in property and equipment of EUR 114 million and investments of EUR 110 million in intangible assets.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as the issuance of new shares, the payment of dividends, as well as issued/amortised subordinated liabilities. Cash flow from financing activities was negative EUR 804 million in 2008, largely due to dividends paid to shareholders of EUR 1,297 million which was partially offset by issued subordinated liabilities in the amount of EUR 500 million.

In 2007, cash flow from financing activities was negative EUR 1,575 million, largely due to the dividend payment of EUR 1,271 million and the amortisation of subordinated liabilities in the amount of EUR 315 million.

For 2006, cash flow from financing activities was negative EUR 119 million, largely due to issued subordinated liabilities net after amortisations of EUR 786 million and dividends paid in the amount of EUR 908 million.

Cash and cash equivalents

Cash comprises cash and balances with central banks as well loans to credit institutions, which are payable on demand and not represented by bonds or other interest-bearing securities. In 2008, cash and cash equivalents decreased by EUR 1,149 million from the unusually high level in 2007.

Contractual obligations

Nordea has various contractual obligations under which it is obligated to make future payments. The table below summarises Nordea's contractual obligations as of 31 December 2008.

	Payment due by period			
EUR Million	**Total**	**Less than 1 year**	**1-5 years**	**More than 5 years**
Long-term debt obligations[1]	117,198	57,157	31,785	28,256
Deposit by credit institutions and deposits and borrowings from the public	200,523	193,748	925	5,850
Capital lease obligations	1	0	1	0
Operating lease obligations[2]	1,435	304	665	466
Other long-term liabilities[3]	29,578	436	1,257	27,885
Total	**348,735**	**251,645**	**34,633**	**62,457**

[1] Includes debt securities in issue and subordinated liabilities.

[2] Operating leases are future minimum obligations under operating leases. See "*Note 24*" to the audited consolidated financial statements appearing elsewhere in this prospectus.

[3] Includes retirement benefit obligations and liabilities to policy holders. Non-current liabilities excluded from the table above consist of deferred taxes, derivatives and provisions. These items have been excluded due to significant uncertainties in future cash flow.

Critical Accounting Policies and Estimates

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

- the fair value measurement of certain financial instruments;
- the impairment testing of goodwill and loans and receivables;
- the actuarial calculations of pension liabilities; and
- the actuarial calculations of liabilities to policy holders.

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 included in Nordea's financial statements. As a result of the use of such estimates and assumptions, the actual income may differ from the estimates and the assumptions made.

Fair value measurement

Critical judgements are exercised when determining fair value of OTC Derivatives and other financial instruments that lack quoted prices or recently observed market prices. Critical judgements are required 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; and
- the judgement of which market parameters are observable.

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies. See "*Note 1—Section 8 (Determination of fair value of financial instruments)*" and "*Note 1—Section 10 (Financial instruments)*" and "*Note 44*" to the audited consolidated financial statements appearing elsewhere in this prospectus. More information on financial assets, the valuation of which required management to exercise judgement and make estimates to determine fair value, can be found in "*Note 44*" to the audited consolidated financial statements included elsewhere in this prospectus.

Impairment testing

Goodwill

Goodwill is tested for impairment annually. Impairment testing is also performed more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis as to 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 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 "*Note 1—Section 13 (Intangible assets)*" and "*Note 22*" to the audited consolidated financial statements appearing elsewhere in this prospectus. As of 31 December 2008, Nordea's goodwill amounted to EUR 2,143 million.

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 "*Note 1—Section 11 (Loans and receivables)*" and "*Note 14*" to the audited consolidated financial statements appearing elsewhere in this prospectus.

Actuarial calculations of pension liabilities related to employees

The Projected Benefit Pension Obligation ("PBO") for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations, a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. See "*Note 1—Section 19 (Pensions to employees)*"to the audited consolidated financial statements appearing elsewhere in this prospectus. In addition, the fixing of these parameters at year-end is disclosed in "*Note 35*" to the audited consolidated financial statements appearing elsewhere in this prospectus.

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at market price at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in "*Note 35*" to the audited consolidated financial statements appearing elsewhere in this prospectus.

Actuarial calculations for liabilities to policyholders

The liabilities to policyholders consist of long-term obligations with some insurance contracts having long durations. A valuation of these liabilities includes estimations and assumptions, both financial and actuarial. One of the important financial assumptions is the interest rate used for discounting future cash flows. Other important actuarial assumptions are mortality and disability assumptions, which affect the size and timing of the future cash flows. The financial and actuarial assumptions are, to a large extent, stipulated by local legislation and therefore not under Nordea's discretion. Also assumptions for future administrative and tax expenses effect the calculation of policyholder liabilities. See "*Note 1—Section 16 (Liabilities to policyholders)*" and "*Note 30*" to the audited consolidated financial statements appearing elsewhere in this prospectus.

SELECTED STATISTICAL AND OTHER INFORMATION

The tables below set forth selected statistical and other information regarding Nordea's banking operations extracted from the financial statements. The following statistical and other information pertaining to Nordea's banking operations is included for analytical purposes and it should be read in connection with Nordea's audited consolidated financial statements included elsewhere in this prospectus, as well as with the section "*Operating and Financial Review*". Unless otherwise indicated, average balances for the years ended 31 December 2006, 2007 and 2008 are calculated from monthly data because Nordea does not record all balance sheet line items on a more frequent basis.

Average Balances and Interest Rates

The following tables sets forth average interest-earning assets and average interest-bearing liabilities, along with the amount of interest earned or paid and the average interest rate for such asset or liability, for the year ended 31 December 2006, 2007 and 2008, respectively.

	As of 31 December								
	2006			2007			2008		
EUR million	**Average balance**	**Interest**	**Average rate %**	**Average balance**	**Interest**	**Average rate %**	**Average balance**	**Interest**	**Average rate %**
Assets									
Loans and receivables to credit institutions	28,979	797	2.8	29,708	685	2.3	28,347	1,121	4.0
Loans and receivables to the public	196,896	8,190	4.2	225,885	11,175	4.9	261,394	13,862	5.3
Bonds and other interest-bearing securities	43,751	682	1.6	43,907	1,049	2.4	45,724	1,571	3.4
Derivatives and other interest-earning assets	—	0	n.a.	—	0	n.a.	—	199	n.a.
Total interest-earning assets	**269,626**	**9,669**	**3.6**	**299,500**	**12,909**	**4.3**	**335,465**	**16,753**	**5.0**
Non-interest earning assets	58,520			70,193			93,683		
Total average assets	**328,146**			**369,693**			**429,148**		
Liabilities									
Deposits by credit institutions	30,402	1,138	3.7	31,861	1,033	3.2	41,920	1,595	3.8
Deposits and borrowings from the public	117,746	2,105	1.8	131,166	3,946	3.0	146,821	4,398	3.0
Debt securities in issue	82,502	2,220	2.7	95,111	3,218	3.4	108,787	4,587	4.2
Subordinated liabilities	8,041	310	3.9	7,849	399	5.1	7,728	393	5.1
Derivatives and other interest bearing liabilities	—	27	n.a.	—	31	n.a.	—	687	n.a.
Total interest-bearing liabilities	**238,690**	**5,800**	**2.4**	**265,987**	**8,627**	**3.2**	**305,256**	**11,660**	**3.8**
Non-interest bearing liabilities	75,810			87,795			106,342		
Equity	13,645			15,911			17,550		
Total average liabilities and equity	**328,146**			**369,693**			**429,148**		
Net interest income		**3,869**			**4,282**			**5,093**	
Net yield on interest-earning assets			1.4			1.4			1.5

ANALYSIS OF CHANGES IN INTEREST INCOME AND EXPENSE

The following table analyses changes in Nordea's net interest income attributable to changes in average volume of interest-earning assets and interest-bearing liabilities and changes in their respective interest rates for 2008, 2007 and 2006. Changes to net interest income due to changes in volume have been calculated by multiplying the change in volume during the year by the average interest rate for the previous year. Changes to net interest income due to changes in interest rate have been calculated by multiplying the change in average interest rate by the average volume of the previous year. Changes due to a combination of volume and interest rates have been allocated proportionally.

	Increase/(decrease) due to changes					
	31 December 2007 compared to 31 December 2006			31 December 2008 compared to 31 December 2007		
EUR million	Average volume	Average interest rate	Net change	Average volume	Average interest rate	Net change
Assets						
Loans and receivables to credit institutions	20	(132)	(112)	(31)	467	436
Loans and receivables to the public	1,206	1,779	2,985	1,757	930	2,687
Bonds and other interest-bearing securities	2	364	367	43	479	522
Derivatives and other interest bearing assets	n.a.	n.a.	0	n.a.	n.a.	199
Total interest income	**1,228**	**2,011**	**3,240**	**1,769**	**1,876**	**3,844**
Liabilities						
Deposits by credit institutions	55	(160)	(105)	326	236	562
Deposits and borrowings from the public	240	1,601	1,841	471	(19)	452
Debt securities in issue	339	659	998	463	906	1,369
Subordinated liabilities	(7)	96	89	(6)	0	(6)
Derivatives and other interest bearing liabilities	n.a.	n.a.	4	n.a.	n.a.	656
Total interest-bearing liabilities	**626**	**2,197**	**2,827**	**1,254**	**1,123**	**3,033**

INVESTMENT PORTFOLIO

The following tables set forth information regarding Nordea's investment portfolio of debt securities as of 31 December 2006, 2007 and 2008, together with a breakdown of the instruments comprising the investment portfolio of debt securities by maturity.

	Book Value		
	As of 31 December		
EUR million	2006	2007	2008
Treasury bills			
Government	6,192	5,093	6,377
Municipalities and other public bodies	88	100	168
Total	**6,280**	**5,193**	**6,545**
Bonds			
Mortgage entities	9,613	14,177	17,135
Other financial institutions	7,107	9,941	12,687
Non-financial institutions	12,744	14,664	15,008
Total	**29,464**	**38,782**	**44,830**

	As of 31 December		
EUR million	Within 1 year	1 to 5 years	Over 5 years
Treasury bills	2,066	2,521	1,958
Bonds	14,942	13,537	16,351
Total	**17,008**	**16,058**	**18,309**

TYPES OF LOANS

The following table sets forth a breakdown of Nordea's gross loan portfolio as of 31 December 2006, 2007 and 2008.

EUR million	As of 31 December 2006	2007	2008[1]
Private individuals, mortgage loans	74,444	82,929	84,019
Private individuals, other	22,149	24,329	24,826
Real estate management	30,790	36,897	35,695
Construction	3,411	4,589	3,749
Agriculture and fishing	6,416	7,402	13,054
Transport	5,926	6,939	4,049
Shipping	5,721	6,457	11,301
Trade and services	11,202	13,297	14,302
Manufacturing	15,343	20,698	16,196
Financial operations	39,582	36,608	40,424
Renting, consulting and other company services	12,602	14,701	18,770
Public sector	4,084	4,296	4,789
Other	10,225	10,759	19,001
Total loans	**241,895**	**269,902**	**290,173**
Total allowances	**(1,118)**	**(958)**	**(1,170)**
Total loans, net	**240,777**	**268,944**	**289,004**

1 From 2008, the lending distribution is presented according to a new industry categorisation. Hence, the above presentation of the industry distribution for 2008 according to the old categorisation is not fully comparable to the previous years, concerning the distribution between industries such as Manufacturing, Agriculture and fishing, Shipping, Trade and services and Renting, consulting and other company services. For a presentation of the industry distribution according to the new categorisation, see "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management—Credit risk analysis*".

LOANS OUTSTANDING BY JURISDICTION AND INDUSTRY

The following tables set forth information regarding Nordea's loan portfolio, net of allowances for loan losses, by jurisdiction and industry as of 31 December 2006, 2007 and 2008. See "*Risk, Liquidity and Capital Management—Risk Management*".

	As of 31 December 2008[1]							
EUR million	Denmark	Finland	Norway	Sweden	Poland	Russia	Baltic	Other
Private individuals, mortgage loans	22,375	21,318	15,167	20,724	1,552	138	2,700	—
Private individuals, other	9,870	6,595	734	5,545	63	107	119	1,594
Real estate management	4,782	7,638	7,721	13,547	230	417	1,164	—
Construction	1,074	897	490	676	43	143	348	—
Agriculture and fishing	8,233	1,820	1,603	993	79	45	170	—
Transport	766	911	549	1,282	116	175	216	—
Shipping	1,685	3,333	5,725	533	1	0	20	—
Trade and services	5,502	3,196	1,625	2,811	170	253	638	—
Manufacturing	2,377	5,932	2,192	3,760	181	1,210	400	—
Financial operations	20,890	6,012	1,716	11,227	29	303	101	107
Renting, consulting and other company services	6,583	2,678	5,888	3,162	139	12	191	—
Public sector	1,270	406	512	1,904	393	119	183	—
Other	5,407	3,838	2,297	4,607	277	588	1,892	—
Total[2]	**90,815**	**64,572**	**46,219**	**70,769**	**3,273**	**3,511**	**8,143**	**1,702**

1 From 2008, the lending distribution is presented according to a new industry categorisation. Hence, the above presentation of the industry distribution for 2008 according to the old categorisation is not fully comparable to the previous years, concerning the distribution between industries such as Manufacturing, Agriculture and fishing, Shipping, Trade and services and Renting, consulting and other company services. For a presentation of the industry distribution according to the new categorisation, see "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management—Credit risk analysis*".

2 Loans and receivables net of allowances.

EUR million	As of 31 December 2007 Denmark	Finland	Norway	Sweden	Poland	Russia[2]	Baltic	Other
Private individuals, mortgage loans	20,727	19,678	17,496	22,032	810	57	2,093	—
Private individuals, other	8,597	6,208	975	5,895	66	92	86	2,254
Real estate management	4,611	7,442	8,606	14,923	126	73	985	—
Construction	1,753	585	567	1,197	98	59	304	—
Agriculture and fishing	5,373	244	1,155	535	13	0	—	—
Transport	985	2,866	684	2,049	82	26	223	—
Shipping	1,536	471	3,873	575	0	0	—	—
Trade and services	4,754	3,139	1,446	2,715	175	382	479	—
Manufacturing	4,724	6,456	3,820	4,436	233	300	691	—
Financial operations	22,987	5,394	1,994	5,268	164	349	289	147
Renting, consulting and other company services	5,482	1,117	5,259	2,757	54	0	6	—
Public sector	511	1,104	113	2,019	414	47	86	—
Other	2,969	4,544	572	1,593	92	118	663	—
Total[1]	**85,008**	**59,248**	**46,558**	**65,994**	**2,327**	**1,504**	**5,905**	**2,401**

1 Loans and receivables net of allowances.
2 Reflects operations in Russia following the acquisition of JSB Orgresbank, which closed on 29 March 2007.

EUR million	As of 31 December 2006 Denmark	Finland	Norway	Sweden	Poland	Russia	Baltic	Other
Private individuals, mortgage loans	19,313	17,760	13,519	22,133	368	n.a.	1,298	—
Private individuals, other	7,484	5,839	2,620	3,815	12	n.a.	14	2,243
Real estate management	3,520	6,902	6,352	13,456	48	n.a.	446	—
Construction	1,349	492	393	1,016	43	n.a.	93	—
Agriculture and fishing	4,536	89	1,100	631	10	n.a.	—	—
Transport	968	2,426	486	1,872	24	n.a.	113	—
Shipping	1,144	583	3,537	450	0	n.a.	—	—
Trade and services	4,281	2,470	1,243	2,688	149	n.a.	264	—
Manufacturing	3,988	4,227	2,555	3,577	153	n.a.	496	—
Financial operations	25,452	5,425	1,072	7,200	138	n.a.	90	165
Renting, consulting and other company services	4,464	1,199	4,844	1,940	24	n.a.	4	—
Public sector	740	1,161	130	1,643	333	n.a.	77	—
Other	1,992	5,124	367	1,955	36	n.a.	615	—
Total[1]	**79,232**	**53,695**	**38,218**	**62,376**	**1,338**	**n.a.**	**3,510**	**2,408**

1 Loans and receivables net of allowances.

Maturities of Loans

The following tables set forth maturities of Nordea's loan portfolio, net of allowances for loan losses, as of 31 December 2008.

EUR million	As of 31 December 2008 Within 1 year	1 to 5 years	Over 5 years	Total in Balance sheet
Loans to credit institutions	22,885	670	348	23,903
Loans to the public	119,203	53,621	92,276	265,100
Total lending	**142,088**	**54,291**	**92,624**	**289,003**

Impaired Loans

Under IFRS, Nordea determines that a loan or a group of loans is impaired if there is established objective evidence, based on identified occurred loss events or through indications by observable data, that these events have impact on the customer's future cash flow to the extent that full repayment is unlikely, security included.

The following table sets forth information regarding the amount of impaired loans. For further information, see "*Risk, Liquidity and Capital Management—Risk Management—Credit risk management*".

EUR million	As of 31 December 2006	2007	2008
Impaired loans, gross	1,616	1,432	2,224
Interest income, gross[1]	74	74	88
Interest income on impaired loans[2]	50	47	55

1 Gross interest income that would have been recorded if the impaired loans had been current. The figures have been approximated by multiplying Average impaired loans gross by Average interest rate for loans to the public.

2 Interest income on impaired loans that was included in net income. The figures have been approximated by subtracting Average non-performing loans from Average impaired loans and multiplying the result by Average interest rate for loans to the public.

Analysis of the Allowance for Loan Losses

The following table sets forth information regarding Nordea's allowance for loan losses as of 31 December 2006, 2007 and 2008.

EUR million	As of 31 December 2006	2007	2008
Balance at the beginning of the period	**1,481**	**1,118**	**957**
Reversal of previous provisions for probable loan losses that now are reported as established losses	(134)	(150)	(129)
Provisions for probable loan losses	276	230	555
Reversal of provisions for probable loan losses no longer required	(463)	(238)	(229)
Provisions/(reversal) for collectively assessed loan losses that are not individually impaired	(41)	31	65
Reclassification	—	(32)	(4)
Translation differences	(1)	(2)	(45)
Balance at the end of the period	**1,118**	**957**	**1,170**
Ratio of net charge-offs during the period to average loans outstanding during the period[1]	0.1%	0.0%	0.2%
Ratio of net charge-offs during the period to opening balance of outstanding loans[1]	0.1%	0.0%	0.2%

1 Net charge-offs is defined as net losses, net, and outstanding loans is defined as loans to the public and to credit institutions.

Allocation of the Allowance for Loan Losses

The following table sets forth an analysis of Nordea's allocation of its allowance for loan losses on its loan portfolio as of 31 December 2006, 2007 and 2008.

	As of 31 December					
	2006		2007		2008	
EUR million or % as indicated	**Amount of loan loss provision**	**Percent of loans in each category to total gross loans**	**Amount of loan loss provision**	**Percent of loans in each category to total gross loans**	**Amount of loan loss provision**	**Percent of loans in each category to total gross loans**
Private individuals, mortgage loans	52	0.07	35	0.04	45	0.05
Private individuals, other	123	0.56	155	0.64	198	0.80
Real estate management	66	0.21	132	0.36	195	0.55
Construction	25	0.73	26	0.79	77	2.06
Agriculture and fishing	51	0.79	83	0.73	110	0.85
Transport	37	0.62	25	0.64	32	0.79
Shipping	7	0.12	2	0.03	6	0.05
Trade and services	107	0.96	206	0.60	246	0.69
Manufacturing	348	2.27	39	1.16	17	0.37
Financial operations	41	0.10	17	0.05	40	0.10
Renting, consulting and other company services	126	1.00	26	0.83	29	0.89
Other	135	1.32	210	1.16	172	0.70
Public sector	0	0.00	1	0.03	2	0.04
Total allowance for loan losses	**1,118**	**0.46**	**958**	**0.35**	**1,170**	**0.40**

SHORT-TERM BORROWINGS

The following table sets forth information on Nordea's short-term borrowings as of 31 December 2006, 2007 and 2008.

EUR million	As of 31 December 2006						As of 31 December 2007					As of 31 December 2008			
	Period end balance	Average balance	Maximum month end balance during period	Average interest rate during the period %	Average interest rate at period end %	Period end balance	Average balance	Maximum month end balance during period	Average interest rate during the period %	Average interest rate at period end %	Period end balance	Average balance	Maximum month end balance during period	Average interest rate during the period %	Average interest rate at period end %
Amounts owed to credit institutions															
Banks	30,053	29,273	36,589			27,671	30,465	34,781			48,885	39,679	52,083		
Credit institutions	2,235	1,129	3,983			2,406	1,395	2,446			3,047	2,241	3,272		
Total	**32,288**	**30,402**	**40,572**	**3.7**	**3.5**	**30,077**	**31,860**	**37,227**	**3.2**	**3.4**	**51,932**	**41,920**	**55,355**	**3.8**	**3.1**
Debt securities in issue etc															
Debt securities in issue etc	83,417	82,502	87,742	2.7	2.7	99,792	95,111	101,616	3.4	3.2	108,989	108,787	117,592	4.2	4.2
Total	**115,705**	**112,904**	**128,314**	**3.0**	**2.9**	**129,869**	**126,971**	**138,843**	**3.3**	**3.3**	**160,921**	**150,707**	**172,947**	**4.1**	**3.8**

Deposits

The following table sets forth information regarding Nordea's deposit base as of 31 December 2006, 2007 and 2008.

EUR million	As of 31 December 2006	2007	2008
Interest paid to the customer			
Transaction accounts[1]	1,057	2,433	2,061
Savings accounts[2,3]	562	924	1,422
Other deposits[3]	486	589	915
Total	**2,105**	**3,946**	**4,398**
Average volumes			
Transaction accounts[1]	76,123	80,173	85,181
Savings accounts[2,3]	27,247	33,668	38,687
Other deposits[3]	14,376	17,325	22,954
Total	**117,746**	**131,166**	**146,821**
Interest rate, %			
Transaction accounts[1]	1.4	3.0	2.4
Savings accounts[2,3]	2.1	2.7	3.7
Other Deposits[3]	3.4	3.4	4.0
Total	**1.8**	**3.0**	**3.0**

1 Transaction accounts include all deposits against which the account holder is permitted to make withdrawals by negotiable or transferable instruments, payment orders of withdrawal, or telephone or preauthorised transfers for the purpose of making payments to third persons or others.

2 Savings accounts are accounts with the purpose of accumulating funds over a period of time. While some savings accounts require funds to be kept on deposits for a minimum length of time, most savings accounts permit unlimited access to funds.

3 Savings accounts and Other deposits refer only to Nordic Banking volumes. These figures do not reconcile with the Group figures for saving deposits, which is approximately EUR 7 billion higher because of differing treatment for certain types of deposits, especially in Denmark.

The following table sets forth information regarding the maturity profile of Nordea's deposit base as of 31 December 2008.

EUR million	As of 31 December 2008 Payable on demand	Within 3 months	3 months-1 year	1-5 years	Over 5 years
Maturity of Deposits					
Deposits to credit institutions	14,133	35,208	1,847	448	296
Deposits and borrowings from the public	107,393	34,037	6,631	477	53
Total	121,526	69,245	8,478	925	349

Return on Equity and Assets

The following table sets forth information on Nordea's return on total assets, return on equity, dividend payout ratio and equity to asset ratio.

Return on Assets and Equity (in %)	As of 31 December 2006	2007	2008
Return on total assets[1]	1.0	0.8	0.6
Return on equity[2]	22.9	19.7	15.3
Dividend payout ratio[3]	40	42	19
Equity to assets ratio[4]	4.2	4.3	4.1

1 Net profit including minority interests and the change in fair value in the period related to available-for-sale holdings as a percentage of average total assets for the period.

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

3 For 2008, reflects the proposal by the Board of Directors to the annual general meeting.

4 Average total equity including minority interests, as a percentage of average total assets for the period.

RISK, LIQUIDITY AND CAPITAL MANAGEMENT

Overview

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

The following diagram presents an overview of Nordea's risk, liquidity and capital management governance and responsibility structure.

Board of Directors

The Board of Directors has ultimate responsibility for limiting and monitoring Nordea'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 and operational risk management as well as the internal capital adequacy assessment process (the "ICAAP"). 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. 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 within Nordea.

Board Credit Committee and Executive Credit Committee

The Board Credit Committee is responsible for monitoring the development in the overall credit portfolio, as well as with respect to industry exposures and major customer exposures. It reviews and proposes amendments to the Credit Policy and Strategy and Credit Instructions applicable to the group, and monitors adherence thereto by the lending entities within the group. It reviews the resolutions of the lending entities concerning credit limits above certain thresholds as per the Credit Instructions applicable to the group and discusses strategic credit policy matters and developments in the credit portfolio. It nominates Executive Credit Committee members, to be appointed by the Board of Directors of each lending entity within the group, and confirms industry policies approved by the Executive Credit Committee. The Board Credit Committee also reviews on an annual basis the list of credit agreements between the members of the Board of Directors and certain other persons with a potential conflict of interest (Sw: *jävskretsen*).

The Executive Credit Committee participates in the credit granting procedure in accordance with the Credit Instructions as a decision making body. The Executive Credit Committee appoints the members of the Group Credit Committee and credit committees at one level below the Group Credit Committee in the organisational structure, with the exception of Nordea Denmark where the Credit Committee members below the Group Credit Committee are nominated by the Executive Credit Committee and appointed by the board of directors of Nordea Denmark.

CEO and Group Executive Management

Nordea's Chief Executive Officer (the "CEO") has overall responsibility for developing and maintaining effective principles for risk, liquidity and capital management as well as internal principles and internal control within Nordea.

The CEO decides on the targets for Nordea'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 risk-taking units, such as Group Treasury and Nordea 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 Group Executive Management 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 (the "CFO"), prepares issues of major importance concerning Nordea's financial operations, financial risks and capital management for decision by the CEO in Group Executive Management;
- *The Capital Planning Forum* ("CPF"), chaired by the CFO, monitors the development of internal and regulatory capital requirements, the capital base, and decides also upon capital planning activities within Nordea;
- *The Risk Committee*, chaired by the Chief Risk Officer (the "CRO"), monitors developments of risks on an aggregated level; and
- *The Executive Credit Committee and the Group Credit Committee*, chaired by the CRO, decide on major credit risk limits and industry policies for Nordea. Credit risk limits are granted as individual limits for customers or consolidated customer groups, and as industry limits for certain defined industries.

CRO and CFO

Within Nordea, two units, Group Credit and Risk Control and the 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 Nordea at the group level. The Group Corporate Centre is responsible for the capital management framework including required capital as well as the capital base. Group Treasury, within the 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 the Group Corporate Centre. The CRO is responsible for Nordea's credit, market and operational risk. This includes the development, validation and monitoring of Nordea's internal rating and scoring systems, as well as the Credit Policy and Strategy, the Credit Instructions, the 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 sublevels.

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

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 are 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 of each legal entity within the Nordea group reviews internal risk reporting covering market, credit and liquidity risk for that 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, CPF, Group Executive Management and the Board of Directors.

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

RISK MANAGEMENT

Credit risk management

Group Credit and Risk Control is responsible for the credit risk management framework, consisting of policies, instructions and guidelines for Nordea at group level. 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 the group and sub-group 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 Nordea group. The responsibility for a credit exposure lies with a customer responsible unit. Customers are assigned an internal rating or score corresponding to its repayment capacity in accordance with Nordea's framework for quantification of credit risk.

Credit risk definition and identification

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

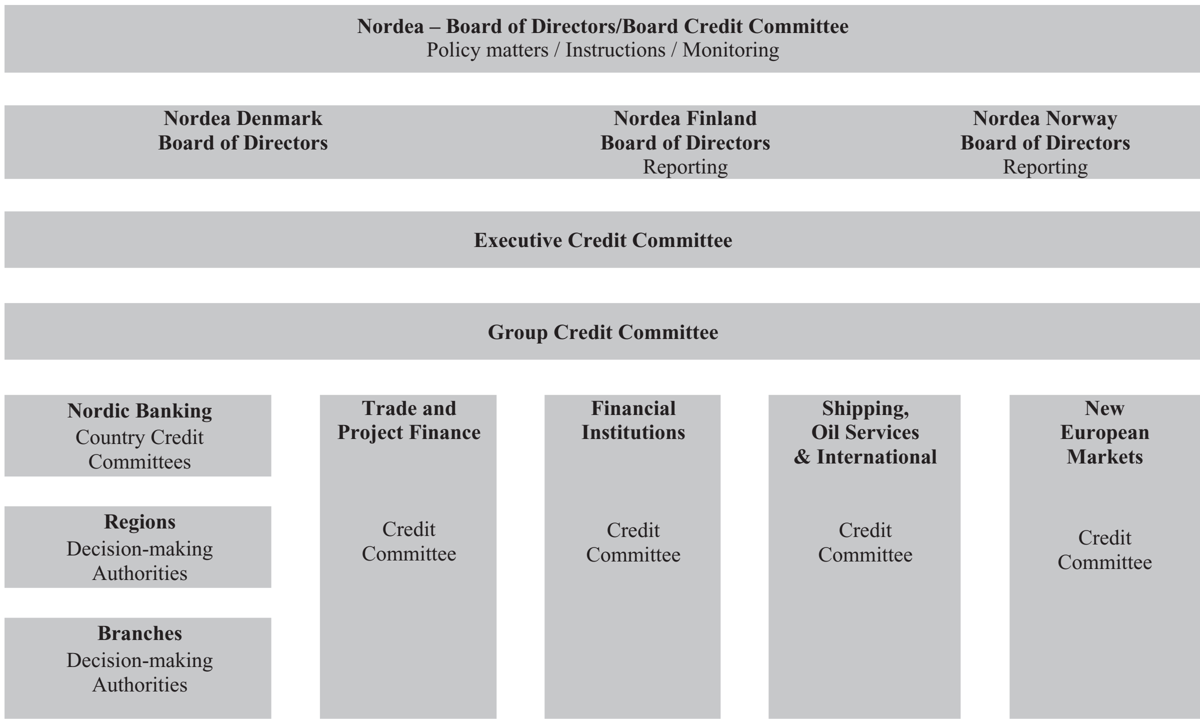
Credit risk stems mainly from various forms of lending to the public (corporate and household customers), but also from guarantees and documentary credits, such as letters of credit. The credit risk from guarantees and documentary credits arises from the potential claims on customers for which Nordea has issued guarantees or documentary credits.

Credit risk may also include counterparty credit risk, settlement risk and transfer risk. Counterparty risk is the risk that Nordea's counterparty in a foreign exchange, 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 counterparty. Settlement risk is the risk of losing the principal on a financial contract, due to a counterparty's default during the settlement process. Transfer risk is a credit risk attributable to the transfer of money from another country where a borrower is domiciled and is affected by changes in the economic and political situation of the countries concerned.

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

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 Nordea. The following diagram presents Nordea's credit decision-making structure.



The responsibility for credit risk for a particular group of customers lies with the relevant customer responsible unit, which on an ongoing basis assesses customers' ability to fulfil their obligations and identifies 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 internal 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.

Credit policies of Nordea's banking subsidiaries and branches in the New European Markets are aligned within the Nordea group and the credit instructions for the Nordea group are applicable in each of these countries, with the same structure for powers to act, although the amounts are reduced by 50%. In each of these markets, Nordea's corporate rating tools are applicable (since 2001, in the case of Poland and the Baltic countries, and since 2008, in the case of Russia). The credit scoring models for household customers in the New European Markets differ from those applied in the Nordic markets. While provisioning is based on local central bank rules, for local accounts in Poland and Russia, provisioning for loan losses are effected based on Nordea's group guidelines at a minimum.

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, including the value of pledged collateral. 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 an 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 date. 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 the IRB foundation approach for the corporate and financial institutions segments.

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;
- the calculation of regulatory capital (Risk Weighted Amount);
- the calculation of Economic Capital and Expected Loss;
- the monitoring and reporting of credit risk; and
- performance measurement using the Economic Profit framework.

For definitions of the terms used above, see "*Selected Financial and Other Data—Definitions of Key Ratios*".

While ratings are assigned to corporate customers, institutions and sovereigns, scoring is used for household 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 in Nordea consists of 18 grades from 6+ (the highest rating) to 1- (the lowest rating) for non-defaulted customers, and three grades, 0+, 0 and 0-, for defaulted customers. The repayment capacity of each rating grade is quantified by a one year PD.

A rating grade of 4- and higher is comparable to investment grade as defined by external rating agencies such as Moody's and S&P. Rating grades from 2+ to 1- are considered weak or critical, and require special attention. Ratings are assigned in conjunction with credit proposals and the annual review of the customers, and approved by the credit committees. However, a customer is downgraded as soon as new information indicates 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 those 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, Nordea 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 counterparty'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 institutions 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

EAD is an estimate of how much of an exposure that will be drawn within the period of one year prior to default. EAD is for many products equal to the utilised exposure, but for some products, such as credit lines and derivative contracts, the EAD can be higher than the utilised exposure. The process 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 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 consists of, 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 the 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 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 the public and to credit institutions, as well as off-balance-sheet potential claims on customers and counterparties, on a net basis after allowances. Exposure also indicates the risk related to derivatives contracts and securities financing. All figures presented in the section below are for loans and receivables, unless expressly stated otherwise.

Nordea's total loans and receivables have increased by 7% to EUR 289 billion in 2008 from EUR 269 billion in 2007. Due to changes in the Swedish and Norwegian exchange rates, the increase in EUR has been reduced by almost 10%-points. Including off-balance sheet exposures and exposures related to the securities and Life insurance operations, the total credit risk exposure as of 31 December 2008 was EUR 488 billion, compared to EUR 445 billion as of 31 December 2007.

The following table sets forth Nordea's credit risk exposure and loans and receivables, excluding cash and balances at central banks and settlement risk exposure, broken down by source of credit risk as of the dates indicated.

	As of 31 December	
	2007	2008
EUR million	Loans and receivables	Loans and receivables[1]
To credit institutions	**24,262**	**23,903**
—of which banks	23,741	22,548
—of which other credit institutions	522	1,355
To the public	**244,682**	**265,100**
—of which corporate	133,321	151,711
Energy (oil, gas etc.)	1,448	2,815
Metals and mining materials	792	1,750
Paper and forest materials	1,928	2,287
Other materials (building materials, etc.)	3,568	5,377
Industrial capital goods	3,189	3,264
Industrial commercial services, etc.	15,403	15,482
Construction and civil engineering	3,243	3,671
Shipping and offshore	7,581	11,296
Transportation	3,845	4,017
Consumer durables (cars, appliances, etc.)	2,807	2,752
Media and leisure	3,104	3,171
Retail trade	10,190	11,020
Consumer staples (food, agriculture, etc.)	11,267	12,943
Healthcare and pharmaceuticals	1,772	1,606
Financial institutions	12,239	16,481
Real estate	36,766	35,500
IT software, hardware and services	1,309	1,489
Telecommunication equipment	641	623
Telecommunication operators	1,062	1,686
Utilities (distribution and production)	3,310	4,022
Other	7,855	10,462
—of which household	107,067	108,602
—mortgage financing	82,893	83,974
—consumer financing	24,174	24,628
—of which public sector	4,294	4,787
Total loans and receivables	**268,944**	**289,003**
Unutilised portion of approved overdraft facilities	43,437	49,145
Other credit commitments, etc.[2]	38,170	36,271
Guarantees and documentary credits[2]	24,202	26,249
Counterparty risk exposure[3]	21,225	27,887
Treasury bills and interest-bearing securities	25,894	31,430
Treasury bills and interest-bearing securities pledged as collateral in repurchase agreements	4,688	7,916
Total credit risk exposure in the banking operations	**426,560**	**467,901**
Lending in the life insurance operations	0	120
Guarantees and documentary credits in the life insurance operation	52	38
Interest-bearing securities in the life insurance operations	18,081	19,945
Total credit risk exposure including life insurance operations	**444,693**	**488,004**

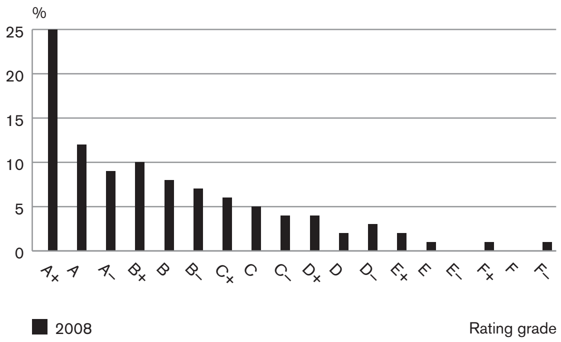
1 The figures for 2007 are not fully comparable, due to changes in industry categorisation.

2 Of which corporate customers represent approximately 85% of the unutilised portion of approved overdraft facilities and other credit commitments and approximately 95% of guarantees and documentary credits.

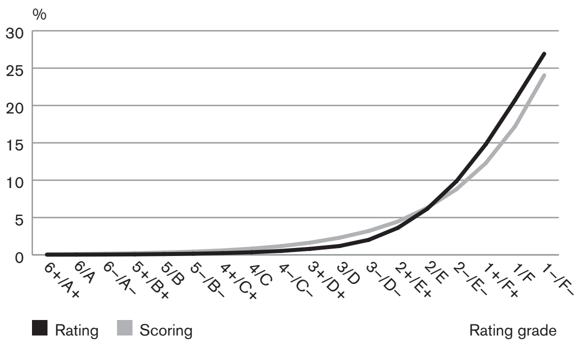
3 After closeout netting and collateral agreements, including current market value exposure as well as potential future exposure.

The largest credit risk exposure is loans and receivables to the public, which in 2008 increased by 8% to EUR 265 billion from EUR 245 billion in 2007. Loans and receivables to corporate customers was EUR 152 billion in 2008, compared to EUR 133 billion in 2007, an increase of 14%, while lending to household customers increased only slightly, to EUR 109 billion in 2008 from EUR 107 billion in 2007. The portion of total lending to corporate customers was 57% in 2008, compared to 54% in 2007, and to household customers was 41% in 2008, compared to 44% in 2007. Loans and receivables to credit institutions, mainly in the form of inter-bank deposits, remained steady at EUR 24 billion as of both 31 December 2008 and 2007.

The following chart presents Nordea's exposure to household and SME customers (scored customers), distributed by scoring grades, as of 31 December 2008.



The following chart sets forth the Probability of Default (PD) rating and scoring, as of 31 December 2008.



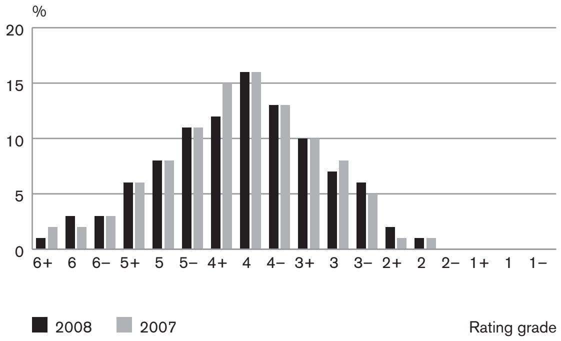
Rating distribution

One way in which credit quality can be assessed is through analysis of the distribution across internal rating grades, for rated corporate customers and institutions as well as risk grades for scored households and small business customers, *i.e.*, retail exposures as defined in Basel II.

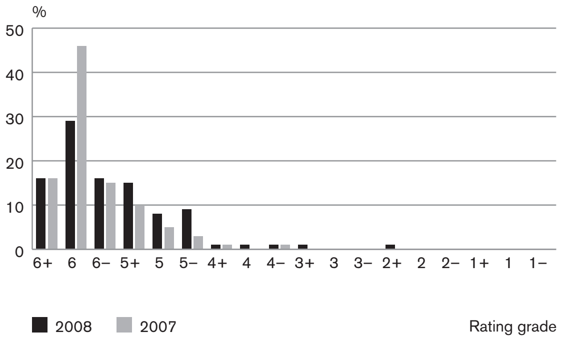
As of 31 December 2008, 73% of the corporate exposure was internally rated 4- or higher, compared to 74% as of 31 December 2007. Institutions and retail customers, on the other hand, exhibit a distribution that is skewed towards the higher internal rating grades. 98% of Nordea's institutional exposure was internally rated 4- or higher as of 31 December 2008, compared to 97% as of 31 December 2007.

Approximately 86% of the retail exposures are scored C- or higher, which indicates a probability of default of 1% or lower.

The following chart sets forth Nordea's Exposure to corporate customers (rated customers), distributed by rating grades, as of 31 December 2008 and 2007.



The following chart sets forth Nordea's exposure to institutional customers (rated customers) distributed by rating grades, as of 31 December 2008 and 2007.



Loans and receivables to corporate customers

Real estate management remains the largest sector in Nordea's corporate lending portfolio, comprising EUR 35.5 billion as of 31 December 2008, compared to EUR 36.8 billion as of 31 December 2007. The corporate real estate portfolio predominantly is comprised of relatively large and financially strong companies, with 74% of the lending in internal rating grades 4- and higher as of each of 31 December 2008 and 2007. There is a high level of collateral coverage, especially for exposures which are assigned lower internal rating grades (3+ or lower). Nearly 40% of the lending to the real estate management industry, or EUR 13.5 billion, is to companies in Sweden and close to half is to companies managing residential real estate.

The following table sets forth Nordea's loans and receivables to real estate management companies, broken down by country as of each date indicated.

	As of 31 December					
	2006		2007		2008	
EUR billion	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Denmark	3.5	11	4.6	12	4.8	14
Finland	6.4	21	7.0	19	7.1	20
Norway	6.3	21	8.6	24	7.7	22
Sweden	13.5	44	14.9	41	13.5	38
Baltic countries	0.4	1	1.0	3	1.2	3
Poland	0.0	0	0.1	0	0.2	1
Russia	—	—	0.1	0	0.4	1
Other	0.6	2	0.5	1	0.5	1
Total	**30.7**	**100**	**36.8**	**100**	**35.5**	**100**

Lending to the construction and civil engineering industry in the Nordic region increased by 4% to EUR 3.0 billion as of 31 December 2008, compared to EUR 2.9 billion as of 31 December 2007. The portfolio quality is high with an average internal rating of 4+, and 68% of the exposure was internally rated 4- or higher.

The following table sets forth Nordea's loans and receivables to the construction and civil engineering industry, broken down by country as of each date indicated.

	As of 31 December			
	2007		2008	
EUR billion	**Amount**	**%**	**Amount**	**%**
Denmark	1.1	35	1.1	29
Finland	0.7	21	0.7	20
Norway	0.6	17	0.5	13
Sweden	0.5	15	0.7	19
Baltic countries	0.2	6	0.4	11
Poland	0.1	3	0.0	1
Russia	0.1	3	0.1	4
Other	0.0	0	0.1	4
Total	**3.2**	**100**	**3.7**	**100**

Loans and receivables to shipping and offshore increased by 24% to EUR 11.3 billion as of 31 December 2008, from EUR 9.1 billion as of 31 December 2007, with the strongest increase in the offshore and oil service sector. The portfolio is diversified by type of vessel, has a focus on large and the most financially robust industrial players and exhibits strong credit quality, with an average internal rating of 4+ as of 31 December 2008. Reflecting Nordea's global customer strategy, there is an even distribution between Nordic and non-Nordic customers.

The following table sets forth Nordea's exposure to the shipping, offshore and oil services industry, by segment, as of each date indicated.

	As of 31 December			
	2007[1]		2008	
EUR billion	**Amount**	**%**	**Amount**	**%**
Bulk carriers	1.3	14	1.6	15
Product tankers	1.0	11	1.3	11
Crude tankers	1.0	11	1.1	9
Chemical tankers	0.8	9	1.0	9
Gas tankers	0.5	6	0.7	6
Other shipping	1.7	19	2.1	18
Offshore and Oil services	2.6	29	3.6	32
Total exposure	**9.1**	**100**	**11.3**	**100**

1 Lending to shipping and offshore in this table for 2007 is partly included in the industry Shipping and offshore, and partly in other industries, such as Transportation.

The distribution of loans and receivables to corporates by size of loans shows a high degree of diversification where approximately 61% of the corporate volume is for loans on a scale of up to EUR 50 million for each customer, as of 31 December 2008. This distribution has been relatively stable in recent years.

The following table sets forth Nordea's loans and receivables to corporate customers, broken down by the size of the loans as of each of the periods presented.

	As of 31 December					
	2006		2007		2008	
EUR billion	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
0 – 10 million	49.6	44	55.9	42	57.3	38
10 – 50 million	28.2	25	34.4	26	35.2	23
50 – 100 million	11.7	10	13.9	10	18.2	12
100 – 250 million	10.3	9	14.1	11	20.8	14
250 – 500 million	5.7	5	8.2	6	11.2	7
500 + million	8.0	7	6.8	5	9.0	6
Total	**113.4**	**100**	**133.3**	**100**	**151.7**	**100**

The main credit risk mitigation technique is the pledging of collateral. In corporate exposures, the main collateral types are real estate mortgages, floating charges and leasing objects. Collateral coverage is higher for exposures to financially weaker customers than for those which are financially strong. While credit risk mitigation by the use of credit default swaps has been done to a limited extent, normal syndication of loans remains the primary tool for managing the size of large credit exposures.

Loans and receivables to household customers

In 2008, mortgage loans and consumer loans increased only slightly, mortgage loans to EUR 84 billion as of 31 December 2008 (compared to EUR 83 billion as of 31 December 2007) and consumer loans to EUR 25 billion as of 31 December 2008 (compared to EUR 24 billion as of 31 December 2007), respectively. The portion of mortgage loans out of total household loans was stable at 77% as of both 31 December 2008 and 2007, of which the Nordic markets account for 98%. The table below sets forth the loan-to-value ratios among household mortgage loans.

	As of 31 December 2008	
EUR billion	**Amount**	**%**
<50%	29.5	34
50 – 70%	26.0	30
70 – 80%	23.1	27
80 – 90%	4.8	5
>90%	3.9	4
Total	**87.3**	**100**

Of mortgage lending to household customers, including to small businesses, 91% of total lending had a loan-to-value ratio below 80%.

Geographical distribution

Lending to the public distributed by borrower domicile shows that the Nordic markets account for 87% as of 31 December 2008, compared to 89% as of 31 December 2007. Other EU countries represent the main part of the lending outside the Nordic markets. Though the exposure to the New European Markets is small, lending in the region has increased by 54% in 2008. At the end of 2008, lending to customers in the Baltic countries was EUR 8.3 billion, in Poland EUR 3.4 billion and in Russia EUR 3.6 billion as of 31 December 2008, compared to EUR 6.0 billion, EUR 2.3 billion and EUR 1.6 billion, respectively, as of 31 December 2007.

The following tables set forth the loans and receivables to the public, based on the domicile of the borrower as of each date indicated.

31 Dec 2008, EUR million	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 as % of loans and rec.	Specific allow-ances	In % of impaired loans gross	Net as % of loans and rec.
Nordic markets	230,342	228,419	262	0.11	1,923	0.83	677	35	0.54
of which Denmark	73,184	72,560	81	0.11	624	0.85	309	49	0.43
of which Finland	51,683	50,887	74	0.15	796	1.54	211	27	1.13
of which Norway	41,744	41,493	61	0.15	251	0.60	83	33	0.40
of which Sweden	63,731	63,480	46	0.07	251	0.39	74	29	0.28
Estonia	2,632	2,588	35	1.35	44	1.68	2	5	1.60
Latvia	3,231	3,167	55	1.74	64	1.99	10	16	1.67
Lithuania	2,561	2,527	18	0.71	34	1.33	18	52	0.64
Poland	3,379	3,341	7	0.21	38	1.12	18	46	0.60
Russia	3,558	3,541	16	0.47	17	0.49	7	40	0.29
EU countries other	10,704	10,672	0	0.00	32	0.30	7	20	0.24
USA	1,797	1,762	0	0.00	35	1.94	0	1	1.92
Asia	2,656	2,655	6	0.23	1	0.02	1	80	0.00
Latin America	2,769	2,769	0	0.01	0	0.00	0	0	0.00
OECD other	1,203	1,199	2	0.17	4	0.31	3	80	0.06
Non-OECD other	1,416	1,415	2	0.17	0	0.01	0	98	0.00
Total	**266,247**	**264,056**	**405**	**0.15**	**2,191**	**0.82**	**742**	**34**	**0.54**

31 Dec 2007, EUR million	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 as % of loans and rec.	Specific allow-ances	In % of impaired loans gross	Net as % of loans and rec.
Nordic markets	219,117	217,775	261	0.12	1,343	0.61	553	41	0.36
of which Denmark	65,578	65,139	68	0.10	439	0.67	220	50	0.33
of which Finland	47,962	47,380	78	0.16	582	1.21	176	30	0.85
of which Norway	42,950	42,833	70	0.16	117	0.27	57	49	0.14
of which Sweden	62,626	62,422	45	0.07	204	0.33	100	49	0.17
Estonia	2,033	2,023	25	1.24	10	0.48	0	2	0.47
Latvia	2,391	2,381	44	1.83	10	0.42	1	7	0.39
Lithuania	1,632	1,624	12	0.76	8	0.49	7	87	0.06
Poland	2,341	2,301	2	0.07	40	1.70	24	60	0.68
Russia	1,612	1,611	8	0.50	1	0.08	1	100	0.00
EU countries other	8,940	8,932	0	0.00	8	0.09	7	86	0.01
USA	1,917	1,916	0	0.00	1	0.05	1	100	0.00
Asia	1,421	1,418	0	0.00	3	0.24	0	0	0.24
Latin America	1,723	1,722	0	0.00	1	0.06	0	0	0.06
OECD other	923	923	0	0.00	0	0.01	0	0	0.00
Non-OECD other	1,579	1,579	1	0.08	0	0.00	0	0	0.00
Total	**245,629**	**244,205**	**352**	**0.14**	**1,424**	**0.58**	**595**	**42**	**0.34**

Transfer risk

The transfer risk exposure is dominated by a few countries and is primarily short-term and trade-related. China (EUR 515 million) and Brazil (EUR 509 million) are the countries contributing the most to transfer risk, reflecting the countries' great importance for Nordea's Nordic corporate customers. Exposure related to India has increased markedly to EUR 365 million as of 31 December 2008, compared to EUR 115 million as of 31 December 2007. To recognise the risk related to lending to developing countries, Nordea carries transfer risk allowance and provisions for non-investment grade rated countries.

The following table sets forth Nordea's transfer risk exposure by region as of each date indicated.

EUR million	As of 31 December 2006	2007	2008
Transfer Risk Exposure[1]			
Asia	874	906	1,512
Eastern Europe and CIS[2]	359	439	277
Latin America	303	570	662
Middle East	292	397	691
Africa	124	148	175

[1] The total transfer risk allowances and provisions were EUR 58 million at the end of 2008, EUR 42 million at the end of 2007, and EUR 125 million at the end of 2006.

[2] Commonwealth of Independent States (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine).

Securitisation

Nordea has not securitised assets from its ordinary lending portfolio except for in connection with the establishment of the special purpose entity ("SPE"), Kirkas Northern Lights Ltd ("Kirkas"), in 2008. Kirkas is consolidated by Nordea and the bonds issued by Kirkas are held in full by Nordea. Consequently, there has been no transfer of risk for accounting purposes and the transaction is eliminated in the Nordea group. For additional information on Kirkas and other SPEs established by Nordea, see "*Note 45*" to the audited consolidated financial statements included elsewhere in this prospectus.

Impaired loans

Impaired loans, gross, have increased to EUR 2,224 million in 2008 from EUR 1,433 million in 2007 as a result of the current downturn and worsened economic conditions for many customers, especially during the fourth quarter of 2008. Allowances for individually assessed loans increased to EUR 762 million in 2008 from EUR 603 million in 2007. The ratio of allowances to cover impaired loans, gross, was 34% as of 31 December 2008, compared to 42% as of 31 December 2007. Allowances for collectively assessed exposures were EUR 408 million in 2008, compared to EUR 354 million in 2007. Provisions for off-balance sheet items have increased to EUR 100 million as of 31 December 2008, compared to EUR 54 million as of 31 December 2007.

The main increases in impaired loans were in the sectors: "Real estate", "Consumer durables", "Construction and civil engineering" and "Retail trade". The main increases in impaired loans by borrower domicile were in the Baltic countries, Russia, Norway and Denmark. The following tables set forth Nordea's loans and receivables, impaired loans and allowances, by customer type as of 31 December 2008 and 2007.

	As of 31 December 2008								
					Individually impaired loans and receivables				
EUR million	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	in % of not impaired	Gross	Gross as % of loans and rec.	Specific allowances	in % of impaired loans gross	Net as % of loans and rec.
To credit institutions	**23,926**	**23,893**	**3**	**0.01**	**33**	**0.14**	**20**	**61**	**0.05**
—of which banks	22,572	22,539	3	0.01	33	0.15	20	61	0.06
—of which other credit institutions	1,355	1,355	0	0.00	0	0.00	0	0	0.00
To the public	**266,247**	**264,056**	**405**	**0.15**	**2,191**	**0.82**	**742**	**34**	**0.54**
—of which corporate	**152,613**	**151,005**	**320**	**0.21**	**1,608**	**1.05**	**582**	**36**	**0.67**
Energy (oil, gas, etc.)	2,816	2,816	1	0.04	1	0.02	0	46	0.01
Metals and mining materials	1,752	1,750	1	0.06	2	0.14	1	29	0.10
Paper and forest materials	2,292	2,274	1	0.04	19	0.82	5	27	0.60
Other materials (building materials etc)	5,452	5,283	27	0.52	169	3.10	48	28	2.23
Industrial capital goods	3,272	3,254	2	0.06	18	0.56	6	35	0.36
Industrial commercial services etc.	15,570	15,427	11	0.07	143	0.92	77	54	0.43
Construction and civil engineering	3,749	3,613	31	0.85	136	3.62	46	34	2.38
Shipping and offshore	11,301	11,242	1	0.01	59	0.52	5	9	0.48
Transportation	4,049	3,995	10	0.25	53	1.32	22	42	0.77
Consumer durables (cars, appliances, etc.)	2,795	2,626	4	0.17	168	6.03	38	23	4.65
Media and leisure	3,200	3,129	3	0.09	71	2.23	26	36	1.42
Retail trade	11,115	10,898	14	0.13	217	1.95	81	37	1.23
Consumer staples (food, agriculture etc)	13,054	12,917	50	0.39	136	1.04	60	44	0.58
Health care and pharmaceuticals	1,613	1,574	1	0.07	39	2.40	6	16	2.02
Financial institutions	16,497	16,442	2	0.01	56	0.34	15	26	0.25
Real estate	35,695	35,489	119	0.34	206	0.58	76	37	0.37
IT software, hardware and services	1,498	1,476	1	0.06	21	1.43	8	37	0.90
Telecommunication equipment	633	599	0	0.01	33	5.28	10	29	3.77
Telecommunication operators	1,689	1,688	3	0.20	2	0.09	0	25	0.07
Utilities (distribution and production)	4,024	4,022	2	0.05	3	0.07	0	16	0.06
Other	10,548	10,493	35	0.33	55	0.52	51	93	0.04
—of which household	**108,845**	**108,266**	**85**	**0.08**	**579**	**0.53**	**158**	**27**	**0.39**
—mortgage financing	84,019	83,837	32	0.04	182	0.22	13	7	0.20
—consumer financing	24,826	24,429	53	0.22	397	1.60	145	37	1.01
—of which public sector	**4,789**	**4,784**	**0**	**0.00**	**5**	**0.10**	**2**	**32**	**0.07**
Total credit risk exposure in the banking operations	**290,173**	**287,949**	**408**	**0.14**	**2,224**	**0.77**	**762**	**34**	**0.50**
Lending in the life insurance operations	120	120	—	—	—	—	—	—	—
Total credit risk exposure including life insurance operations	**290,293**	**288,069**	**408**	**0.14**	**2,224**	**0.77**	**762**	**34**	**0.50**

	As of 31 December 2007								
					Individually impaired loans and receivables				
EUR million	**Loans and receivables before allowances**	**of which not impaired**	**Allowances for collectively assessed loans**	**in % of not impaired**	**Gross**	**Gross as % of loans and rec.**	**Specific allowances**	**in % of impaired loan gross**	**Net as % of loans and rec.**
To credit institutions	**24,272**	**24,264**	**2**	**0.01**	**8**	**0.03**	**8**	**100**	**0.00**
—of which banks	23,750	23,743	2	0.01	8	0.03	8	100	0.00
—of which other credit institutions	522	522	0	0.00	0	0.00	0	0	0.00
To the public	**245,629**	**244,205**	**352**	**0.14**	**1,424**	**0.58**	**595**	**42**	**0.34**
—of which corporate	**134,076**	**133,047**	**294**	**0.22**	**1,029**	**0.77**	**461**	**45**	**0.42**
Energy (oil, gas, etc.)	1,449	1,447	0	0.00	1	0.07	0	3	0.07
Metals and mining materials	793	790	0	0.00	3	0.34	1	23	0.26
Paper and forest materials	1,955	1,914	0	0.00	40	2.07	26	65	0.73
Other materials (building materials etc)	3,627	3,517	19	0.52	109	3.01	39	36	1.92
Industrial capital goods	3,209	3,172	7	0.21	37	1.15	13	36	0.74
Industrial commercial services etc.	15,482	15,354	11	0.07	128	0.83	68	53	0.39
Construction and civil engineering	3,269	3,222	8	0.26	47	1.43	17	37	0.90
Shipping and offshore	7,583	7,579	0	0.00	4	0.05	2	51	0.03
Transportation	3,870	3,810	7	0.18	60	1.54	18	30	1.08
Consumer durables (cars, appliances, etc.)	2,845	2,785	6	0.23	60	2.11	31	52	1.02
Media and leisure	3,130	3,067	2	0.06	63	2.00	24	38	1.24
Retail trade	10,254	10,121	4	0.03	132	1.29	60	45	0.71
Consumer staples (food, agriculture etc)	11,350	11,251	30	0.27	100	0.88	53	53	0.41
Health care and pharmaceuticals	1,779	1,767	2	0.11	13	0.71	5	42	0.41
Financial institutions	12,246	12,213	0	0.00	33	0.27	6	20	0.21
Real estate	36,898	36,809	98	0.26	89	0.24	34	38	0.15
IT software, hardware and services	1,314	1,300	0	0.00	14	1.09	6	39	0.67
Telecommunication equipment	654	617	0	0.00	37	5.66	13	34	3.73
Telecommunication operators	1,062	1,061	0	0.00	1	0.11	0	24	0.09
Utilities (distribution and production)	3,311	3,308	0	0.00	3	0.09	1	40	0.05
Other	7,998	7,943	100	1.25	56	0.70	43	77	0.16
—of which household	**107,258**	**106,864**	**58**	**0.05**	**394**	**0.37**	**133**	**34**	**0.24**
—mortgage financing	82,929	82,832	23	0.03	97	0.12	12	13	0.10
—consumer financing	24,329	24,032	35	0.14	297	1.22	120	40	0.73
—of which public sector	**4,296**	**4,294**	**0**	**0.01**	**2**	**0.04**	**1**	**70**	**0.01**
Total credit risk exposure in the banking operations	**269,901**	**268,469**	**354**	**0.13**	**1,432**	**0.53**	**603**	**42**	**0.31**
Lending in the life insurance operations	0	0	—	—	—	—	—	—	—
Total credit risk exposure including life insurance operations	**269,901**	**268,469**	**354**	**0.13**	**1,432**	**0.53**	**603**	**42**	**0.31**

Past due loans that are not impaired were EUR 1,586 million for corporate customers and EUR 1,323 million for household customers, in each case as of 31 December 2008.

The following table sets forth Nordea's past due non-impaired loans, by customer type, as of the periods indicated.

EUR million	As of 31 December 2008 Corporate customers	Household customers
6 – 30 days	671	673
31 – 60 days	422	369
61 – 90 days	227	102
>90 days	266	179
Total	**1,586**	**1,323**
Past due non-impaired/lending in %	1.05	1.22

Loan losses

The net loan losses in the income statement, including new provisions, were EUR 466 million in 2008 (positive EUR 60 million in 2007), of which EUR 330 million in 2008 (positive EUR 88 million in 2007) relates to corporate customers, EUR 103 million in 2008 (EUR 28 million in 2007) relates to household customers, and EUR 32 million in 2008 relates to credit institutions in 2008. This growth in net loan losses follows increased provisions both for collectively and individually assessed loans as well as lower reversals and recoveries, primarily in the fourth quarter of 2008. Net loan losses also include losses related to the Danish guarantee scheme of EUR 44 million.

The following table sets forth Nordea's loan losses, broken down by industry, as of 31 December 2008.

	As of 31 December 2008			
	New Provisions and write-offs	Reversals and recoveries	Net loan losses	Loan loss ratio, bps
To credit institutions	(38)	6	(32)	13
To the public	(852)	418	(433)	18
Of which corporate	(635)	305	(330)	25
Energy (oil, gas, etc.)	0	0	0	2
Metals and mining materials	0	0	0	5
Paper and forest materials	(15)	15	0	0
Other materials (building materials, etc.)	(46)	11	(36)	100
Industrial capital goods	(6)	10	4	n.a.
Industrial commercial services, etc.	(60)	28	(32)	21
Construction and civil engineering	(66)	11	(55)	170
Shipping and offshore	(12)	1	(11)	15
Transportation	(18)	6	(13)	33
Consumer durables (cars, appliances, etc.)	(37)	16	(21)	76
Media and leisure	(12)	5	(7)	21
Retail trade	(76)	20	(56)	55
Consumer staples (food, agriculture, etc.)	(46)	23	(23)	21
Healthcare and pharmaceuticals	(1)	4	3	n.a.
Financial institutions	(12)	4	(9)	7
Real estate	(64)	19	(45)	12
IT software, hardware and services	(6)	3	(2)	18
Telecommunication equipment	(10)	12	2	n.a.
Telecommunication operators	0	1	1	n.a.
Utilities (distribution and production)	(3)	0	(3)	9
Other	(144)	117	(27)	34
—of which household	(216)	113	(103)	10
Total	**(890)**	**424**	**(466)**	**17**

The main net loan losses in 2008 were in the corporate sectors "Retail trade" and "Construction and civil engineering" as well as in household consumer financing.

The following table sets forth Nordea's restructured loans and receivables and the assets taken over by Nordea for protection of claims in accordance with applicable local laws, in each case as of 31 December 2006, 2007 and 2008.

EUR million	As of 31 December 2006	2007	2008
Restructured loans and receivables, current year			
Loans and receivables before restructuring, book value	110	124	22
Loans and receivables after restructuring, book value	99	63	11

EUR million	As of 31 December 2006	2007	2008
Assets taken over for protection of claims[1]			
Current assets, book value:			
Land and buildings	0	0	0
Shares and other participations	0	1	14
Other assets	3	3	4
Total	**3**	**4**	**18**

1 In accordance with Nordea's policy for taking over assets for protection of claims and in compliance with the local banking laws and regulations, wherever Nordea is located. Assets, used as collateral for the loan, are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are at the latest, disposed when full recovery is reached.

Gross loan items, *i.e.*, new provisions and reversals were affected by an increase in individual provisions and a corresponding decrease of collective provisions and a redistribution between collective provisions for different groups.

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 traded over-the-counter, *i.e.*, the terms connected to the specific contract are agreed upon on an individual basis with the counterparty. Nordea invariably enters into derivative contracts based on customer demand, both directly and indirectly in order to hedge positions that arise through such activities, including in assets such as traded corporate bonds and basket credit derivatives. Nordea, through Group Treasury, also uses interest rate swaps and other derivatives in its hedging of the assets and liabilities on the balance sheet and, within clearly defined limits, uses derivatives to take open positions on its operations. The derivative contracts are evaluated at fair value on an ongoing basis and affect the reported result as well as the balance sheet.

Nordea does not actively use credit derivatives in connection with its own credit portfolio. Nordea acts as an intermediary in the credit derivatives market, and is also using credit derivatives to hedge positions in corporate bonds and collateralised debt obligations ("CDOs"). Typical credit derivative products used by Nordea are single name credit default swaps ("CDSs") and synthetic CDOs. When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of the credit event. When Nordea buys protection on a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection. The following table sets forth Nordea's exposure to CDOs, classified at fair value through profit and loss.

	As of 31 December			
	2007		2008	
Notionals, EUR million	Bought Protection	Sold Protection	Bought Protection	Sold Protection
CDOs, gross	4,078	4,355	4,390	4,484
Hedged exposures	2,588	2,588	2,883	2,883
CDOs, net[1]	1,490[2]	1,767[3]	1,507[2]	1,601[3]
—of which equity	218	376	277	360
—of which mezzanine	373	414	337	245
—of which senior	899	977	893	996

1 Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.

[2] Of which investment grade EUR 1,503 million (EUR 1,486 million) and sub-investment grade EUR 4 million (EUR 4 million).
[3] Of which investment grade EUR 1,401 million (EUR 1,455 million), sub-investment grade EUR 48 million (EUR 73 million) and not rated EUR 152 million (EUR 239 million).

Nordea hedges the risk from CDOs with a portfolio of CDSs. CDSs are also used to hedge exposure in credit bonds. CDSs are credit derivatives that allow a counterparty to buy (or sell) protection against default of an asset, a loan or bond or receivable, by paying (or receiving from) a derivative dealer, the seller (or buyer) of protection, for example a periodic fee, expressed as a percentage of the notional amount of an asset. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement. The following table sets forth Nordea's credit default swaps as of 31 December 2006, 2007 and 2008.

	As of 31 December					
	2006		2007		2008	
EUR million	**Total gross notional sold**	**Total gross notional bought**	**Total gross notional sold**	**Total gross notional bought**	**Total gross notional sold**	**Total gross notional bought**
Single-name CDS	24,562	18,936	27,811	29,678	25,763	25,964
Multi-name CDS indices	14,563	15,307	13,011	11,735	20,082	19,416
Total	**39,125**	**34,243**	**40,822**	**41,413**	**45,845**	**45,380**

Credit derivative transactions affect market risk, operational risk as well as counterparty risk. Nordea's policy is to enter into bilateral, cross product close-out netting arrangements with counterparties to manage this counterparty risk, and accordingly, it is not possible to quantify the counterparty risk arising from credit derivatives on a stand alone basis. Counterparties from which Nordea buys protection are typically subject to a financial collateral agreement, and therefore the exposure is covered by collateral placements on a daily basis.

As of 31 December 2008, the net position from bought protection on CDSs amounts to EUR 1,333 million and the net position from sold protection on CDSs amounts to EUR 2,144 million.

Counterparty risk

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

Nordea uses the transaction-based model to calculate the counterparty credit risk, *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 as of 31 December 2008 was EUR 27.9 billion, of which the current exposure represents EUR 12.2 billion. As of 31 December 2008, 47% of the total exposure and 35% of the current exposure was towards the financial institutions.

The following tables set forth Nordea's counterparty risk exposure (after close-out netting and collateral agreements), and the reduction in the counterparty risk exposure due to close-out netting and collateral agreements, respectively, in each case as of and for each of the periods presented.

	As of 31 December								
	2006			2007			2008		
EUR million	**Current Exposure**	**Potential Future Exposure**	**Total Credit Risk**	**Current Exposure**	**Potential Future Exposure**	**Total Credit Risk**	**Current Exposure**	**Potential Future Exposure**	**Total Credit Risk**
Public entities	195	913	841	310	1,136	1,136	1,754	1,302	2,727
Financial institutions	1,298	16,648	16,229	2,201	14,734	14,738	4,291	14,454	13,010
Corporates	581	4,720	4,244	864	6,119	5,351	6,157	7,146	12,150
Total	**2,074**	**22,281**	**21,314**	**3,375**	**21,989**	**21,225**	**12,202**	**22,902**	**27,887**

EUR million	As of 31 December											
	2006				2007				2008			
	Current exposure (gross)	Reduction from closeout netting	Reduction from held collateral	Current exposure (net)	Current exposure (gross)	Reduction from closeout netting	Reduction from held collateral	Current exposure (net)	Current exposure (gross)	Reduction from closeout netting	Reduction from held collateral	Current exposure (net)
Total . . .	23,532	19,208	2,250	2,074	29,800	23,979	2,446	3,375	82,203	66,364	3,637	12,202

It can be concluded that especially the current exposure has increased considerably during 2008, which is due to the large movements in the financial markets, especially for various currency exchange rates, interest rates and credit spreads.

To reduce the exposure towards single counterparties, 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 counterparty. Nordea also mitigates the exposure towards large banks, hedge funds and institutional counterparties 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 government bonds and to a lesser extent, mortgage bonds are also accepted. The effects of closeout netting and collateral agreements are considerable, as 85% of the current exposure (gross) was eliminated by the use of these risk mitigation techniques.

Finally, Nordea also uses a risk mitigation technique based upon a condition in some of the long-term derivatives contacts 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.

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 the potential loss that could occur if a counterparty was 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 counterparties is restricted by settlement risk limits. Each counterparty 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 foreign exchange clearing system, Continuous Linked Settlement (the “CLS”), which eliminates the settlement risk of foreign exchange trades in those currencies and with those counterparties that are eligible for CLS-clearing. As a result, Nordea’s settlement risk exposure against major trading counterparties has decreased considerably in recent years.

Market risk

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

The customer-driven trading activity of Nordea Markets and the investment and liquidity portfolios of Group Treasury are the key contributors to market risk in Nordea. For all other banking activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance sheet items. This is achieved by transactions in Group Treasury. The market price risk is to a large extent presented with the Value-at-Risk (“VaR”) measurement.

Furthermore, market risk on Nordea’s account arises from the investment of policyholders’ money with guaranteed minimum yields in Life & Pensions, and Nordea sponsored defined benefit pension plans for employees.

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, although exceptions from this principle may be made in markets where matched funding is impossible to obtain, or can only be obtained at an excessive cost. For example, Nordea’s holding of JSB Orgresbank in Russia is partly financed in EUR. A 1% decrease in the Russian rouble’s exchange rate towards the EUR will cause a decrease in Nordea’s equity capital of approximately EUR 6 million.

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 ("SIIR"). See "*—Liquidity Management—Structural Interest Income Risk*".

Market risk appetite

The Board of Directors has formulated market price risk appetites for both the investment and liquidity portfolios in Group Treasury and the trading activities in Nordea Markets. For Group Treasury, the Board of Directors has set the maximum level of risk such that it should not lead to an accumulated loss in earnings in excess of EUR 250 million at any time in a financial year. The compliance with the risk appetite is ensured by market risk limits and stop-loss rules. The risk appetite was increased in 2008 in order to facilitate unchanged business activity in an environment of increased volatility. For the trading activities in Nordea Markets, the risk appetite and the market risk limits are set in relation to the earnings these activities generate.

Reporting and control processes

A Nordea group-wide framework establishes common management principles and standards for the market risk management. This implies that the same reporting and control processes are applied for the market risk exposures in Nordea Markets (the trading book) and Group Treasury. Moreover, the same VaR model (the model used to quantify market risk, see below) 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 Nordea 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, where relevant, their volatility.

These risk figures are limited and monitored in the daily reporting and control process, but are not included in the VaR numbers. CDOs and CDSs are included in the VaR figures through their sensitivities to changes in interest spreads, analogous to 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. This transparency is achieved by:

- senior management taking an active role in the process. The CRO receives reporting on Nordea's consolidated market risk every day; Group Executive Management 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 relevant decision-making body would be informed immediately;
- having detailed business procedures that clearly state how policies and instructions are to be implemented;
- having pro-active 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 their valuation, that require an elaborate analysis, and documentation, of the instruments' features and risk factors;
- having a "business intelligence" type risk IT system that allows all traders and controllers to easily monitor and analyse their risk figures; and
- 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 the 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.

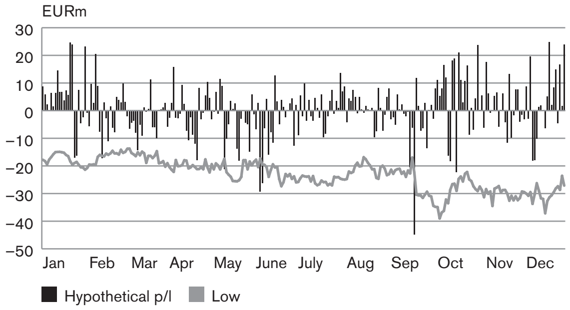
VaR is used to measure interest rate, foreign exchange, equity and credit spread risks. A VaR measure across these risk categories, allowing for diversification among them, is also used. The VaR figures include both linear positions and options.

With the chosen characteristics of the 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, the back-testing indicated a need for making the model more responsive to changes in market volatility. As a result, in June 2008, the model was adjusted by reducing the look-back period, to one year, and the number of the most adverse simulation results in the estimate of the VaR (*i.e.*, further out in the left-hand tail of the distribution of historical simulation outcomes).

The market risk due to a mismatch between the market risk exposure on policy holders' assets and liabilities in Nordea's Life & Pensions is measured as the loss sensitivity for two standard market scenarios, which represent normal and stressed market conditions, respectively.

The following chart sets forth backtesting results, one-day VaR and simulated daily profit/loss in 2008.



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 the comprehensive ICAAP stress testing, which measures the risk over a three year horizon. Stress testing in Poland and the Baltic countries is in progress. While reporting of market risk has been initiated in Russia, JSB Orgresbank has not been fully integrated into Nordea's risk management and control systems.

Market risk analysis

Nordea's market risk analysis is based on consolidated risk arising from both Group Treasury and Nordea Markets. Market risk associated with the mismatch between policyholders' assets and liabilities in Nordea Life & Pensions is analysed separately. The scenario for normal market conditions shows a risk of EUR 59 million as of 31 December 2008, compared to EUR 28 million as of 31 December 2007. The market risk from the internal pension plans is also measured separately.

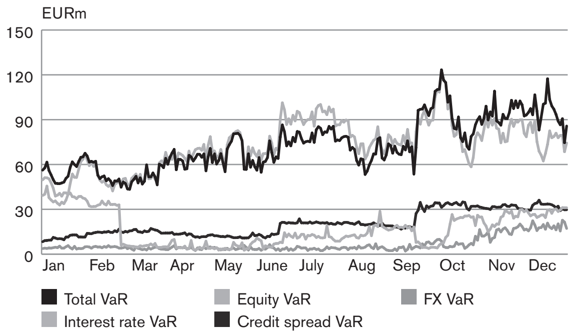
The following table sets forth Nordea's market risk, broken down by type of risk as well as presented on a consolidated basis, as of and for each period indicated.

EUR million	Measure	As of 31 December 2008	2008 High	2008 Low	2008 Average	As of 31 December 2007	As of 31 December 2006
Total risk	VaR	85.8	123.4	43.4	73.0	58.9	34.3
—Interest rate risk	VaR	74.4	123.1	38.8	72.8	57.2	23.0
—Equity risk	VaR	31.1	45.5	2.6	16.7	32.9	27.1
—Credit spread risk	VaR	29.7	36.1	8.3	20.3	4.8	1.7
—Foreign exchange risk	VaR	17.2	22.7	2.1	6.5	3.4	4.2
Diversification effect	%	44%				41%	39%
Structured Equity Option Risk	Simulation	12.0	29.3	11.2	21.0	25.9	9.1
Commodity Risk	Simulation	4.1	11.0	3.6	6.5	8.2	6.9

The following table sets forth Nordea's consolidated market risk exposures, by type of exposure, as of and for the periods indicated.

EUR million	Type of Exposure	As of 31 December 2008	2008 High	2008 Low	2008 Average	As of 31 December 2007	As of 31 December 2006
Hedge funds	Net asset value	98.7	113.4	96.2	103.1	96.1	0.0
Private equity funds	Fair value	142.5	174.4	144.4	170.0	150.0	186.9

The following graph presents Nordea's market risk, broken down by type of risk, and expressed in VaR for the period from 1 January 2008 until 31 December 2008.



Total VaR

The total VaR was EUR 86 million as of 31 December 2008, compared to EUR 59 million as of 31 December 2007, 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 in many cases underlying exposures were unchanged or had decreased.

Interest rate risk

The total interest rate VaR as of 31 December 2008 was EUR 74 million, compared to EUR 57 million as of 31 December 2007. The total gross sensitivity to a 1 percentage point parallel shift (which measures the development in the market value of Nordea's interest rate sensitive positions if all interest rates were to move adversely for Nordea) was EUR 212 million as of 31 December 2008, compared to EUR 261 million as of 31 December 2007. The largest part of Nordea's interest rate sensitivity stemmed from interest rate positions in EUR, SEK, DKK and USD.

Equity risk

As of 31 December 2008, Nordea's equity VaR stood at EUR 31 million, compared to EUR 33 million as of 31 December 2007. For equities, the tendency towards increased VaR levels implied by the adjusted model, were offset by the sale of Nordea's holding in OMX AB (publ). Structured equity option risk was EUR 12 million as of 31 December 2008, compared to EUR 26 million as of 31 December 2007.

Credit spread risk

Credit spread VaR increased to EUR 30 million as of 31 December 2008, compared to EUR 5 million as of 31 December 2007, both as a result of the adjusted VaR model and increased market volatility, and of the extension of the credit spread VaR model to include Group Treasury. Credit spread risk is to a large extent concentrated on Nordic financials.

Foreign exchange risk

Nordea's foreign exchange VaR was EUR 17 million as of 31 December 2008, compared to EUR 3 million as of 31 December 2007. The largest foreign exchange exposure is to DKK.

Hedge fund and private equity fund risk

The net asset value of investments in hedge funds was EUR 99 million as of 31 December 2008, compared to EUR 96 million as of 31 December 2007, and the fair value of investments in private equity funds was EUR 143 million as of 31 December 2008, compared to EUR 150 million as of 31 December 2007. Both types of investments are spread over a number of funds.

Commodity risk

Nordea's exposure to commodity risk, primarily pulp and paper, is solely related to customer-driven activities. The risk was EUR 4 million as of 31 December 2008, compared to EUR 8 million as of 31 December 2007.

Operational risk

In Nordea's Group 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 interests, other stakeholders' trust and increasing the risk of regulatory sanctions, financial loss or damage to the reputation of and confidence in Nordea. Operational risk also includes legal risk, which means the risk that Nordea 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 Nordea is submitted to the Board of Directors, incorporating all main issues on financial and operational risks. Each unit in Nordea is primarily responsible for managing its own operational risks. Group Credit and Risk Control develops and maintains a framework for identifying, assessing, mitigating, monitoring, controlling and reporting operational risks and supports the line organisation in implementing the framework.

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

The main processes for managing operational risks are ongoing monitoring through risk self-assessment and the documenting, registering and following up activities related to incidents and quality deficiencies. The analysis of operational risk-related events, potential risk indicators and other early-warning signals are taken into consideration 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 Nordea's focus on limiting and mitigating measures in relation to the sources, rather than the symptoms.

Life insurance risk and market risks in the Life insurance operations

The Life insurance business of Nordea Life & Pensions generally consists of long-term pension savings contracts. The two major risks in the Life insurance business are life insurance risks and market risks. The majority of these risks are on policyholders rather than on Nordea's own account.

The life insurance risk is the risk of unexpected losses due to changes in mortality rates, longevity rates, disability rates and selection effects. These risks are primarily controlled using actuarial methods, *i.e.*, through tariffs, rules for acceptance of customers, reinsurance contracts, stress tests and provisions for risks. A continuous supervision of the appropriateness of the parameters in the risk models is undertaken to ensure that changes in the underlying risks are properly taken into account.

The following table presents life insurance risk and market risks in the Life insurance operations, based on the effect on policy holders and equity, of the change in certain assumptions as of each date indicated.

EUR million	As of 31 December 2006 Effects on policyholders	2006 Effect on Nordea's own account	2007 Effects on policyholders	2007 Effect on Nordea's own account	2008 Effects on policyholders	2008 Effect on Nordea's own account
Change in assumptions						
Mortality—increased living with 1 year	(68.3)	(9.1)	(65.9)	(8.2)	(94.1)	(7.9)
Mortality—decreased living with 1 year	81.1	10.2	50.1	7.0	80.7	7.0
Disability—10% increase	(14.0)	(0.4)	(6.6)	(1.7)	(35.9)	(0.4)
Disability—10% decrease	13.4	0.4	6.1	1.7	35.4	0.4
50 bp increase in interest rates	52.5	(5.7)	(127.7)	(6.1)	(183.0)	(1.3)
50 bp decrease in interest rates	(74.7)	3.6	34.1	3.6	122.4	0.1
12% decrease in all share prices	(608.8)	(6.0)	(583.0)	(22.0)	(103.4)	(7.3)
8% decrease in property value	(183.4)	0.0	(258.5)	0.0	(176.9)	(28.9)
8% loss on counterparties	(46.3)	(5.0)	(105.6)	(7.1)	(144.3)	(6.1)

The market risk for Nordea's own account of Life insurance operations arises from mismatches in the market risk exposure on assets and liabilities in Nordea Life & Pensions and is measured as loss in operating income due to movements in financial market prices. The income model is primarily fee-based, and contingent upon, but not directly dependent on, investment return. See "*—Market risk*".

The market risk from separated equity capital investments for Nordea Life & Pensions is included in Nordea's consolidated market risk. See "*—Market Risk*".

The following table sets forth Nordea's liabilities to policy holders categorised by the guaranteed return as of each date indicated:

(in EUR million)	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
As of 31 December 2006						
Technical provision	6,202	4,308	7,747	10,045	7	28,309

(in EUR million)	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
As of 31 December 2007						
Technical provision	7,875	4,202	7,097	10,283	199	29,656

(in EUR million)	non	0 pct.	0 to 3 pct.	3 to 5 pct.	Over 5 pct.	Total liabilities
As of 31 December 2008						
Technical provision	4,210	4,091	9,823	9,496	160	27,778

In addition, the following table sets forth the impact of risk types on each type of life insurance and pensions product.

Product	Risk types	Material effect
Traditional	—Mortality	Yes
	—Disability	Yes
	—Return guaranties	Yes
Unit-Link	—Mortality	Yes
	—Disability	Yes
	—Return guaranties	No
Health and personal accident	—Mortality	No
	—Disability	Yes
	—Return guaranties	No
Financial contract	—Mortality	No
	—Disability	No
	—Return guaranties	No

Liquidity Management

Management principles and control

The Board of Directors has the ultimate responsibility for asset and liability management of Nordea as a group, *i.e.*, limiting and monitoring Nordea's structural risk exposures. Risks in Nordea are measured and reported according to common principles and policies approved by the Board of Directors. The Board of Directors also decides on policies for liquidity risk management. These policies are reviewed at least annually. The CEO in Group Executive Management decides on the targets for Nordea's risk management regarding SIIR, as well as, within the scope of resolutions adopted by the Board of Directors, the allocation of the liquidity risk limits.

The ALCO, chaired by the CFO, prepares issues of major importance concerning Nordea's financial operations and financial risks for decision by the CEO in Group Executive Management. Group Treasury operationalises the targets and limits and develops the liquidity risk and SIIR management frameworks, which consist of policies, instructions and guidelines for Nordea on a group-wide basis.

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 access to market liquidity.

The following table sets forth Nordea's funding sources by type of liability as of 31 December 2006, 2007 and 2008.

Funding Sources EUR million	Interest rate base	As of 31 December 2006 Average Maturity (in years)	As of 31 December 2006 Amount	As of 31 December 2007 Average Maturity (in years)	As of 31 December 2007 Amount	As of 31 December 2008 Average Maturity (in years)	As of 31 December 2008 Amount
Liability type							
Deposits by credit institutions							
—Shorter than 3 months	Euribor etc.	0.1	29,465	0.1	25,341	0.1	49,341
—Longer than 3 months	Euribor etc.	0.8	2,823	0.7	4,736	0.8	2,591
Deposits and borrowings from the public							
—Deposits on demand	Administrative	0.0	95,874	0.0	107,658	0.0	107,393
—Other deposits	Euribor etc.	1.2	30,578	1.0	34,671	0.4	41,198
Debt securities in issue							
—Certificates of deposits	Euribor etc.	0.4	23,841	0.4	31,926	0.2	33,666
—Commercial papers	Euribor etc.	0.1	3,410	0.2	5,865	0.2	10,440
—Mortgage covered bond loans	Fixed rate, market based	8.1	43,939	8.2	51,365	11.3	49,504
—EMTN	Fixed rate, market based	0.9	3,008	2.1	2,831	1.4	6,249
—Other bond loans	Fixed rate, market based	1.9	9,218	1.8	7,805	2.1	9,129
Derivatives		n.a.	24,939	n.a.	33,023	n.a.	85,538
Other non-interest bearing items		n.a.	25,254	n.a.	26,838	n.a.	23,774
Subordinated debentures							
—Dated subordinated debenture loans	Fixed rate, market based	8.2	5,989	7.1	5,626	6.4	6,268
—Undated subordinated debenture loans	Fixed rate, market based	n.a.	775	n.a.	604	n.a.	536
—Hybrid capital loans	Fixed rate, market based	n.a.	1,413	n.a.	1,326	n.a.	1,406
Equity		n.a.	15,322	n.a.	17,160	n.a.	17,803
Total (total liabilities and equity)			**315,848**		**356,775**		**444,836**
Liabilities to policyholders in Life insurance operations		n.a.	31,042	n.a.	32,280	n.a.	29,238
Total (total liabilities and equity) including Life insurance operations			**346,890**		**389,055**		**474,074**

The broad and diversified funding structure is reflected by the strong presence in the Nordic markets in the form of a strong and stable retail customer base and the variety of funding programmes. Funding programmes are both short-term (U.S. Commercial Papers, European Commercial Papers, French Commercial Papers, Certificates of Deposits issued in the Nordic markets as well as in London, New York and Poland) and long-term (Swedish and Danish covered bonds, European Medium Term Notes, Medium Term Notes) in diverse currencies. However, regardless of the original currency of the funding programme, the proceeds are swapped to the currency needed, thus covering foreign exchange risk. As of 31 December 2008, the total volume of short-term programmes was EUR 44 billion with an average maturity of 0.2 years and the total volume of the long-term programmes was EUR 65 billion with an average maturity of 9.0 years. 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 Nordea to remain trustworthy at all times. Especially during times of stress it is easier to manage market perception with a continuous stream of information to the public, major investors and counterparties.

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 increased funding need and on increased funding price. Group Treasury is responsible for managing the liquidity in Nordea and for compliance with the group wide limits from the Board of Directors, and the CEO in Group Executive Management.

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 maturity horizons, a number of liquidity risk measures have been developed to cover 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 Board of Directors sets the limit 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 it 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. The 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 as measured by the funding gap has been held at moderate levels throughout 2008. The average funding gap risk, *i.e.*, the average expected need for raising liquidity in the course of the next 14 days, has been EUR (8.7) billion in 2008, compared to EUR (4.8) billion in 2007.

Nordea's liquidity buffer has been in the range EUR 20.1 billion to EUR 40.2 billion during 2008, compared to EUR 12.5 billion to EUR 28.3 billion during 2007, with an average of EUR 27.1 billion in 2008, compared to EUR 19.4 billion in 2007. Nordea considers this a high level and it reflects Nordea's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular. Nordea's liquidity buffer is highly liquid consisting of 94% of central bank eligible securities at the end of 2008. In addition to the official liquidity buffer held by Group Treasury, other business units also hold securities that can be used to increase liquidity. The following tables set forth interest bearing securities and treasury bills, by type of issuer and portfolio, as of the 31 December 2008.

	As of 31 December 2008				
EUR million	**Liquidity portfolio[1]**	**Trading portfolio**	**Life & Pensions**	**Other and Eliminations**	**Group total**
Total Assets at fair value and Held for Trading[2]	**20,786**	**14,864**	**19,644**	**(8,289)**	**47,005**
Valued at amortised cost[3]	10,684	—	1,544	9	12,237
Available for sale	5	—	—	44	49
Total interest-bearing securities and treasury bills	**31,475**	**14,864**	**21,188**	**(8,236)**	**59,291**

1 The total liquidity buffer amounts to EUR 35.9 billion, including also other financial instruments of EUR 4.4 billion.
2 Distribution by issuer type is presented in "*Note 44*" to the audited consolidated financial statements included elsewhere in this prospectus.
3 Valued at amortised cost includes mainly mortgage institutions and other credit institutions.

The aim of always maintaining a positive net balance of stable funding has been comfortably achieved throughout 2008. The yearly average for the net balance of stable funding was EUR 8.0 billion as of 31 December 2008, compared to EUR 9.8 billion as of 31 December 2007.

The following table sets forth Nordea's net balance of stable funding as of 31 December 2006, 2007 and 2008.

EUR billion	**As of 31 December 2006**	**As of 31 December 2007**	**As of 31 December 2008**
Liability type			
Equity and Core liabilities			
Deposits and borrowings from the public	103.7	123.2	127.3
Equity	15.3	17.2	17.8
Structural funding			
Long-term deposits from credit institutions	1.3	0.9	1.3
Long CD and CP	6.6	8.1	2.5
Long-term bonds issued	43.0	48.8	43.2
Total stable liabilities and equity	**169.9**	**198.2**	**192.0**
Stable long-term assets			
Asset type			
Core assets			
Loans and receivables to the public	151.0	177.7	177.0
Long-term loans to credit institutions	2.2	1.1	5.7
Illiquid assets	5.5	7.7	1.6
Total stable long-term assets	**158.7**	**186.5**	**184.3**
Net balance of stable funding (NBSF)	**11.2**	**11.7**	**7.8**

The following table sets forth the contractual maturity analysis for Nordea's financial assets and liabilities as of 31 December 2006, 2007 and 2008.

	As of 31 December 2006				
(in EUR million)	**Payable on demand**	**Other within 1 year**	**1 – 5 year**	**>5 year**	**Total**
Contractual cash flows					
Remaining contractual maturity					
Liabilities	105,723	89,092	38,843	35,442	269,099

	As of 31 December 2007				
	Payable on demand	**Other within 1 year**	**1 – 5 year**	**>5 year**	**Total**
Remaining contractual maturity					
Liabilities	117,726	95,754	37,165	41,593	292,238

	As of 31 December 2008				
	Payable on demand	Other within 1 year	1 – 5 year	>5 year	Total
Remaining contractual maturity					
Liabilities	123,721	165,481	72,692	82,052	443,945

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 Nordea's 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-month period of a one percentage point increase, or respectively decrease, in all interest rates. The re-pricing gaps are calculated under the assumption that no new market transactions are made during the period. The main elements of 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

As of 31 December 2008, the SIIR for increasing market rates was EUR 55 million, compared to EUR 235 million as of 31 December 2007, and the SIIR for decreasing market rates was EUR (218) million, compared to EUR (267) million as of 31 December 2007. These figures imply that net interest income would increase if interest rates rise and decrease of interest rates fall. The following table sets forth the re-pricing gap for increasing interest rates as of 31 December 2008.

	As of 31 December 2008								
EUR million	Nordea group balance sheet	Within 3 months	3 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years	Non Repricing	Total
Interest Rate Fixing Period									
Assets									
Interest bearing assets	351,451	246,780	19,326	10,296	9,045	9,169	31,797	25,037	351,451
Non interest bearing assets	122,624	0	0	0	0	0	0	122,624	122,624
Total assets	**474,074**	**246,780**	**19,326**	**10,296**	**9,045**	**9,169**	**31,797**	**147,661**	**474,074**
Liabilities and equity									
Interest bearing liabilities	317,721	233,138	19,760	10,344	11,919	14,773	25,830	1,957	317,721
Non interest bearing	156,353	0	0	0	0	0	0	156,353	156,353
Total liabilities and equity	**474,074**	**233,138**	**19,760**	**10,344**	**11,919**	**14,773**	**25,830**	**158,310**	**474,074**
Off-balance-sheet items, net		**(6,060)**	**(1,848)**	**(870)**	**4,538**	**4,539**	**(299)**		
Exposure		**7,582**	**(2,283)**	**(918)**	**1,664**	**(1,065)**	**5,669**	**(10,649)**	
Cumulative exposure			**5,299**	**4,381**	**6,045**	**4,980**	**10,649**	**0**	

The following tables set forth Nordea's interest-bearing securities and treasury bills, by type of issuer and valuation method as of 31 December 2008, 2007 and 2006.

	As of 31 December 2008				
	Valued at fair value				
EUR million	Quoted prices in active markets for same instrument (Level 1)[1]	Valuation technique using observable data (Level 2)[2]	Valuation technique using non-observable data (Level 3)[3]	Value at amortised cost	Total
Interest-bearing securities and Treasury bills					
State and other sovereigns	4,943	1,251	—	846	7,040
Municipalities and other public bodies	7,454	155	—	129	7,738
Mortgage institutions	10,883	608	—	5,644	17,135
Other credit institutions	4,879	2,192	—	5,616	12,687
Corporates	1,845	1,258	9	2	3,114
Corporates, sub-investment grade	142	711	—	—	853
Other	2,216	585	7	—	2,808
Total	**32,362**	**6,760**	**16**	**12,237**	**51,375**

1 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 equity shares, exchange-traded derivatives, and issued securities.

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

3 Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities and private equity funds, and for certain complex or structured financial instruments. The main increase in instruments categorised in this level relates to unlisted shares invested in by the Life business. Otherwise the nature of unobservable parameters in valuations remained broadly the same with liquidity being maintained in the majority of the markets.

	As of 31 December 2007				
	Valued at fair value				
EUR million	Quoted prices in active markets for same instrument (Level 1)[1]	Valuation technique using observable data (Level 2)[2]	Valuation technique using non-observable data (Level 3)[3]	Value at amortised cost	Total
Interest-bearing securities and Treasury bills					
State and other sovereigns	5,075	8	—	—	5,083
Municipalities and other public bodies	3,836	209	—	887	4,932
Mortgage institutions	13,888	192	—	97	14,177
Other credit institutions	6,763	2,546	—	632	9,941
Corporates	1,931	2,266	—	19	4,216
Corporates, sub-investment grade	1,094	20	—	—	1,114
Other	698	3,736	71	7	4,512
Total	**33,285**	**8,977**	**71**	**1,642**	**43,975**

1 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 equity shares, exchange-traded derivatives, and issued securities.

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

3 Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities and private equity funds, and for certain complex or structured financial instruments. The main increase in instruments categorised in this level relates to unlisted shares invested in by the Life business. Otherwise the nature of unobservable parameters in valuations remained broadly the same with liquidity being maintained in the majority of the markets.

EUR million	As of 31 December 2006 Valued at fair value	Value at amortised cost	Total
Interest-bearing securities and Treasury bills			
State and other sovereigns	6,192	—	6,192
Municipalities and other public bodies	4,367	796	5,163
Mortgage institutions	9,490	123	9,613
Other credit institutions	6,568	539	7,107
Corporates	4,280	27	4,307
Corporates, sub-investment grade	36	—	36
Other	3,319	7	3,326
Total	**34,252**	**1,492**	**35,744**

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 Nordea, 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 Nordea and in key legal entities. In the CPF the CFO decides, within the mandate given by the Board of Directors, 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 majority of its retail customers, Nordea had 83% of the exposure covered by IRB approaches at the end of 2008. Nordea will continue to implement the internal ratings based approach for some remaining portfolios.

Nordea is also approved to use its own internal 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. See "*—Risk Management—Operational risk*".

Capital Policy and ICAAP

Based on the EU Capital Requirements Directive ("CRD") rules, in the revised Capital Policy Nordea aims at a target Tier 1 ratio of 9% and a target total capital ratio of 11.5 % before transition rules. Both numbers are targets over a business cycle. Nordea maintains its target capital via its dividend and share buy-back policy as well as active management of its risk profile.

The Capital Policy is related to the ICAAP, which according to the CRD, should, for each bank, review the management, mitigation and measurement of material risks to assess the adequacy of internal capital and determine an internal capital requirement reflecting the risk appetite of the institution.

In 2008, Nordea's Tier 1 capital and capital base exceeded the regulatory minimum requirements outlined in the 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 following table sets forth Nordea's capital adequacy ratios as of each date indicated.

EUR billion	As of 31 December 2006	2007	2008
Capital Adequacy Ratios			
RWA Basel II (pillar 1) before transition rules	—	171.5	168.6
RWA with transition rules	185.4	204.6	213.3
Regulatory Capital requirement with transition rules	14.8	16.4	17.1
Economic Capital (EC including NLP)	9.6	10.9	12.8
Tier 1 capital	13.1	14.2	15.8
Capital base	18.2	18.7	20.3
Core tier 1 ratio before transition rules (%)	—	7.4	8.5
Core tier 1 ratio with transition rules (%)	6.3	6.3	6.7
Tier 1 ratio before transition rules (%)	—	8.3	9.3
Tier 1 ratio with transition rules (%)	7.1	7.0	7.4
Capital ratio before transition rules (%)	—	10.9	12.1
Capital ratio with transition rules (%)	9.8	9.1	9.5
Capital base/Regulatory Capital requirement before transition rules (%)	—	136.0	151.0
Leverage ratio	22.6	22.7	26.6

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 and Economic Capital, when considering internal capital requirements with and without market stress. As a number of Pillar II risks exist within Nordea's current Economic Capital framework, including 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.

Dividends

Nordea aims to ensure competitive and predictable dividends with a dividend payout ratio exceeding 40% of the net profit for the year. The following table sets forth Nordea's capital structure policy as of the periods indicated.

	As of 31 December[1] 2006	2007	2008[2]	Policy
Dividend pay-out ratio	40%	42%	19%	>40%
Tier 1 ratio	—	8.3%	9.3%	9%[3]
Total capital ratio	—	10.9%	12.1%	11.5%[3]

1 The ratios provided above reflect values excluding transitional rules. Including transitional rules, the values for Tier 1 ratio and total capital ratio are 7.1% and 9.8% for 2006, 7.0% and 9.1% for 2007 and 7.4% and 9.5% for 2008, respectively.

2 Proposed to the annual general meeting 2009.

3 Target over a business cycle.

The dividend for 2008 is proposed to amount to EUR 0.20 per share, corresponding to a payout ratio of 19% of net profit, compared to EUR 0.50 per share or 42% of net profit for 2007.

The transition phase of Basel II creates a need to manage Nordea 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 the end of 2008, this difference was EUR 44.7 billion expressed as RWA and EUR 3.6 billion expressed as regulatory capital requirement.

As of 31 December 2008, Nordea's Tier 1 ratio before transition rules was 9.3% and the total capital ratio was 12.1%. Including transition rules, the tier 1 ratio was 7.4% and the total capital ratio was 9.5%. The core tier 1 ratio before transition rules was 8.5% and including transition rules was 6.7%.

In addition to regulatory requirements, Nordea has internal capital requirements based on the Economic Capital framework, which includes risks in Nordea's life insurance operations. As such, Economic Capital is compared to the capital base reversing the deduction for the Life insurance operations.

Capital requirements—Pillar 1

The following table, "Capital requirements and RWA" shows an overview of the Pillar 1 capital requirements as of each date indicated, broken down by type of risk.

	As of 31 December				
	2006	2007		2008	
EUR million	Basel I RWA	Capital Requirement	Basel II RWA	Capital Requirement	Basel II RWA
Capital requirements and RWA					
Credit risk	**176,329**	**12,556**	**156,952**	**12,060**	**150,746**
IRB foundation	—	6,709	83,865	9,537	119,207
of which corporate	—	5,899	73,736	6,909	86,358
of which institutions	—	744	9,302	1,016	12,699
of which retail	—	—	—	1,465	18,313
of which other	—	66	827	147	1,837
Standardised	**—**	**5,387**	**67,342**	**2,523**	**31,539**
of which sovereign	—	19	243	75	940
of which other	—	5,368	67,099	2,448	30,599
Basel I reporting entities	—	460	5,745	n.a.	n.a.
Market risk	**9,069**	**284**	**3,554**	**474**	**5,930**
of which trading book, VaR	—	42	527	137	1,715
of which trading book, non-VaR	—	242	3,027	270	3,372
of which FX, non-VaR	—	0	0	67	843
Operational risk	**—**	**878**	**10,976**	**952**	**11,896**
Standardised	—	878	10,976	952	11,896
Sub total	**185,398**	**13,718**	**171,482**	**13,486**	**168,572**
Adjustment for transition rules					
Additional capital requirement according to transition rules	—	2,649	33,103	3,577	44,709
Total	**185,398**	**16,367**	**204,585**	**17,062**	**213,281**

The credit risk as of 31 December 2008 comprised more than 89% of the Pillar 1 requirement in Nordea, compared to 92% as of 31 December 2007. Out of the total Pillar 1 requirement for credit risk, as of 31 December 2008, 79% relates to IRB exposures (compared to 53% as of 31 December 2007), 21% relates to standardised exposures (compared to 43% as of 31 December 2007), and 0% relates to Basel I reporting entities (compared to 4% as of 31 December 2007). In the IRB approach, as of 31 December 2008, 72% relates to the corporate exposure class (compared to 88% as of 31 December 2007), which under the IRB foundation approach has an RWA average of 57% versus 100% under Basel I (compared to 55% as of 31 December 2007).

Operational risk, calculated with the standardised approach, constitutes 7% of the total Pillar 1 requirement as of 31 December 2008, compared to 6% as of 31 December 2007. Nordea benefits from the use of internal models to assess market risk, which makes up 4% of the total Pillar 1 requirement as of 31 December 2008, compared to 2% as of 31 December 2007.

For additional information on capital requirements and the calculation of RWA, see "*—Pillar 3 disclosure, capital adequacy and risk management*".

Capital requirements for credit risk

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

- Minimum capital requirements = RWA x 8%
- RWA = Risk weight x EAD

The principles for the calculation of minimum capital requirements for credit risk differ between exposure classes, which serve as the basis for the reporting of capital requirements. The definitions of exposure classes in the standardised approach differ from the classification in accordance with the IRB approach. Some exposure classes are derived from the type of counterparty while others are based on the asset type, product type, collateral type and exposure size.

The following tables present the exposure, EAD, average risk weight percentage, RWA and capital requirements calculated using the IRB and the standardised approach as of the periods indicated.

	As of 31 December 2008				
Exposure class, EUR million	**Exposure**	**EAD**	**Average Risk Weight (%)**	**RWA**	**Capital requirement**
IRB Approach					
Institutions	52,401	49,143	26%	12,699	1,016
Corporate	214,072	152,015	57%	86,358	6,909
Retail	120,390	116,045	16%	18,313	1,465
—of which mortgage	86,788	86,236	10%	8,925	714
—of which other retail	28,981	25,649	31%	8,065	645
—of which SME	4,621	4,160	32%	1,323	106
Other non-credit obligation assets	2,226	1,838	100%	1,837	147
Total IRB approach	**389,088**	**319,042**	**37%**	**119,208**	**9,537**

	Exposure	**EAD**	**Average Risk Weight (%)**	**RWA**	**Capital requirement**
Standardised approach					
Central governments or central banks	19,752	20,959	4%	840	67
Regional governments or local authorities	9,126	7,425	1%	100	8
Institution	4,310	4,624	20%	903	72
Corporate	30,402	20,960	99%	20,719	1,658
Retail	13,864	9,739	77%	7,469	598
Exposures secured by real estate	564	558	73%	406	33
Other[1]	2,327	2,210	50%	1,099	88
Total Standardised approach	**80,346**	**66,476**	**47%**	**31,538**	**2,523**
Total	**469,434**	**385,517**	**39%**	**150,746**	**12,060**

[1] Administrative bodies and non-commercial undertakings, multilateral developments banks, past-due items, short-term claims, covered bonds and other items.

Exposure class, EUR million	Exposure	EAD	Average Risk Weight	RWA	Capital requirement
	As of 31 December 2007				
Institutions	44,328	41,591	22%	9,302	744
Corporate	197,800	134,095	55%	73,736	5,899
Other non credit obligation assets	1,186	827	100%	827	66
Total IRB approach	**243,314**	**176,513**	**48%**	**83,865**	**6,709**

Exposure class	Exposure	EAD	Average Risk Weight	RWA	Capital requirement
Central governments or central banks	17,670	16,831	1%	188	15
Regional governments or local authorities	9,113	7,684	1%	55	4
Institution	1,698	1,497	30%	452	36
Corporate	22,417	16,343	100%	16,343	1,307
Retail	38,432	25,220	75%	18,916	1,513
Exposures secured by real estate	87,680	86,030	35%	30,498	2,440
Other[1]	1,862	1,773	50%	890	71
Total Standardised approach	**178,871**	**155,378**	**43%**	**67,342**	**5,387**
Entities with Basel I	7,101	—	—	5,745	460
Total	**429,286**	**331,892**	**47%**	**156,952**	**12,556**

1 Administrative bodies and non-commercial undertakings, multilateral developments banks, institutions standardised, corporates standardised, past-due items, short-term claims, covered bonds and other items.

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

Capital requirements for market risks (risks in trading book)

The following tables present the capital required for market risk in the trading book in Nordea as of the periods indicated.

	As of 31 December 2008							
	Trading book, VaR		Trading book, non-VaR		Banking book, non-VaR		Total	
EUR million	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk	2,068	164	2,654	213	0	0	4,722	377
Equity risk	171	14	668	53	0	0	839	67
Foreign exchange risk	520	42	0	0	843	67	1,363	109
Commodity risk	0	0	50	4	0	0	50	4
Diversification effect	(1,044)	(83)	0	0	0	0	(1,044)	(83)
Total	1,715	137	3,372	270	843	67	5,930	474

	As of 31 December 2007							
	Trading book, VaR		Trading book, non-VaR		Banking book, non-VaR		Total	
EUR million	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk	665	53	2,656	213	—	—	3,321	266
Equity risk	183	15	305	24	—	—	488	39
Foreign exchange risk	103	8	—	—	0[1]	0[1]	103	8
Commodity risk	—	—	66	5	—	—	66	5
Diversification effect	(424)	(34)	—	—	—	0	(424)	(34)
Total	**527**	**42**	**3,027**	**242**	**0**	**0**	**3,554**	**284**

1 Foreign exchange risk in the banking book (EUR 25 million) is less than 2% of the capital base and is therefore excluded from the market risk capital.

Of the EUR 5.9 billion in market risk RWA as of 31 December 2008 (compared to EUR 3.6 billion as of 31 December 2007), EUR 5.1 billion covers the trading book in Nordea Markets as of 31 December 2008 (compared to EUR 3.6 billion as of 31 December 2007). Trading book VaR figures comprise general and specific interest rate risk, equity risk and foreign exchange risk for positions in those portfolios approved by the financial supervisors, for which Nordea is allowed to use its own internal VaR models. Portfolios not reported with VaR models are reported according to the standardised approach, which are shown under the non-VaR figures in the table above.

Capital requirements for operational risk

The capital requirement for operational risk is EUR 1.0 billion as of 31 December 2008 (compared to EUR 0.9 billion as of 31 December 2007) and is calculated using the standardised approach, in which all of Nordea'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.

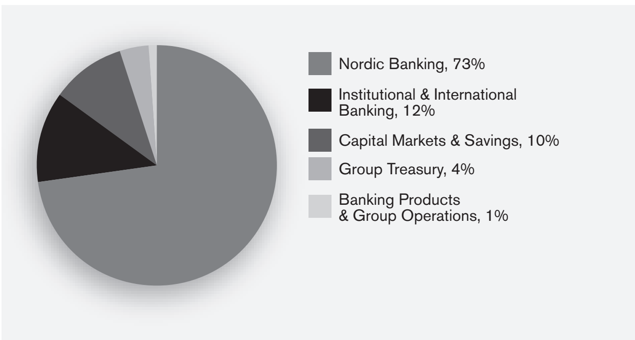
The total capital requirement for operational risk is calculated as the simple sum of the capital requirements for each of the business lines within each group and legal entity. The risk for each business line is the beta coefficient times gross income. The beta coefficients differ between business lines and are in the range from 12% to 18%.

Capital requirements in Pillar 2

Nordea bases the internal capital requirements under the ICAAP on Nordea's Economic Capital framework. Economic Capital as of 31 December 2008 is calculated as EUR 12.8 billion, compared to EUR 10.9 billion as of 31 December 2007.

The following charts present Nordea's Economic Capital broken down by risk type and customer area and demonstrate that a majority of Nordea's risk is held in the form of credit risk capital within Nordic corporate and household customers in the Nordic Banking customer area.

The following chart presents Economic Capital distributed by area, as of 31 December 2008.



Nordea has calculated internal capital requirements using the Economic Capital framework since 2001. Pillar 1 of the Capital Requirements Directive closes the gap between regulatory capital and Economic Capital by improving the risk sensitivity of regulatory capital measurement. Nordea calculates Economic Capital for the following major risk types: credit risk, market risk, operational risk, business risk and life insurance risk. Additionally, the Economic Capital models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's internal defined benefit plans, real estate risk and concentration risk.

Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into Economic Capital.

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 institution 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 Economic Capital is the foundation for the Basel II framework for IRB models for Nordea's credit exposures. Nordea's rating models are assessed based on a combination of through-the-cycle estimates of probability of default and point-in-time estimates of probability of default. Nordea's scoring models are assessed based primarily on point-in-time probability of default estimates.

Market risk for the banking business is based on scenario simulation and VaR models scaled to the time horizon and confidence interval in place for Economic Capital. Additionally, Nordea uses VaR and simulation modelling to determine Economic Capital 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. For the Life insurance business an asset and liability management model is used, which is based on scenarios generated by Monte Carlo simulation to capture embedded options in guarantee products.

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 SIIR. Business risk is calculated based on the residual volatility in historical profit and loss time series after adjustments for market, operational and credit risk.

Life insurance risk represents risk in the actuarial assumptions for mortality and morbidity used to price life insurance products. It is calculated as percentages of the EU Minimum Solvency Requirement (death and disability risk) and technical provisions (longevity risk).

In order to achieve consistent risk measurement throughout Nordea, the measurement period is set to one (1) year and the confidence level is 99.97% for all risk types. Nordea's total Economic Capital 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 Economic Capital 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 Economic Capital that is lower than the sum of the Economic Capital for each risk type.

In addition to calculating the Economic Capital, 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.

Economic Profit ("EP")

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

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

Expected losses

Expected losses reflect the normalised loss level of the individual credit exposure over a business cycle as well as various portfolios. The average expected loss ratio used in the economic capital framework, calculated as expected loss divided by exposure at default was 17 basis points as of 31 December 2008, compared to 16 basis points as of 31 December 2007, in each case excluding the sovereign and institutional exposure classes. Nordea has the ambition to use the same parameters in internal calculations of economic capital and expected loss as in regulatory capital calculations. Therefore, the expected loss ratio has been recalibrated as a consequence of the IRB retail approval to be 22 basis points as of 31 December 2008, based on the above assumptions. Going forward, this model change will affect the calculation of risk-adjusted profit for 2008 and 2009. 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

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

- PD is a measure of the probability that the counterparty 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 Capital Requirements Directive, or "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 instruments (maximum 30% of Tier 1). Profit may only be included after deduction of proposed dividends. 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 the total Tier 1 amount. Dated Tier 2 loans may not exceed half the amount of Tier 1. The limits are set after deductions, *i.e.*, investment in insurance and other financial companies.

According to the 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. However, a transitional rule valid until end of 2012 allows the invested capital in Nordea Life & Pensions to be deducted from the sum of Tier 1 and Tier 2 capital.

The differences between Expected Loss and provision made for the related exposures are adjusted for in the capital base. The negative difference (Expected Loss is larger than provision) is known 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 option 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.

Nordea is also defined as a financial conglomerate meaning that, *e.g.*, the requirements from bank (capital adequacy rules) and insurance (solvency rules) are added to ensure that the financial conglomerate has sufficient capital. Nordea has not experienced material limitations concerning the financial conglomerate regulation. The capital requirements valid for financial conglomerates are stated in the Swedish law (Act (2006:531)) on Financial Conglomerates, which was implemented by the 1 July 2006. Detailed instructions and requirements are stated in FFFS 2006:6.

Institutions and insurance companies that have been defined as a financial conglomerate are required to hold a capital base that at all times are equal or above the consolidated capital requirements for the financial conglomerate. The capital base of the conglomerate has in Nordea been calculated with a combination of the consolidation method and the aggregation method. This means that the capital base for the conglomerate includes the capital base for the group of institutions and Nordea Life Holding AB. The corresponding capital requirements are calculated though an aggregation of the capital requirement in the group of institutions and the solvency requirement for the insurance activities within companies under Nordea Life Holding AB.

The following table sets forth the summary of items included in the capital base as of each date indicated.

	As of 31 December		
EUR million	**2006**	**2007**	**2008**
Summary of items included in capital base			
Calculation of total capital base			
Equity	15,322	17,160	17,803
Proposed/actual dividend	(1,271)	(1,300)	(519)
Hybrid capital loans	1,458	1,409	1,447
Deferred tax assets	(369)	(185)	(58)
Intangible assets[1]	(1,770)	(2,374)	(2,193)
IRB provisions excess (+)/shortfall (–)	—	(30)	(269)
Deduction for investments in credit institutions (50%)	—	(80)	(87)
Other items, net	(223)	(370)	(364)
Tier 1 capital (net after deduction)	**13,147**	**14,230**	**15,760**
—of which hybrid capital	1,458	1,409	1,447
Tier 2 capital	**6,726**	**6,075**	**6,097**
—of which perpetual subordinated loans	684	664	690
IRB provisions excess (+)/shortfall (–)	—	(30)	(269)
Deduction for investments in credit institutions (50%)	—	(80)	(87)
Other deduction	(1,714)	(1,535)	(1,175)
Total capital base	**18,159**	**18,660**	**20,326**
Capital situation of the financial conglomerate			
Capital base (net of deductions and adjustments)	19,601	20,252	21,540
Capital requirements	15,830	18,343	18,148
Excess capital	**3,772**	**1,909**	**3,392**

1 Data for 2006 includes goodwill only. Data for 2007 and 2008 includes goodwill and other intangible assets.

Pillar 3 disclosure, capital adequacy and risk management

The CRD also stipulates how and when institutions should disclose their capital and risk management. The disclosure should follow the requirements in accordance with pillar 3. The main requirements comprise the following:

- Description of the group structure and overall risk and capital management;
- Regulatory capital requirements and the capital base;
- Credit risk, including RWA calculations and loan losses;
- Market risk; and
- Operational Risk.

SHARE CAPITAL AND OWNERSHIP STRUCTURE

Share Information

Nordea Bank AB (publ) is a public limited liability bank company (Sw: *bankaktiebolag*), which was formed in Sweden on 6 October 1997 as a limited liability company and re-registered as a public limited liability bank company on 30 January 2004. Nordea's predecessor was Nordea Bank Sverige AB (publ) (formerly Nordbanken AB (publ)), which on 1 March 2004 merged with Nordea. Nordea's current name was registered with the Swedish Companies Registration Office (Sw: *Bolagsverket*) on 30 January 2004. Nordea's corporate registration number is 516406-0120.

According to Nordea's Articles of Association (the "Articles of Association"), the shares in Nordea may be issued in two classes, ordinary shares and C-shares. Ordinary shares may be issued up to a number of 4,000,000,000 ordinary shares and C-shares may be issued up to a number of 5,000,000 C-Shares. The total number of shares in Nordea may not be lower than 1,000,000,000, or more than 4,000,000,000. The extraordinary general meeting held on 12 March 2009 resolved to amend the Articles of Association to allow for not less than 2,700,000,000 ordinary shares and not more than 10,800,000,000 ordinary shares. The amended Articles of Association will be registered with the Swedish Companies Registration Office in connection with the completion of the Rights Offering. Holders of ordinary shares are entitled to one vote per share and holders of C-shares are entitled to one-tenth of one vote per share. Holders of C-shares are not entitled to any dividends. All shares have equal rights to any surplus in case of liquidation. All shares outstanding as of the date of this prospectus are, and the New Shares will be, ordinary shares. However, as part of Nordea's proposed long-term incentive programme for certain key employees (the "LTIP 2009"), the Board of Directors has proposed to the annual general meeting 2009, to be held on 2 April 2009, to resolve on a new issue of 7,250,000 C-shares and an amendment of the Articles of Association so that up to a number of 10,000,000 C-shares may be issued. See "*Board of Directors, Group Executive Management and Independent Auditors—Remuneration of the Board of Directors and Group Executive Management—The long-term incentive programmes*".

C-shares that are held by Nordea may, following a decision of the Board of Directors, be converted to ordinary shares. The conversion will be notified without delay for registration with the Swedish Companies Registration Office and will be effective upon registration. As of the date of this prospectus, there are no C-shares currently outstanding. See "*—Share Capital*".

As Nordea's shares are issued in accordance with Swedish law, the rights associated with the shares can only be modified in accordance with the procedures set forth in the Swedish Companies Act (Sw: *aktiebolagslagen (2005:551)*) and the Swedish Banking and Financing Business Act (Sw: *lag (2004:297) om bank och finansieringsrörelse*). Any amendments to the Articles of Association will require approval of the SFSA. There has been no public tender offer for the shares in Nordea during the current or preceding financial year. For information about shareholders' pre-emptive rights in new issues, see "*Articles of Association*".

There are no restrictions in law or in the Articles of Association regarding the right to transfer Nordea's shares. However, since Nordea is a credit institution, a direct or indirect acquisition of shares in Nordea resulting in the acquirer's total holding being deemed either a qualifying holding or an increase in a qualifying holding requires consent in some jurisdictions. See "*Banking Regulation and Supervision*".

Share Capital

According to its Articles of Association, the share capital of Nordea shall not be less than EUR 1,000,000,000 and not more than EUR 4,000,000,000. The extraordinary general meeting held on 12 March 2009 resolved to amend the Articles of Association to allow for not less than EUR 2,700,000,000 and not more than EUR 10,800,000,000. The amended Articles of Association will be registered in connection with the completion of the Rights Offering. Nordea's share capital before the Rights Offering amounts to EUR 2,600,108,227, divided into 2,600,108,227 ordinary shares. The total number of shares at the beginning of 2008 was 2,597,228,227. On 15 May 2008, 2,880,000 C-shares were issued as part of Nordea's long-term incentive programme for certain of its key employees (the "LTIP 2008"). See "*Board of Directors, Group Executive Management and Independent Auditors—Remuneration of the Board of Directors and Group Executive Management—The long-term incentive programmes*". These C-shares were converted into ordinary shares on 22 May 2008, and currently (as well as at the end of 2008) there is only one class of shares outstanding, namely 2,600,108,227 ordinary shares. However, as part of the LTIP 2009, the Board of Directors has proposed to issue new C-shares. See "*—Share Information*". The shares are denominated in EUR. As of the date of this prospectus, Nordea owns 6,000,000 of its own ordinary shares (excluding shares acquired within its securities business) with a book value of EUR 6,000,000, and a quota value of EUR 6,000,000. These own shares are not entitled to pre-emptive rights in the Rights Offering.

The table below sets forth the changes in Nordea's share capital since 2004.

Year	Quota value (in EUR)[1]	Change	Change in number of shares: Ordinary Shares	C-shares	Total Change in number of shares	Total number of shares: Ordinary Shares	C-shares	Total number of shares	Change in share capital (in EUR)	Share capital (in EUR)
2004	0.40	Reduction	(81,608,500)	—	(81,608,500)	2,846,499,727	0	2,846,499,727	(32,343,080.72)	1,128,117,742.40
2005	0.40	Reduction	(140,159,800)	—	(140,159,800)	2,706,339,927	0	2,706,339,927	(55,548,131.94)	1,072,569,610.46
2006	0.40	Reduction	(112,231,700)	—	(112,231,700)	2,594,108,227	0	2,594,108,227	(44,479,667.34)	1,028,089,943.12
2006	1.00	Bonus issue	—	—	—	2,594,108,227	0	2,594,108,227	1,566,018,283.88	2,594,108,227.00
2007	1.00	New issue	—	3,120,000	3,120,000	2,594,108,227	3,120,000	2,597,228,227	3,120,000.00	2,597,228,227.00
2007	1.00	Conversion	3,120,000	(3,120,000)	—	2,597,228,227	0	2,597,228,227	—	2,597,228,227.00
2008	1.00	New issue	—	2,880,000	2,880,000	2,597,228,227	2,880,000	2,600,108,227	2,880,000.00	2,600,108,227.00
2008	1.00	Conversion	2,880,000	(2,880,000)	—	2,600,108,227	0	2,600,108,227	—	2,600,108,227.00
2009	1.00	New issue[2]	1,430,059,525	—	1,430,059,525	4,030,167,752	0	4,030,167,752	1,430,059,525.00	4,030,167,752.00

1 The quota values are rounded up to the nearest two decimals.

2 On 9 February 2009, the Board of Directors resolved to issue New Shares, subject to subsequent approval by the general meeting. On 10 March 2009, the Board of Directors determined the number of New Shares to be issued to up to 1,430,059,525. The extraordinary general meeting held on 12 March 2009 approved the Board of Directors' resolution. As of the date of this prospectus, the New Shares have not been subscribed for or allocated.

The following table sets forth Nordea's share capital broken down by the size of the shareholding of the existing shareholders, as of 28 February 2009.

Shareholding	Shares: Number of Shares	%	Shareholders: Number of Shareholders	%
1 – 1,000	149,840,744	6	394,022	82
1,001 – 10,000	203,192,898	8	82,764	17
10,001 – 100,000	111,523,958	4	4,424	1
100,001 – 1,000,000	213,452,677	8	588	0
1,000,000+	1,916,097,950	74	227	0
Total	**2,594,108,227[1]**	**100.0**	**482,025**	**100.0**

1 Excluding shares issued for the Long-Term Incentive Programme and held by Nordea.

The following table sets forth Nordea's share capital broken down by the domicile of shareholders as of 28 February 2009.

Shareholding by Country—Five Largest Countries	Holdings/Votes (%)
Sweden	43.1
Finland	26.0
Denmark	12.3
United States	8.2
United Kingdom	4.0

Central securities and clearing organisation affiliation

Nordea's shares in Sweden are cleared through an electronic securities system, the VP system, with Euroclear Sweden, as its central securities and clearing organisation. Euroclear Sweden also maintains Nordea's share register. No share certificates have been issued with respect to Nordea's ordinary shares outstanding and no share certificates will be issued with respect to the New Shares. The address for Euroclear Sweden is: Euroclear Sweden AB, Regeringsgatan 15, Box 7822, SE-103 97, Stockholm, Sweden.

The FDR is a specific book-entry entitlement issued in the Finnish book-entry system held by Euroclear Finland. Like Euroclear Sweden, Euroclear Finland is a subsidiary of NCSD Holding AB, which in turn is a subsidiary of Euroclear SA/NV. The FDRs are dematerialised depository interests representing entitlements to the underlying shares in Nordea. The underlying shares are registered in the Swedish book-entry system held by Euroclear Sweden in custody for the account of the FDR holders. No physical certificates are, or will be, issued for the FDRs. The address for Euroclear Finland is: Euroclear Finland Oy, Urho Kekkosen katu 5C, P.O. Box 1110, FI-00101 Helsinki, Finland. Nordea's shares traded through FDRs on NASDAQ OMX Helsinki are part of the total amount of issued Nordea shares and the FDRs traded on NASDAQ OMX Helsinki are equal to a deposit controlled by Nordea at Euroclear Sweden, its central securities and clearing organisation.

Nordea has a secondary listing of its shares on NASDAQ OMX Copenhagen traded under the symbol "NDADKK". The secondary listing has been obtained in accordance with the rules on secondary listings (Da: *Sekundær optagelse til handel*) issued by NASDAQ OMX Copenhagen. Nordea's shares traded on NASDAQ OMX Copenhagen are cleared through an electronic securities system with the Danish VP Securities. No share certificates have been issued with respect to Nordea's ordinary shares outstanding and traded on NASDAQ OMX Copenhagen and no share certificates will be issued with respect to the New Shares. The address for VP Securities is: VP Securities A/S, Helgehøj Allé 61, P-O. Box 20, DK-2630 Taastrup, Denmark. Nordea's shares traded on NASDAQ OMX Copenhagen are delivered in book-entry form through allocation to accounts with VP Securities. Nordea's shares traded on NASDAQ OMX Copenhagen are part of the total amount of issued Nordea shares and the shares traded on NASDAQ OMX Copenhagen are equal to a deposit controlled by Nordea at Euroclear Sweden, its central securities and clearing organisation.

Buy-back programme and acquisition of own shares

The annual general meeting 2008 resolved to authorise the Board of Directors, for the period until the next annual general meeting, to decide on acquisition of ordinary shares in Nordea on a regulated market where Nordea's ordinary shares are listed, or by means of an acquisition offer directed to all shareholders in Nordea. Acquisitions may be made up to a number not exceeding the equivalent of 10% of the total number of shares in Nordea. Acquisition of ordinary shares in Nordea on a regulated market may only be made within the price interval registered at any time on a regulated market in question between the highest purchase price and the lowest selling price. Acquisition of ordinary shares in Nordea according to an acquisition offer directed towards all shareholders may be made at a price which does not exceed the stock exchange share price at the time of the offer with an addition of 30% at the highest. The aim of the acquisition of own ordinary shares is to facilitate an adjustment of Nordea's capital structure to prevailing capital requirements and to use own ordinary shares as payment for or financing of acquisitions of companies or businesses. This mandate has not been utilised mainly due to the turbulence in the financial markets.

The annual general meeting 2008 furthermore resolved to authorise the Board of Directors, for the period until the next annual general meeting, to decide on conveyance of ordinary shares in Nordea to be used as payment in connection with acquisitions of companies or businesses or in order to finance acquisitions of companies or businesses. Conveyance of ordinary shares may be made in another way than on a regulated market up to the number of ordinary shares in Nordea that at any time are held by Nordea. Conveyance shall take place at an assessed market value and may take place with deviations from the shareholders' preferential right. This mandate has not been utilised. No new mandate to repurchase and convey ordinary shares in accordance with the Swedish Companies Act has been proposed by the Board of Directors to the annual general meeting 2009.

The annual general meeting 2008 resolved that Nordea, in its securities business, up until the next annual general meeting, may acquire own ordinary shares; however, with the limitation that such ordinary shares must never exceed 1% of the total number of ordinary shares in Nordea. The price for acquired ordinary shares shall equal the market price prevailing at the time of the acquisition. Nordea's annual general meeting 2009 has been asked to resolve on a new mandate to purchase ordinary shares within Nordea's securities business. See "*—Share Capital*".

Nordea is not entitled to vote on its own ordinary shares at shareholders' meetings nor to participate in the Rights Offering.

Trading in Nordea's Shares

Nordea's ordinary shares are traded on NASDAQ OMX Stockholm under the symbol "NDASEK", in the form of FDRs on NASDAQ OMX Helsinki under the symbol "NDA1V", and on NASDAQ OMX Copenhagen under the symbol "NDADKK". The ISIN code for the ordinary shares trading on NASDAQ OMX Stockholm is SE0000427361. The ISIN code for the FDRs trading on NASDAQ OMX Helsinki is FI0009902530. The ISIN code for the shares trading on NASDAQ OMX Copenhagen is SE0000427361. For information on the market price of the ordinary shares, see "*Market Price of Shares*".

Nordea will apply for listing of the New Shares on each of NASDAQ OMX Stockholm, NASDAQ OMX Helsinki and NASDAQ OMX Copenhagen in connection with the completion of the Rights Offering. The earliest possible date for listing of the New Shares is 21 April 2009. The ticker names and the ISIN codes for the New Shares will be the same as for the existing ordinary shares.

MAJOR SHAREHOLDERS

The following table sets forth Nordea's ten largest shareholders as of 28 February 2009 (except as noted).

Shareholder	Country	Ordinary Shares (in millions)	C-shares	% of Share Capital/ Voting Rights
Swedish State	Sweden	515.6	0	19.9
Sampo Oyj	Finland	359.0	0	15.02[1]
Nordea-fonden (previously Nordea Danmark-fonden)	Denmark	105.3	0	4.1
Swedbank Robur Funds	Sweden	79.9	0	3.1
SHB/SPP Funds	Sweden	46.0	0	1.8
SEB Funds	Sweden	40.5	0	1.6
Nordea Funds	Sweden	31.1	0	1.2
Fourth Swedish National Pension Fund	Sweden	30.4	0	1.2
First Swedish National Pension Fund	Sweden	26.3	0	1.0
Second Swedish National Pension Fund	Sweden	25.9	0	1.0

1 According to a flagging announcement by Sampo Oyj on 11 March 2009.

SHAREHOLDINGS AMONG EMPLOYEES

Nordea has a profit sharing scheme covering all of its employees. In addition, Nordea also has the LTIP 2007 and LTIP 2008 (as defined below) in place for certain key personnel. For additional information about the LTIP 2007 and LTIP 2008, see "*Board of Directors, Group Executive Management and Independent Auditors—Remuneration of the Board of Directors and Group Executive Management—The long-term incentive programmes*". In addition, through the Nordea Profit Sharing Foundation, employees in Sweden have an indirect shareholding of 0.5% in Nordea as of 31 December 2008. See "*Business—Employees*". The employees also have a minor indirect shareholding in Nordea through the pension foundation.

CONVERSION INTO A EUROPEAN COMPANY

Nordea aims at continuous simplification of its legal structure, and, with regards to the Nordic banks, the aim is that Nordea will be converted into a European company (La: *Societas Europeæ*) ("SE") in accordance with the Council Regulation (EC) No 2157/2001 of 8 October 2001; however, this has not yet been formally decided. 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. The final regulatory responses to the current financial turmoil are further yet to be seen and to be evaluated. Nordea is following up and analysing the changes in process.

MARKET PRICE OF SHARES

Nordea's ordinary shares have been listed on NASDAQ OMX Stockholm under the symbol "NDASEK" with trading in SEK since 1997. Since 2000, Nordea's shares have been listed and trading on NASDAQ OMX Copenhagen under the symbol "NDADKK" with trading in DKK; and since 2002, Nordea's Finnish Depositary Receipts have been listed on NASDAQ OMX Helsinki under the symbol "NDA1V" with trading in EUR.

The following table provides an overview of changes in the share price of Nordea (based on the closing price on NASDAQ OMX Stockholm, Helsinki and Copenhagen, respectively) since 2006.

	NASDAQ OMX Stockholm		NASDAQ OMX Helsinki		NASDAQ OMX Copenhagen	
Period	**High price[1]**	**Low price[1]**	**High price[2]**	**Low price[2]**	**High price[3]**	**Low price[3]**
Year ended 31 December 2006	107.80	78.25	11.92	8.47	89.00	63.00
Year ended 31 December 2007	119.30	99.60	12.95	10.68	96.25	79.50
Year ended 31 December 2008	107.80	51.90	11.41	4.93	85.00	36.90
1st quarter 2006	98.25	79.25	10.46	8.55	78.50	63.75
2nd quarter 2006	99.25	78.25	10.59	8.47	79.50	63.00
3rd quarter 2006	98.50	80.25	10.68	8.47	79.75	64.75
4th quarter 2006	107.80	93.90	11.92	10.13	89.00	75.50
1st quarter 2007	114.20	102.60	12.42	10.99	92.75	81.75
2nd quarter 2007	118.80	106.30	12.95	10.99	96.25	81.75
3rd quarter 2007	119.30	99.60	12.90	10.68	96.00	79.50
4th quarter 2007	114.30	102.10	12.40	10.95	92.75	81.75
1st quarter 2008	107.80	81.10	11.41	8.52	85.00	63.50
2nd quarter 2008	105.40	82.70	11.33	8.78	84.50	65.50
3rd quarter 2008	95.40	77.40	10.32	8.13	75.75	60.75
4th quarter 2008	88.90	51.90	9.16	4.93	68.50	36.90
1st quarter 2009 (through 12 March 2009)	61.50	40.40	5.70	3.50	42.40	25.80

1 All prices are shown in SEK.
2 All prices are shown in EUR.
3 All prices are shown in DKK.

On 12 March 2009, the closing price on NASDAQ OMX Stockholm was SEK 54.90, on NASDAQ OMX Helsinki was EUR 4.92 and on NASDAQ OMX Copenhagen was DKK 36.40. Nordea's ordinary shares have traded exclusive of the right to participate in the Rights Offering since 13 March 2009.

DIVIDENDS AND DIVIDEND POLICY

Dividend Policy

Nordea pursues a policy of distributing a high proportion of its net profits in the form of dividends. The dividend policy is that the total dividend payment shall exceed 40% of the net profit for the year. The Board of Directors proposes a dividend for 2008 of EUR 0.20 per share to be decided by the annual general meeting to be held on 2 April 2009. The total dividend payment for 2008 would then be EUR 519 million, corresponding to a payout ratio for 2008 of 19% of the net profit.

This proposed reduction of the dividend is intended as a temporary measure to, together with the Rights Offering, strengthen Nordea's core capital position and does not indicate a change in Nordea's long-term dividend policy. See *"Risk Factors—Risks Relating to the Rights Offering and the New Shares—The level of dividend to shareholders in any given fiscal year is uncertain"*.

Dividend payment currency

The dividend is denominated in EUR, although the payment currency depends on where the share is registered. Owners of shares registered in Sweden can choose between dividends in SEK or in EUR. An official exchange rate is published. In Denmark, dividends are paid in EUR. If the shareholder does not have a EUR account, the dividend is converted into local currency. Each custodian decides upon their own conversion rate. In Finland, the dividend is paid in EUR.

Dividend for the financial years 2005, 2006, 2007 and 2008

The following table sets forth the dividends per share paid by Nordea over the last financial years (in EUR and SEK). No inferences as to the amount of future dividends can be drawn from dividends paid in the past. The New Shares are not entitled to dividends to be resolved at the annual general meeting to be held on 2 April 2009.

	For the financial year ended 31 December			
	2005	2006	2007	2008[1]
Dividend (in EUR)	0.35	0.49	0.50	0.20
Dividend (in SEK)	3.28	4.55	4.70	—
Total Amount (in EUR million)	908	1,271	1,297	519

1 Reflects the proposal by the Board of Directors to the annual general meeting to be held on 2 April 2009.

Dividends under Swedish Law

Declaration of dividends under Swedish law must be adopted by a shareholders' meeting. Dividends may only be declared to the extent there are distributable funds in Nordea and to the extent that such declaration is prudent taking into consideration the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with operations and Nordea's need to strengthen its balance sheet, liquidity and financial position. The shareholders may further, as a general rule, not declare higher dividends than the Board of Directors has proposed or approved.

Under Swedish law, shareholders owning in aggregate a tenth of all outstanding shares of Nordea have the right to demand the payment of dividends from the profits of Nordea. Following such request, the annual general meeting shall resolve upon the distribution of one-half of the remaining profit for the year pursuant to the adopted balance sheet after deductions have been made for (i) losses carried forward that exceed unrestricted reserves; (ii) amounts which, by law or the articles of association, must be transferred to restricted equity; and (iii) amounts which, pursuant to the articles of association, shall be used for any purpose other than distribution to the shareholders. The shareholders' meeting is not, however, obliged to resolve upon dividends in excess of 5% of Nordea's shareholders' equity. Further, the general meeting may never declare dividend in excess of distributable funds nor in violation of the prudence rule described above.

Payment of Dividends

Dividends are normally paid in cash per share through Euroclear Sweden, Euroclear Finland and VP Securities, but may also be paid in kind (property dividend). On the record date established by the general meeting, persons registered as owners of the shares in the share register will be entitled to receive dividends. If the shareholder cannot be contacted through Euroclear Sweden, Euroclear Finland or VP Securities, the shareholder still retains his claim on Nordea to the dividend amount and this may only be limited through the statute of limitations. When the claim becomes statute barred, the dividend amount is forfeited to Nordea.

According to Nordea's Articles of Association, shares in Nordea may be issued in two classes, ordinary shares and C-shares. C-shares are not entitled to a dividend. As of the date of this prospectus, all existing shares are ordinary shares and the New Shares will be ordinary shares with equal right to dividend as the existing shares. See "*Share Capital and Ownership Structure*". Neither the Swedish Companies Act nor the Articles of Association contain any restrictions regarding the dividend rights of shareholders resident outside Sweden. With the exception of any restrictions pursuant to the bank and clearing systems, payment to such shareholders is executed in the same manner as for shareholders resident in Sweden. However, shareholders with a tax domicile outside Sweden are normally subject to Swedish withholding tax. See "*Taxation*".

CAPITALISATION AND INDEBTEDNESS

The tables below set forth Nordea's capitalisation and net financial indebtedness as of 31 December 2008. The tables should be read in conjunction with "*Operating and Financial Review*" and the audited consolidated financial statements included elsewhere in this prospectus. Since the end of 2008, there has not been any significant change in the financial or trading position of Nordea.

CAPITALISATION

EUR million	As of 31 December 2008
Indebtedness	
Current financial debt[1]	300,452
Non current financial debt[2]	127,214
Total indebtedness	**427,666**
Shareholders' equity	
Share capital	2,600
Minority interests	78
Other reserves	(888)
Retained earnings	16,013
Total shareholders' equity	**17,803**
Total capitalisation	**445,469**

NET FINANCIAL INDEBTEDNESS

EUR million	As of 31 December 2008
Net debt	
Cash and balances with central banks	3,157
Cash and cash equivalents[3]	1,537
Cash and cash equivalents according to cash flow statement	**4,694**
Trading securities[4]	35,594
Liquidity	**40,288**
Current financial receivables[5]	**182,526**
Current bank debt[6]	51,188
Current portion of non current debt[7]	57,157
Other current financial debt[8]	49,547
Current financial debt	**157,892**
Net current financial debt	**(64,922)**
Non current bank loans[9]	744
Debt securities in issue[10]	52,702
Other non-current loans[11]	7,339
Other non-current liabilities[12]	60,398
Non-current financial debt	**121,183**
Deposits and borrowings from the public	**148,591**
Net financial indebtedness	**204,852**

1 Represents the current portion of deposits and borrowings from the public and current financial debt (see footnotes 6, 7 and 8 below).

2 Represents the non-current portion of deposits and borrowings from the public and non-current financial debt (see footnotes 9, 10, 11 and 12 below).

3 Represents loans and receivables to credit institutions payable on demand.

4 Represents treasury bills, interest-bearing securities, financial instruments pledged as collateral and shares designated as "held for trading".

5 Represents the current portion of loans and receivables to credit institutions (other loans and receivables payable on demand), loans and receivables to the public, derivatives assets, fair value changes in the hedged items in portfolio hedge of interest rate risk, as well as other assets and prepaid expenses and accrued income.

6 Represents the current portion of deposits by credit institutions.

7 Represents the current portion of debt securities in issue and subordinated liabilities.

8 Represents other liabilities, accrued expenses and prepaid income and the current portion of derivatives liabilities and fair value changes in the hedged items in portfolio hedge of interest rate risk.

9 Represents the non-current portion of deposits by credit institutions.

10 Represents the non-current portion of debt securities in issue.

11 Represents the non-current portion of subordinated liabilities.

12 Represents the non-current portion of derivatives liabilities and fair value changes in the hedged items in portfolio hedge of interest rate risk.

BANKING REGULATION AND SUPERVISION

THE BANKING AND FINANCING BUSINESS REGULATION AND OWNERSHIP AND MANAGEMENT ASSESSMENT

Banking and financing business in Sweden is regulated by the Swedish Banking and Financing Business Act ("BFBA") (Sw: *lagen (2004:297) om bank- och finansieringsrörelse*). Nordea Bank AB (publ) is a public limited liability bank company (Sw: *bankaktiebolag*) and has been granted a license from the SFSA to conduct banking business under the BFBA as well as, *inter alia*, licenses to carry out securities business, pension savings operations and be registered as a nominee of units of collective investment schemes (UCITS funds). Nordea, together with its subsidiaries, is subject to substantial regulation in all markets in which it operates.

The three main subsidiaries of Nordea are Nordea Bank Danmark A/S ("Nordea Denmark"), Nordea Bank Finland Plc ("Nordea Finland") and Nordea Bank Norge ASA ("Nordea Norway").

Nordea Finland is a public limited liability company and has been granted a license from the Finnish Financial Supervisory Authority (the "FIN-FSA") to conduct banking business in Finland. Banking and financing business in Finland is regulated by the Finnish Act on Credit Institutions (9.2.2007/121) (Sw: *Kreditinstitutslag*) (the "FACI") and by the Finnish Act on Commercial Banks and Other Credit Institutions in the form of a Limited Company (28.12.2001/1501) (Sw: *lag om affärsbanker och andra kreditinstitut i aktiebolagsform*).

Nordea Denmark is a public limited liability company (Da: *Aktieselskab*) and has been granted a license from the Danish Financial Supervisory Authority (Da: *Finanstilsynet*) (the "DFSA") to conduct banking business in Denmark. Banking business in Denmark is regulated by the Danish Financial Business Act (Da: *Lov om finansiel virksomhed*) (the "FIL").

Nordea Norway is regulated under the Norwegian Act on Commercial Banks (Nw: *lov 24. mai 1961 nr. 2 om forretningsbanker*) and the Act on Financial Institutions (Nw: *lov 10. juni 1988 nr. 40 om finansieringsvirksomhet og finansinstitusjoner*). In addition, Nordea Norway holds a license as an investment firm and is therefore also regulated by the Norwegian Securities Trading Act (Nw: *lov 29. juni 2007 nr. 75 om verdipapirhandel*).

Swedish regulations and supervision

The SFSA is the regulator and supervisory authority for financial and insurance institutions in Sweden, including Nordea and certain of its subsidiaries. The SFSA issues regulations and supervises the operations of financial institutions, *inter alia*, with regard to capital adequacy under the Basel II rules, accounting, governance structures, as well as risk management, including procedures for the prevention of money laundering. Furthermore, appointment of the members and deputies of the Board of Directors and the CEO and deputy CEOs of Nordea must be approved by the SFSA. The SFSA is empowered with a range of tools to facilitate its supervision, including the right to carry out site visits and to interview the employees of an institution under its supervision. In the event that the SFSA considers the operations of an institution not to be sound or that the institution is otherwise in breach of the applicable laws or regulations, the SFSA may impose administrative sanctions on that institution, such as disciplinary reprimands, warnings, fines and may also revoke the institute's license to operate.

Special provisions in the BFBA relating to shareholdings in banks, including Nordea, include, *inter alia*, the requirement to obtain an approval from the SFSA prior to the acquisition of shares in Nordea, if, by completion of such acquisition, a shareholder increases its direct or indirect shareholding in Nordea up to, or above, certain thresholds (10%, 20%, 33% or 50% of the shares or votes of Nordea or Nordea becoming a subsidiary of the acquirer), or such shareholding which otherwise facilitates a substantial influence over the governance of Nordea. The Swedish Government has proposed in a bill that the 33% threshold shall be replaced by a 30% threshold and certain other amendments to the ownership assessment rules.

Finnish regulations and supervision

The FIN-FSA is the regulator and supervisory authority for financial and insurance institutions in Finland, including Nordea Finland and its subsidiaries. The FIN-FSA issues regulations and supervises the operations of the Finnish financial institutions, *inter alia*, on the one hand with respect to capital adequacy under the Basel II rules as well as risk management practices in general and, on the other hand, market practices and compliance with reporting requirements, including prevention of abusing insider information and money laundering. Furthermore, the appointment of members and deputy members of the board of directors and the CEO and deputy CEO as well as persons responsible for key business functions of Nordea Finland are to be reported to the FIN-FSA prior to their appointment.

The FIN-FSA is empowered with a range of tools similar to those available to the SFSA. The FIN-FSA has the right to summon a meeting of a supervised institution using such institution's decision and governance powers and may be present at these meetings. External experts may also be used by the FIN-FSA during supervision, and external agents may be appointed for monitoring the operations of a supervised institution. In the event that the FIN-FSA considers the operations of a supervised institution to be unsound or that the institution is otherwise in breach of the applicable laws or regulations within the FIN-FSA's jurisdiction, the FIN-FSA may impose administrative sanctions on an institution, such as public admonitions, public warnings, and fines and may also revoke its license to conduct banking business. The FIN-FSA may also bar a person from acting as a member or deputy member of the board of directors, CEO or deputy CEO of an institution.

Special provisions relating to shareholdings in banks are included in the FACI. A notification is required to be filed to the FIN-FSA prior to the acquisition of shares in Nordea Finland, should, by exercise of such acquisition, the direct or indirect shareholding, as further specified in the FACI, in Nordea Finland exceed the same thresholds as in Sweden, *i.e.*, 10%, 20%, 33% or 50% of the shares or votes. The FIN-FSA may within a three-month period from the receipt of a notification ban the acquisition if certain requirements defined in the FACI are met. For the moment, there is a government proposal pending whereupon, if and when enacted, the above threshold of 33% will be amended to 30% and the three-month period shortened to 60 days.

Danish regulations and supervision

The DFSA is the regulator and supervisory authority for financial and insurance institutions in Denmark, including Nordea Denmark, Nordea Kredit Realkreditaktieselskab and Nordea Liv & Pension, Livsforsikringsselskab A/S and certain of its subsidiaries. As in Sweden, the DFSA issues regulations and supervises the operations of financial institutions, *inter alia*, with regard to capital adequacy under the Basel II rules, accounting, governance structures, as well as risk control and procedures, including for the prevention of money laundering. Furthermore, members and alternate members of the board of directors and the members of the executive managements of companies under DFSA supervision must prior to being finally appointed be deemed fit and proper by the DFSA. The DFSA is empowered with a range of tools to facilitate its supervision, including the right to carry out site inspections. In the event that the DFSA considers the operations of an institution to be unsound or that the institution is otherwise in breach of the applicable laws or regulations within the DFSA's jurisdiction, the DFSA may impose administrative sanctions on an institution, such as disciplinary reprimands, warnings, fines and may also revoke its license to operate.

Special provisions in FIL relating to shareholding in financial institutions, including the above mentioned Nordea companies, include, among others, the requirement to obtain an approval from the DFSA prior to the direct or indirect acquisition of shares in a financial institution, if, by exercise of such acquisition, a shareholder increases its shareholding in the said company up to, or above, certain thresholds (10%, 20%, 33% or 50% of the shares or votes of the said company or the said company becoming a subsidiary of the acquirer).

Norwegian regulations and supervision

The FSAN is the regulator and supervisory authority for financial and insurance institutions in Norway, including Nordea Norway and certain of its subsidiaries. The FSAN issues regulations and supervises the operations of financial institutions, *inter alia*, with regard to capital adequacy under the Basel II rules, accounting, governance structures, as well as risk control and procedures, including the prevention of money laundering. Furthermore, members and alternate members of the board of directors, the CEO and other leading employees of Nordea Norway must be deemed fit and proper to hold such positions. The FSAN is empowered with a range of tools to facilitate its supervision, including the right to carry out site visits and to interview the employees of an institution under its jurisdiction. In the event the FSAN considers the operations of an institution to be unsound or that the institution is otherwise in breach of the applicable laws or regulations within FSAN's jurisdiction, the FSAN may impose administrative sanctions on the institution, such as disciplinary reprimands and fines, and may also revoke its license to conduct banking business.

Special provisions in the Financial Institutions Act relating to shareholding in banks, including Nordea Norway, include, *inter alia*, the requirement to obtain an approval from the FSAN prior to the acquisition of shares in Nordea Norway, if, by exercise of such acquisition, a shareholder increases its direct or indirect shareholding in Nordea Norway by, or up to, 10%, 20%, 25%, 33% or 50% of the shares or votes or if Nordea Norway by such an acquisition becomes a subsidiary of the acquirer, or such shareholder otherwise gains a substantial influence over Nordea Norway. The Financial Institutions Act lays down specific criteria that the FSAN (or the Norwegian Ministry of Finance as the case may be) shall take into consideration when considering an application for approval as mentioned above.

Government Stabilisation Plans

The Swedish financial stabilisation plan

On 20 October 2008, the Swedish Government proposed a stabilisation plan to secure the stability of the financial system (the "Stabilisation Plan"). The purpose of the Stabilisation Plan is to strengthen the stability of the Swedish financial system and to deal with the negative effects of the global financial crisis, including the lack of liquidity in the financial system and the high cost of funding. On 29 October 2008, the Swedish Parliament approved the government bill on measures to enhance the stability of the Swedish financial system (prop. 2008/09:61). At the same time, the Government Support to Credit Institutions Act (2008:814) (the "Support Act") was implemented. The Support Act provides for targeted support to ensure the stability of the Swedish financial system and a stabilisation fund for financing the Stabilisation Plan (the "Stabilisation Fund"). Further, the Swedish State is given the right under the Support Act to compulsorily redeem the shares of institutions from the shareholders, including the shares of Nordea, provided it is considered to be of exceptional importance from a public point of view and provided: (i) the institution or the shareholder has not accepted a support agreement proposed by the Swedish National Debt Office (Sw: *Riksgälden*) which has been considered not unreasonable by an appeal board; (ii) the institution or a shareholder has not fulfilled an obligation under a support agreement under the Support Act which is of material importance; or (iii) the institution's capital base is less than a quarter of the required capital, calculated as set out in Chapter 2, section 1, first paragraph, of the Swedish law on capital adequacy and large exposures (Sw: *lagen (2006:1371) om kapitaltäckning och stora exponeringar*). The Swedish National Debt Office is responsible for administrating the Stabilisation Plan. Under the Stabilisation Plan, there has, *inter alia*, been established a guarantee programme and a recapitalisation scheme.

The guarantee programme

The ordinance on government guarantees for the benefit of banks and others provides for the establishment of a guarantee programme to facilitate borrowing for financial institutions (the "Guarantee Programme"). The Guarantee Programme provides banks and major mortgage institutions based in Sweden, as well as credit market companies incorporated in Sweden serving municipalities, an opportunity, in exchange for a fee, to contract with the government, represented by the Swedish National Debt Office, for guarantees covering part of their borrowings. The agreement shall contain, *inter alia*, an undertaking not to use or refer to the guarantees issued under the Guarantee Programme in the marketing of credits and certain restrictions with respect to increases in the executives' wages, bonus payments and severance packages, as well as increases in board remuneration during the guarantee period. The purpose of the Guarantee Programme is to facilitate borrowings of banks and certain credit market companies and reduce their borrowing costs during the prevailing global financial crisis. In order to obtain a guarantee the applicant must meet certain requirements regarding the composition and size of its capital base.

The total financial limit of the Guarantee Programme is SEK 1,500 billion. Guarantees under the Guarantee Programme can be issued up to and including 30 April 2009. The Guarantee Programme may be prolonged.

Targeted support

Under the Stabilisation Plan, the Swedish National Debt Office may intervene with targeted support should a financial institution encounter grave financial difficulties creating a risk of serious disruption to the Swedish financial system. An institution may obtain support to (i) continue business when it is considered that its business is sustainable; or (ii) the organised reconstruction or winding-up of an institution that is not expected to be profitable in the long-term. The conditions for the support may be designed so that the institution receiving support and its owners must, in the first instance, bear its losses and support shall primarily be provided by preference shares with high voting power. The support must be provided on a commercial basis and must not unduly distort competition.

The Stabilisation Fund

The Stabilisation Plan provides for the establishment of the Stabilisation Fund in the initial amount of SEK 15 billion to finance any support measures taken by the Swedish government under the Stabilisation Plan. It is contemplated that payments to the Stabilisation Fund will comprise guarantee fees, stability fees, deposit guarantee fees and recoveries from support measures provided under the Stabilisation Plan. The objective is that the Stabilisation Fund shall comprise an amount equal to an average of 2.5% of Sweden's GDP within 15 years. An additional government bill regarding the Stabilisation Fund is expected during 2009.

In addition to the guarantee fees, it is contemplated that mandatory stabilisation fees will be introduced when the situation improves in the market. The government has estimated that the total fees will be approximately SEK 2.6 billion per year to be allocated between the institutions (including Nordea) covered by the Stabilisation Plan depending upon their size and the level of risk that they present to the financial system. The mandatory stabilisation fee has not yet been subject to legislation, and it is not at this point clear how it will be structured and applied. In a press release dated 9 February 2009, the Government stated that the fees under the proposal would be payable at half the full rate in 2009 and 2010 and in full thereafter. The Government has stated its intention to present a proposal in 2011 on how the fee scheme can be merged with the deposit guarantee scheme, allowing a single, risk-differentiated fee to be charged. Institutions participating in the Guarantee Programme will, according to the press release, be able to deduct half of the guarantee fee they have paid over the year from the stability fee.

The recapitalisation scheme

On 17 February 2009, the Swedish government's ordinance on capital contributions to solvent banks and others, the so called recapitalisation scheme, came into force. Under the recapitalisation scheme, the Swedish National Debt Office may, after obtaining government approval, provide capital injections to banks, mortgage institutions and credit market companies serving Swedish municipalities. The total limit for this recapitalisation scheme is SEK 50 billion. The capital provided to a particular institution may amount to no more than the equivalent of an increase of two percentage points in the institution's capital ratio. The injection of capital can be provided in the form of share capital or loans that may be included in the core capital. Capital can be provided through either (i) state participation in a market transaction, whereby the state acquires a maximum of 70% of the shares or debt instruments issued on the same market terms as other investors; or (ii) state participation in a directed issue, whereby the state acquires shares or convertible debt instruments on terms decided by the Swedish National Debt Office.

In a market transaction, the Swedish National Debt Office participates on the same terms as private investors. In the case of a directed issue, where the state acquires more than 70%, the Swedish National Debt Office will set the price based on a model reflecting the risk of the issuing institution and the returns on similar financial instruments under normal market conditions. The returns must always at least equal the level calculated according to the ECB model. The recapitalisation scheme is funded through the Stabilisation Fund.

Since the Swedish State's participation in the Rights Offering is carried out under the Recapitalisation Scheme (by Nordea entering into an agreement with the Swedish National Debt Office), the funding for such participation will come from the Stabilisation Fund.

The Finnish financial stabilisation plans

In relation to the stabilisation plans made in the EU, the Finnish government issued a proposal for actions on 20 October 2008. The Finnish Parliament has resolved to issue temporary state guarantees for the benefit of Finnish banks. Further, two government proposals related to the financial stabilisation plan are still subject to Parliament's enactment and are expected to enter into force in the spring of 2009.

Temporary state guarantees for the benefit of Finnish banks

By virtue of the enactment by the Finnish Parliament, the Council of State decided upon the terms and conditions on the state guarantees to be granted for deposit banks and mortgage agencies on 12 February 2009. Such guarantees shall be granted by the Council of State on a discretionary basis for bank deposit certificates and bonds issued without any other financial collateral and can only be granted to viable banks that meet all solvency requirements. The fees payable for the issuance of guarantees are subject to market rates and, based on the authority, a maximum of EUR 50 billion in guarantees can be drawn. This temporary authority to grant government guarantees shall be in force until the end of 2009, but the Government will by 30 April 2009 assess whether a need for further guarantees still exists. Guarantees and market-based fees collected on these instruments will be governed by the Finnish Act on State Lending and State Guarantees (Sw: *Lag om statens långivning samt statborgen och statsgaranti*).

Government proposal for the act on state capital investments in deposit banks

Based on the government proposal, capital support is proposed to be provided to deposit banks in terms of capital loan as referred to in Section 45 of the FACI, *i.e.*, an unsecured interest bearing capital loan belonging to original own funds of the bank (Tier 1 capital). The subordinated loan accrues interest equalling the interest rate of the five-year Finnish government bond added with a margin of 6%. A bank drawing down a capital loan commits itself to paying interest before distributing dividends to its shareholders. Similarly, such bank may not undertake major business rearrangements without consent by the government. In addition, the bank needs to be committed to continuing lending to households as well as to small and medium enterprises, and reporting about its lending activities to the Ministry of Finance on a regular basis. Finally, restrictions applied to the compensation of bank's senior management are also included in the government proposal.

According to the government proposal, capital loans could be subscribed for by the state up to a maximum principal amount of EUR 4 billion in total. Further, the state may subscribe for a capital loan amounting up to 2 per cent of the issuer's total assets or consolidated assets as weighted with risk factors defined in the FACI. Finally, it has been proposed that the state would be able to subscribe for capital loans only until 31 December 2009.

Government proposal for laws amending the Finnish Act on the Government Guarantee Fund and the Finnish Act on Credit Institutions

The Act on the Government Guarantee Fund (Sw: *Lag om statens säkerhetsfond*) lays down a general framework for bank support, regulating, *inter alia*, applicable instruments, conditions, procedures, funding and management. The Parliament decides on the allocation of funds from the state budget to the fund, and the authority to decide on support measures is assigned to the Council of State.

The draft legislation would give the Finnish Government the power to oblige distressed banks to apply for support if: (a) the solvency of a bank has decreased or is expected to decrease in such a way that the bank does not fulfil the conditions to continue its operations in accordance with its licence; (b) an acceptable level of solvency cannot be achieved without the State's financial support; and (c) the liquidation or insolvency of the bank could lead to serious disturbances in the financial markets. If the bank does not apply for support, the Council of State may decide to purchase its shares and capital loans or its business, depending on the corporate form of the bank concerned. In addition, the Finnish Government would be authorised to restrict, for a maximum period of six months, the operations of deposit banks and other financial market participants and to decide on restrictions of procedures to be followed in securities trading. Finally, due to the proposal above, amendments are also proposed to be included in the FACI being mainly technical in nature.

The Danish financial stabilisation plans

On 10 October 2008, the Danish Parliament adopted an Act on Financial Stability based on a political agreement to set up a guarantee scheme which will be in effect until 30 September 2010. The scheme guarantees, *inter alia*, unsecured, unsubordinated creditors, including deposits and senior bonds which are not covered by the Danish depositor guarantee funds or any other arrangement, but excludes covered bonds, hybrid capital and subordinated debt. The guarantee scheme comprises member banks of the Private Contingency Association (Da: *Det Private Beredskab*).

Nordea decided for commercial reasons that Nordea Denmark would participate in the Danish guarantee scheme. Nordea guarantees the payment of its portion of the guarantee commission of DKK 7.5 billion annually for two years. In addition, Nordea Denmark has agreed to pay for its portion of possible losses realised in connection with the winding up of distressed banks by the Danish Government-owned winding up company, with a combined guarantee of two times DKK 10 billion. The scheme is expected to cost Nordea approximately EUR 180 million to EUR 200 million in annual commission expenses and Nordea will take part in the loss guarantee in the amount of approximately EUR 500 million, which would be reported as loan losses.

In early 2009, Nordea issued EUR 1.5 billion senior bonds in Denmark at the price of mid-swap +38 basis points. The senior bonds are covered under the government guarantee scheme.

In addition to the net financial impact of the guarantee scheme on Nordea as set out above, participating banks and savings institutions are subject to certain operating restrictions. Pursuant to the explanatory notes to the Act on Financial Stability, the participants (including Nordea Denmark) will not be permitted to (i) pay out dividends (except for pay outs within foreign groups; foreign parent companies may, however, only pay out dividends provided that such pay out is not conditional upon the Danish subsidiary paying out dividends); (ii) initiate any new share buy-back programmes; (iii) initiate any share option programmes; (iv) prolong or renew existing share buy-back and share option programmes; (v) carry out material extensions of the banks' business which would not occur had the guarantee scheme not existed; or (vi) engage in mass marketing stating that an underlying state guarantee for its creditors exists.

On 3 February 2009, and with effect from 4 February 2009, the Act on State-funded Capital Injections in Credit Institutions was adopted by the Danish Parliament based on a political agreement with a view to normalise the lending operations of Danish banks and mortgage-credit institutions. If all Danish banks and mortgage-credit institutions apply for state-funded capital injections, the capital to be invested is estimated to amount to DKK 100 billion. Pursuant to the Act, the Danish state may upon receiving an application from the relevant credit institution grant hybrid Tier 1 capital to Danish banks and mortgage-credit institutions provided that certain capital adequacy requirements are met. The terms and conditions of the state-funded capital injections are negotiated individually; however, the participating banks and mortgage-credit institutions are subject to certain operating restrictions. Also on 3 February 2009 the Act on Financial Stability was amended introducing a three-year transition period with respect to the guarantee scheme, ensuring a gradual phase-out of the existing guarantee scheme, otherwise expiring on 30 September 2010. Pursuant to the amendment, banks participating in the guarantee scheme may apply individually for state guarantees in respect of existing or new unsubordinated and unsecured debt as well as junior covered bonds of up to 3 years duration.

Furthermore, the DFSA has issued an executive order which came into effect on 16 January 2009 and restricts the risks which banks participating in the Danish guarantee scheme may undertake with regard to, for example, lending growth, risk-weighted assets, large exposures, share price exposure and interest rate risk.

The Norwegian financial stabilisation plan

The Norwegian Ministry of Finance and the Central Bank of Norway (Nw: *Norges Bank*) have adopted a two-fold strategy to enhance confidence in the Norwegian financial market. The first plans were endorsed by the Norwegian Parliament (Nw: *Storting*) on 24 October 2008.

The first plans include that the Central Bank of Norway will provide liquidity loans of two year maturity targeted at smaller banks and that the Ministry of Finance has implemented an arrangement whereby the government and banks will swap government securities and covered bonds (Nw: *Obligasjoner med fortrinnsrett*). The Ministry of Finance has been granted an authorisation from the Norwegian Parliament to issue Government Bonds for this purpose of up to NOK 350 billion. The facility will be administered by the Central Bank of Norway on behalf of the Ministry of Finance.

In addition to the first plan, the Norwegian Parliament endorsed in March 2009 additional measures to strengthen the Norwegian financial market through the establishment of two new funds with total capital of NOK 100 billion. The aim of the funds is to ease access to loans for companies and households, and thus contribute to the stabilisation of the financial market.

A Norwegian State Finance Fund (the "State Finance Fund") will be established with a capital of NOK 50 billion. The purpose of the State Finance Fund is to temporarily provide core capital and subordinated loans to enable the banks to maintain normal lending. Banks may apply for injection of capital from the State Finance Fund. Specific terms and conditions for such injection of capital are to be determined in agreements between the Fund and the individual banks applying for capital. The State Finance Fund may inject core capital through two different types of instruments, and both instruments will be designed with a coupon, reflecting risk. The coupon will be non-cumulative, and subject to annual profit. Banks receiving capital from the fund must also agree to certain restrictions on, *inter alia*, distribution of dividends and executive pay and bonuses.

The Norwegian Government also proposes to establish a Norwegian State Bond Fund (the "State Bond Fund") with a capital of NOK 50 billion. The State Bond Fund will make it possible for industrial companies to get funding not only directly from banks, and the measure is intended to strengthen the Norwegian bond market. The State Bond Fund will be administered by the state-owned asset management organisation, Folketrygdfondet. Investments would take place both in the primary and secondary market, and bonds are to be bought at fair market value. Folketrygdfondet will make independent investment decisions according to a clear mandate. The investment mandate would require Folketrygdfondet to invest in public fixed income instruments issued by banks and other companies domiciled in Norway.

BOARD OF DIRECTORS, GROUP EXECUTIVE MANAGEMENT AND INDEPENDENT AUDITORS

BOARD OF DIRECTORS

According to the Articles of Association, the Board of Directors shall consist of at least six and no more than fifteen members elected by the shareholders at the shareholders' meeting. The Board of Directors currently consists of eleven members elected by the shareholders at the shareholders' meeting for the period until and including the annual general meeting in 2009. In addition, three members and one deputy member are appointed by the employees. Employees have a right according to Swedish legislation to be represented in the board. The CEO of Nordea is not a member of the Board of Directors.

The following table sets forth, for each member of the Board of Directors, his or her year of birth, the year of his or her initial appointment to the Board of Directors, his or her total remuneration for 2008 and his or her direct or indirect shareholding in Nordea.

Name	Year of Birth	Board Member Since	Position	Total Remuneration in 2008[1] (in EUR)	Shareholding in Nordea[2]
Hans Dalborg	1941	1998	Chairman	283,212	40,760
Timo Peltola	1946	1998	Vice Chairman	124,577	5,187
Stine Bosse	1960	2008	Member	64,357	1,882
Marie Ehrling	1955	2007	Member	89,087	1,500
Svein Jacobsen	1951	2008	Member	68,175	0
Tom Knutzen	1962	2007	Member	87,440	5,000
Lars G Nordström	1943	2003	Member	82,175	15,000
Heidi M. Petersen	1958	2008	Member	64,357	0
Ursula Ranin	1953	2007	Member	86,973	5,000
Björn Savén	1950	2006	Member	87,440	400,000
Björn Wahlroos	1952	2008	Member	62,312	0
Nils Q. Kruse	1950	2004	Employee Representative	0	1,849
Steinar Nickelsen	1962	2007	Employee Representative	0	0
Lars Oddestad	1950	2009	Employee Representative	0	0
Kari Ahola	1960	2006	Deputy Employee Representative	0	0

1 Total remuneration includes compensation for committee work.

2 Shares held as of 28 February 2009, including shares of Nordea held by family members.

The Nomination Committee has submitted a proposal to the annual general meeting to be held on 2 April 2009 regarding the re-election of all members of the Board of Directors except for Ursula Ranin, who is not available for re-election. Hence, the Nomination Committee's proposal is that following the annual general meeting, the Board of Directors will consist of only ten members. Further, the Nomination Committee has proposed that Hans Dalborg be re-elected as the Chairman of Board of Directors.

Hans Dalborg has been a member of the Board of Directors since 1998 and has served as its Chairman since 2002. As of the date of this prospectus, Mr. Dalborg serves as the chairman of the boards of the Swedish Corporate Governance Board and Uppsala University, and as member of the board of directors of Axel Johnson AB, the Stockholm Institute of Transition Economics and East European Economies (SITE) and the Stockholm Institute for Financial Research (SIFR). Mr. Dalborg is also currently a member of the European Round Table of Financial Services. Mr. Dalborg served as the chairman of the board of directors of the Royal Swedish Academy of Engineering Sciences (IVA) from 2005 until 2008 and as the chairman of the Royal Swedish Opera from 1997 until 2005. Mr. Dalborg has more than 35 years of experience in the financial services industry holding several President and CEO positions in banks and insurance companies throughout his career. Most recently, Mr. Dalborg served as the President and CEO of Nordea and its predecessors from 1991 to 2000 (Nordbanken from 1991 to 1997 and MeritaNordbanken from 1998 to 1999). Before joining Nordbanken, Mr. Dalborg was the Senior Executive Vice President and Chief Operating Officer of the Skandia Group between 1989 and 1990, where he also held various positions between 1972 and 1989. Mr. Dalborg received a Bachelor of arts degree in 1964 from the University of Uppsala, a Master's degree in economics in 1968 and a Ph.D in economics in 1974, both from the Stockholm School of Economics.

Timo Peltola has been a member of the Board of Directors since 1998 and has served as its Vice Chairman since 2002. As of the date of this prospectus, Mr. Peltola also serves as the chairman of the board of directors of Neste Oil Oyj and of AW-Energy Oy, and as a member of the board of directors of TeliaSonera AB (publ) and SAS AB. In addition, he is a member of the Advisory Board of CVC Capital Partners and Sveafastigheter AB and also acts as an advisor to CapMan Plc Public Market Fund. In addition, Mr. Peltola is a partner in TP-Advisory Oyj. Beginning in 1971, Mr. Peltola spent nearly 35 years with the Huhtamäki group, holding various positions throughout his tenure there until 2005, serving as a member of the board of directors until 2005 and as its CEO between 1988 and 2004. Earlier in his career, Mr. Peltola spent four years with Kesko Oyj, holding various positions, and between 1969 and 1971 he served as accountant for Unilever. During the past five years, Mr. Peltola has been, but is no longer, the chairman of the board of directors of Ilmarinen Pension Insurance Company. Mr. Peltola received his Bachelor of economics degree in 1969 from Turku School of Economics and his doctorate degree hc in economics in 1994 from the Swedish School of Economics in Helsinki and in 2000 from Turku School of Economics.

Stine Bosse joined the Board of Directors in 2008. As of the date of this prospectus, Ms. Bosse also serves as the chairman of the board of directors of Forsikring & Pension and Hjertebarnsfonden (the Danish Heart Child Disease Foundation). Ms. Bosse is a member of the board of directors of Grundfos Management A/S and Poul Due Jensens Fond. Ms. Bosse is also acting as the non-executive director of Amlin plc. Ms. Bosse has also been a member of the board of directors of TDC from 2004 until 2006 and of Flügger from 2002 to 2005. Ms. Bosse is currently the Group CEO of TrygVesta A/S. Before joining TrygVesta A/S, Ms. Bosse held various positions within TrygVesta's predecessor Tryg Forsikring A/S between 1987 and 2001, including serving as Senior Vice President between 1999 and 2002. Ms. Bosse received her Master of Laws degree from the University of Copenhagen in 1987.

Marie Ehrling has been a member of the Board of Directors since 2007. As of the date of this prospectus, Ms. Ehrling holds board membership positions in other companies and institutions. She is a member of the board of directors of Securitas AB, Oriflame Cosmetics SA, Schibsted ASA, Safe Gate AB, Home Maid AB, the Centre for Advanced Studies of Leadership at the Stockholm School of Economics, the World Childhood Foundation and the Business Executives Council IVA. Ms. Ehrling was the CEO of TeliaSonera Sverige AB from 2003 until 2006. Prior to that, Ms. Ehrling spent 20 years with the SAS Group beginning in 1982, holding various executive positions during her tenure with the SAS Group, including acting as Deputy CEO SAS Group and Head of SAS Airline. Earlier in her career, Ms. Ehrling served as Information Officer for both the Ministry of Finance (from 1980 until 1982) and the Ministry of Education (from 1979 until 1980). Before entering government service in 1979, Ms. Ehrling worked for two years as a financial analyst at the Fourth Swedish National Pension Fund. Ms. Ehrling received a Bachelor of Science in Business and Economics from the Stockholm School of Economics in 1977.

Svein Jacobsen joined the Board of Directors in 2008. As of the date of this prospectus, Mr. Jacobsen holds board membership positions in other companies and institutions. Mr. Jacobsen is the chairman of the board of directors of Vensafe AS, Rotoenergy AB and Norse Cutting & Abandonment AS, and deputy chairman of the board of directors of Orkla ASA and Expert AS. Mr. Jacobsen also is a member of the advisory board in CVC Capital Partners. Mr. Jacobsen is also the chairman of the board of directors of Think Global AS, which currently is subject to voluntary composition. Earlier in his career, Mr. Jacobsen held offices in various capacities in Tomra Systems from 1984 until 1996, including as CEO between 1988 and 1996. Earlier in his career, Mr. Jacobsen worked as an auditor for various companies in Norway and the United States. Mr. Jacobsen is a certified public accountant and received a Master of Business Administration degree in Finance from the Norwegian School of Economics in 1977.

Tom Knutzen has been a member of the Board of Directors since 2007. As of the date of this prospectus, Mr. Knutzen is also a member of the board of directors of the Confederation of Danish Industries in Copenhagen and the Danish Academy of Technical Sciences (ATV). During the past five years, Mr. Knutzen has also been, but is no longer, a member of the board of directors of ISS A/S, FL Smidth A/S and NKT Flexibles I/S. Mr. Knutzen is currently the CEO of Danisco A/S. Prior to joining Danisco A/S in 2006, Mr. Knutzen worked at NKT Holding for nearly ten years, first serving as its CFO from 1996 until 2000 and then as its CEO from 2000 until 2006. Earlier in his career, Mr. Knutzen held various positions within Niro A/S between 1988 and 1996 and within Fællesbanken between 1985 and 1988. Mr. Knutzen received a Bachelor of Economics and Business Administration degree in 1985 and a Master of Science in Economics degree in 1987, both from Copenhagen Business School.

Lars G Nordström joined the Board of Directors in 2003. As of the date of this prospectus, Mr. Nordström holds several board membership positions in other companies and institutions. Mr. Nordström is the chairman of the board of directors of the Royal Swedish Opera, the Finnish-Swedish Chamber of Commerce and the European Financial Management & Marketing Association (EFMA). Mr. Nordström also serves as a member on the board of directors of TeliaSonera AB (publ), Posten AB, Viking Line Abp and the Swedish-American Chamber of Commerce. He is a member of the Royal Swedish Academy of Engineering Sciences (IVA). Currently, Mr. Nordström is the President and Group CEO of Posten AB. Before that, Mr. Nordström spent nearly 14 years with Nordea starting in 1993, holding various executive management positions within the Nordea Group including serving as its President and Group CEO from 2002 to 2007. Earlier in his career, Mr. Nordström held various positions in Skandinaviska Enskilda Banken from 1970 until 1993, being Executive Vice President from 1989. Mr. Nordström studied law at Uppsala University.

Heidi M. Petersen has been a member of the Board of Directors since 2008. As of the date of this prospectus, Ms. Petersen holds board membership positions in several other companies and institutions. Ms. Petersen is a board member of Aker Kværner ASA, Norsk Hydro ASA, Calora Subsea AS, Glamox ASA, Songa Floating Production ASA, Scan Geophysical ASA, Norwegian Energy Company ASA, Arendals Fossekompani ASA and Sandefjord Lufthavn AS, of which she is the chairman. In addition, Ms. Petersen is a partner in Luuna AS and HH-Torp AS. Ms. Petersen served as managing director of Rambøll Future AS from 2003 until 2007 and as the managing director of Future Engineering AS from 2000 until 2002. From 1997 until 2000, Ms. Petersen was the Vice President of Kværner Oil & Gas AS Sandefjord, and before that she held several managerial positions with Gullfaks C oljerigg from 1995 until 1997. Ms. Peterson received her Master's degree in Chemistry from the University of Trondheim (NTNU).

Ursula Ranin joined the Board of Directors in 2007. As of the date of this prospectus, Ms. Ranin also serves as a member of the board of directors of Finnair Plc and UPM-Kymmene Oyj and is also a partner in Ingresso Oy. Ms. Ranin spent a large part of her career between 1984 and 2005 holding various executive positions within Nokia Corporation, including as Vice President, General Counsel from 1994 until 2005 and secretary to the board of directors from 1996 until 2005. Before joining Nokia Corporation, Ms. Ranin served as a circuit court judge from 1981 until 1984. Ms. Ranin received a Bachelor of Science in Economics degree from the Swedish School of Economics in Helsinki in 1977 and an LL.M. in 1975 from the University of Helsinki.

Björn Savén has been a member of the Board of Directors since 2006. Mr. Savén is Executive Chairman of the IK Investment Partners Group. Mr. Savén serves on the board of directors of Dynea Oy (deputy chairman), Attendo AB (publ), Attendo Intressenter AB, Minimax AG, British-Swedish Chamber of Commerce (chairman), Anglo-Swedish Trade Services AB, the German-Swedish Chamber of Commerce, the Finnish-Swedish Chamber of Commerce, Fatburen Investment BV, IK Europe II BV, IK Investment Partners Luxembourg S.à r.l., Nevas Investeringar AB, Näsudden Skogar AB, Djursnäs Säteri AB, Jarla Investeringar AB, Näsudden Investeringar AB, Djursnäs Damm AB and a number of subsidiaries of Fatburen Investment BV as well as various entities within the IK Group, including IK Investment Partners AB. Mr. Savén is also a member of the Royal Swedish Academy of Engineering Sciences (IVA). During the past five years, Mr. Savén has also been, but is no longer, deputy chairman of the board of directors of Konecranes Oyj and a member of the boards of directors of Alfa Laval AB, Arca Systems AB, Consolis Bonna Sabla SA, Gardena AG, Nobia AB, Telefos AB, VSM Group AB, Sydsvenska Kemi AB, Eltel Networks Oy, Tysk-Svenska Handelskammarens Serviceaktiebolag, Näsudden Säteri AB, Jarla Holding AB (merged into Näsudden Investeringar AB) and a number of subsidiaries of Fatburen Investment BV as well as various other entities within the IK Group, including IK 1994 Limited, IK 1997 Limited, IK 2000 Limited, IK 2004 Limited, and IK 2007 Limited. Prior to the founding of IK Investment Partners in 1993, Mr. Savén had joined SEB Enskilda Securities in 1988 and established its private equity business Enskilda Ventures Limited in London. Before entering the financial services sector, Mr. Savén spent nearly twelve years working with the Esselte Group in various capacities in the Stockholm, London and New York offices, most notably as CFO of Esselte Business Systems Inc. from 1984 until 1985 and as President of Esselte Pendaflex USA from 1986 until 1988. Earlier in his career, Mr. Savén worked as an analyst of Gulf Oil from 1972 until 1974. Mr. Savén received a Ekon. dr. h. c. from the Swedish School of Economics and Business in Helsinki in 1999, a Master of Science degree in Economics and Business from Stockholm School of Economics in 1972 and a Master in Business Administration degree from Harvard Business School in 1976.

Björn Wahlroos joined the Board of Directors in 2008. Mr. Wahlroos also serves as the chairman of the board of UPM-Kymmene Oyj, member of the board of directors of the Finnish Business and Policy Forum EVA/ETLA and several charitable foundations. Mr. Wahlroos is also a member of the board of directors of Spontel Oy. Currently, Mr. Wahlroos is the CEO and President of Sampo Plc. Mr. Wahlroos is proposed as Chairman of the board of directors following Sampo's annual general meeting on 7 April 2009, whereby he intends to resign his position as CEO and President. Prior to joining Sampo Plc, Mr. Wahlroos was the Chairman of the board of directors of the Mandatum Bank Plc from 1998 until 2000 and the President of Mandatum & Co Ltd from 1992 until 1997. Between 1985 and 1992, Mr. Wahlroos held various positions with the Union Bank of Finland, including Executive Vice President and member of the Executive Committee from 1989 until 1992. He was educated at the Swedish School of Economics, graduating in 1974 and receiving a PhD in Economics in 1979. He spent the early years of his career in academia as Acting Professor of Economics at his alma mater and visiting Assistant Professor of Economics at Brown University, Providence, RI, and Associate Professor of Managerial Economics at Kellogg Graduate School of Management at Northwestern University, Evanston, IL. He was appointed Professor in Economics at the Swedish School of Economics in 1984.

Kari Ahola has been an employee representative (currently a deputy member) of the Board of Directors since 2006.

Nils Q. Kruse has been an employee representative of the Board of Directors since 2004.

Steinar Nickelsen has been an employee representative of the Board of Directors since 2007.

Lars Oddestad has been an employee representative of the Board of Directors since 2009.

GROUP EXECUTIVE MANAGEMENT

Group Executive Management currently consists of seven members and the CEO. The President and CEO is appointed by the Board of Directors and is charged with the day-to-day management of Nordea and Nordea's group-wide affairs in accordance with applicable laws and regulations including the Swedish Code of Corporate Governance (Sw: *Svensk kod för bolagsstyrning*) (the "Swedish Corporate Governance Code"), as well as the instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board of Directors. The CEO works closely with the Chairman of the Board of Directors, for example, in planning the meetings of the Board of Directors.

In 2007, Christian Clausen succeeded Lars G Nordström as President and CEO of Nordea.

The following table sets forth each member of Group Executive Management, his or her year of birth, the year of his or her initial employment as a member of Group Executive Management, his or her current position, as well as his or her shareholding in Nordea.

Name	Year of Birth	First Year as Member of Group Executive Management	Position	Shareholding in Nordea[1]
Christian Clausen	1955	2001	President and CEO	28,480
Carl-Johan Granvik	1949	2000	Executive Vice President, CRO, Head of Group Credit and Risk Control and Country Senior Executive in Finland	9,000
Ari Kaperi	1960	2008	Head of Institutional & International Banking	3,200
Frans Lindelöw	1962	2004	Head of Banking Sweden and Country Senior Executive in Sweden	18,080
Michael Rasmussen	1964	2008	Head of Banking Products & Group Operations	7,831
Fredrik Rystedt	1963	2008	Executive Vice President, CFO, Head of Group Corporate Centre	5,000
Peter Schütze	1948	2002	Executive Vice President, Head of Nordic Banking and Country Senior Executive in Denmark	13,646
Gunn Wærsted	1955	2007	Executive Vice President, Head of Capital Markets & Savings and People & Identity and Country Senior Executive in Norway	9,085

1 Shares held as of 28 February 2009, including shares held in Nordea by family members.

Christian Clausen has been the President and CEO of Nordea since 2007, when he succeeded Lars G Nordström. Mr. Clausen joined Nordea in 2000 as Executive Vice President, Head of Asset Management & Life and became a member of Group Executive Management in 2001. Throughout his career, Mr. Clausen held several executive positions at a number of different banks. From 1996 until 1998, Mr. Clausen was the Managing Director and Chief Executive of Unibank Markets and served on Unibank's executive board from 1998 until 2000. Prior to that, Mr. Clausen was the Managing Director and Chief Executive of Unibørs Securities from 1990 until 1996 and Managing Director of Privatbørsen from 1988 until 1990. Mr. Clausen is a member of the board of directors of a number of companies within Nordea. During the last five years, Mr. Clausen has been, but is no longer, a member of the board of directors of Værdipapircentralen A/S, OMX Exchanges Ltd, Stockholmsbörsen AB, Copenhagen Stock Exchange A/S, Trevise Bank AB and Futop Clearings Center A/S. Mr. Clausen received a Master of Science in Economics degree from the University of Copenhagen in 1978.

Carl-Johan Granvik has been the Executive Vice President, Chief Risk Officer (CRO), Head of Group Credit and Risk Control and Country Senior Executive of Nordea Finland, and a member of Nordea's Group Executive Management since 2000. Mr. Granvik has extensive experience in the banking sector. Prior to joining Nordea in 2000, Mr. Granvik served as the Executive Vice President and member of Group Executive Committee of Nordic Baltic Holding (from 1999 until 2000) and MeritaNordbanken (from 1998 until 1999). Before that, Mr. Granvik was with Merita Bank where he served as the Managing Director, Corporate Bank and member of the Board of Management between 1995 and 1997. Earlier in his career, Mr. Granvik worked with the Union Bank of Finland in several different capacities between 1974 and 1995, including as General Manager of the London Branch from 1989 until 1991 and Senior Vice President and member of the Board of Management from 1991 until 1995. Currently, Mr. Granvik holds board membership positions with a number of other companies and institutions. Mr. Granvik is the chairman of the Investment Committee of Sponsor Fund, the vice chairman of the Federation of Finnish Financial Services and a board member of the International Chamber of Commerce ICC Finland and a supervisory board member of Kelonia Oy AB. Mr. Granvik has during the past five years been, but is no longer, a board member of Industri Kapital and the German-Finnish Trade Association. Mr. Granvik received a Bachelor of Art degree in 1974 and in 1976 a Master of Science in Economics degree, both from the Swedish School of Economics in Helsinki.

Ari Kaperi has been the Head of Institutional & International Banking and a member of Group Executive Management since 2008. Mr. Kaperi joined Nordea in 2001 and has held several executive positions within Nordea including Head of Regional Bank Central and Western Finland from 2006 until 2008 and Head of Planning and Control, Corporate and Institutional Bank from 2001 until 2006. Prior to joining Nordea, Mr. Kaperi worked at Pohjola Insurance Group between 1998 and 2001 where he was the Head of Customer Segment, Affluent Household, Head of District Central & Eastern Finland and Head of Region Pirkanmaa. In 1998, Mr. Kaperi was the Head of Credits, Large Corporate & Shipping at MeritaNorbanken. Prior to that, Mr. Kaperi worked at Merita Bank where he served as the Head of Administration and Business Control, Corporate and Institutional Banking from 1996 until 1997 and as the Head of Credits, Regional Bank Western Finland in 1995. Prior to that, Mr. Kaperi spent nearly ten years of his career with the Union Bank of Finland where he was the Chief of Marketing, Regional Bank Western Finland from 1985 until 1986, Business Controller, Regional Bank Western Finland from 1987 until 1988, Account Manager and Head of Corporate Desk, Tampere Branch from 1989 until 1990 and Head of Credits, Regional Bank Western Finland from 1991 until 1994. Mr. Kaperi is also a board member of Luottokunta. Mr. Kaperi has a Bachelor of Economics degree from the University of Tampere.

Frans Lindelöw has been the Head of Banking Sweden and Country Senior Executive of Nordea Sweden since 2008. Mr. Lindelöw has also been a member of Group Executive Management since 2004. Mr. Lindelöw joined Nordea in 2002 and has held several executive offices within Nordea, including serving as the CEO of Nordea Securities AB from 2002 until 2004, as the Managing Director, Head of Equities in 2004 and as Executive Vice President, Deputy Head of Retail Banking from 2004 until 2008. Prior to joining Nordea, Mr. Lindelöw worked at HSBC as Managing Director and Head of the Stockholm office from 1995 until 1998 and as the Managing Director and Head of European Equities in London from 1998 until 2002. Prior to that, between 1994 and 1995, Mr. Lindelöw spent a little over a year as Vice President, Institutional Sales for derivatives and cash with Salomon Brothers in London. Earlier in his career, Mr. Lindelöw worked with Svenska Handelsbanken in a number of capacities, including Institutional Sales, Swedish clients, from 1987 until 1989 in Stockholm, Corporate Finance, ECM from 1989 until 1991 in London and Vice President, Head of Equity Sales USA from 1991 until 1994 in New York. Mr. Lindelöw also serves as a deputy board member of the Swedish Bankers' Association. Mr. Lindelöw is a partner in Arizina and EIB Systems/Formpipe Software. Mr. Lindelöw received a Bachelor of Business Administration degree from the University of Stockholm in 1986.

Michael Rasmussen has been the Head of Banking Products & Group Operations and a member of Group Executive Management since 2008. Mr. Rasmussen held various positions with Nordea since joining the bank in 2000, including serving as the Head of Regional Bank South Denmark from 2000 until 2002, the Head of Regional Bank East Denmark from 2002 until 2004 and the Head of Regional Bank Copenhagen and Corporate Merchant Banking Denmark from 2007 until 2008. Earlier in his career, Mr. Rasmussen worked at Unibank holding several positions, including in Group Treasury between 1986 through 1991, in Group Finance from 1991 until 1996, as General Manager in Sweden from 1996 until 1999 and as Assistant to the Executive Board from 1999 until 2000. Mr. Rasmussen holds board positions in several companies and institutions. Mr. Rasmussen is the deputy board chairman of the Danish International Investment Funds, board member of the Payment Business Services, Multidata A/S, LR Realkredit A/S and Danmarks Skibskredit A/S. He is also a deputy member of the Danish Bankers' Association. Mr. Rasmussen received a Master of Science in Economics degree from the University of Copenhagen in 1990.

Fredrik Rystedt has been the Executive Vice President, Chief Financial Officer (CFO) and Head of Group Corporate Centre since 15 September 2008. Mr. Rystedt is also a member of Group Executive Management since 2008. Before joining Nordea, Mr. Rystedt spent an important part of his career with Electrolux holding several offices, including Cash Management Consultant from 1989 until 1990, Assistant Group Treasurer from 1990 until 1994, Managing Director of Svensk Inkassoservice (an Electrolux finance company) from 1992 until 1994, Director of Mergers & Acquisitions from 1995 until 1996, Vice President and Head of Mergers & Acquisitions from 1996 until 1998, Senior Vice President & Chief Administrative Officer from 2001 until 2004 and Senior Vice President & Chief Financial Officer from 2004 until 31 August 2008. Mr. Rystedt left Electrolux in 1998 and joined Sapa Group (previously Gränges AB) serving as Head of Business Development (from 1998 until 1999) and as their Chief Financial Officer from 2000 until 2001. Earlier in his career, Mr. Rystedt spent one year (1988) with Skanska in their Hong Kong Branch as an Assistant Manager, Accounting, Administration and Finance. Mr. Rystedt also serves as the deputy chairman of the board of directors of the Swedish Bankers' Association. Mr. Rystedt has a Bachelor degree in Finance and Accounting from the Stockholm School of Economics.

Peter Schütze has been the Executive Vice President, Head of Nordic Banking and Country Senior Executive of Nordea Denmark since 2004. Mr. Schütze has also served as a member of Group Executive Management since 2002. Mr. Schütze joined Nordea in 2000 as Executive Vice President, Head of Retail Banking Denmark and held this position until 2002, when he was appointed Head of Group Staffs, where he remained until 2004. Prior to joining Nordea, Mr. Schütze worked at Unibank holding several executive offices, including member of the Management of Domestic Banking Division from 1990 until 1992, member of the Executive Management from 1992 until 2000 and Deputy Chief Executive from 1998 until 2000. Mr. Schütze spent much of his early career with Privatbanken, holding several positions over the course of almost 20 years, including an internship with the Business Economics Department from 1971 until 1973, a position with the Accounting Department from 1973 until 1976, as Head of Securities Control from 1976 until 1979, as Head of Currency Management Department from 1979 until 1983, as Head of International Department from 1983 until 1988 and as Head of Retail Banking Department from 1988 until 1990. Mr. Schütze holds board positions in several companies and institutions. Mr. Schütze is chairman of the board of directors of the Danish Bankers' Association and the International Chamber of Commerce and a board member of the Nordea Foundation, the European Banking Federation and the Copenhagen Business School. Until 2008, Mr. Schütze was chairman of the board of directors of Danmarks Skibskredit. Mr. Schütze received a Master of Science in Economics degree from the University of Copenhagen in 1973.

Gunn Wærsted has been Executive Vice President, Head of Capital Markets & Savings and People & Identity and Country Senior Executive of Nordea Norway since 2008, and a member of Group Executive Management since 2007. Prior to joining Nordea, Ms. Wærsted was the CEO of SpareBank 1 Gruppen from 2002 until 2007. Before that, Ms. Wærsted simultaneously served as Group Executive Vice President of DnB from 1999 until 2002 and as CEO of Vital Forsikring from 1996 until 2002. Ms. Wærsted worked with DnB (at the time Bergen Bank which merged with DnC in 1992 and became DnB) for a number of years beginning in 1988 when Bergen Bank bought NEVI Investor where she was managing director. In 1993, she became Bank Director at DnB and between 1995 and 1996, Ms. Wærsted became the Head of DnB's Asset Management Division. Ms. Wærsted also worked at NEVI between 1984 and 1987 holding several positions, including as Deputy Managing Director of NEVI Finans. Early in her career, Ms. Wærsted worked as a Finance Manager with Andenæsgruppen from 1979 until 1984. Ms. Wærsted is also a member of the Nomination Committee of Schibsted ASA, the Corporate Assembly of Orkla ASA, the council and the Nomination Committee of Det Norske Veritas, the Nomination Committee of BI Norwegian School of Management, and is a board member of the Norwegian Depository Guaranty Fund and the Norwegian Association of Financial Institutions. Ms. Wærsted received a Master of Business Administration degree from BI Norwegian School of Management in 1979.

Remuneration of the Board of Directors and Group Executive Management

The Chairman and the members of the Board of Directors receive fees as determined by a resolution of the shareholders' meeting. In 2008, the shareholders' meeting decided that the remuneration to the members of the Board of Directors shall amount to EUR 252,000 for the Chairman of the Board of Directors, EUR 97,650 for the Deputy Chairman and EUR 75,600 for each of the other directors. In addition, members of the Board of Directors shall receive remuneration for extraordinary meetings of the Board of Directors in the amount of EUR 1,840 per meeting. Extraordinary meetings are meetings in addition to the 13 ordinary meetings. With respect to committee meetings, the Chairman shall receive EUR 2,370 per meeting and other members shall receive EUR 1,840 per meeting. No remuneration is paid to members who are employed by Nordea. The Nomination Committee has proposed that the annual general meeting to be held on 2 April 2009 resolve on unchanged remuneration levels for the Board of Directors.

On 11 March 2009, Nordea entered into an agreement with the Swedish State (through the Swedish National Debt Office) pursuant to which Nordea has undertaken to ensure that board fees to members of the Board of Directors and other remuneration for directorships in Nordea during the period until and including 31 December 2010 are limited to the level of remuneration decided on prior to 9 February 2009. See "*Legal Considerations and Supplementary Information—Plan of Distribution—Agreements with the Swedish National Debt Office*".

Approved guidelines for remuneration to the executive officers 2008

The annual general meeting 2008 approved guidelines for remuneration to the executive officers.

Nordea maintains remuneration levels and other conditions needed to recruit and retain executive officers with competence and capacity to deliver according to Nordea's group targets. Thus the overriding principle for compensation of executive officers within Nordea is to provide salaries and other remuneration in line with market levels. The term "executive officers" includes the CEO of Nordea and the executives reporting directly to him, who are also members of Group Executive Management ("GEM").

Fixed salaries are paid for fully satisfactory performance. In addition, variable salary can be offered to reward performance meeting agreed specific targets. The variable salary shall not, as a general rule, exceed 35% of the fixed salary, and is determined by the extent to which pre-determined personal objectives have been met as well as the return on equity or meeting of other financial targets.

Non-monetary benefits are given as a means to facilitate GEM members in their performance. The level of these benefits is determined by what is considered fair in relation to general market practice. The members of GEM shall be offered retirement benefits in accordance with market practice in the country where they permanently reside. Notice and severance pay in total shall, in the aggregate, not exceed 24 months salary for members of GEM, except for the CEO, who is entitled to six additional months' severance pay during his first two years of employment. In light of specific circumstances, the Board of Directors may deviate from the guidelines stated above.

Proposal for guidelines for remuneration to the executive officers for 2009

The Board of Directors will propose that the annual general meeting 2009, in accordance with the Swedish Companies Act, approve the equivalent guidelines for remuneration to the executive officers for 2009 as was approved last year and is described above, with the following three exceptions. Firstly, to better reflect Nordea's strategic challenges and long-term financial targets the common criteria for determining the variable salary will be changed. Henceforward, the variable salary shall as a general rule not exceed 35% of fixed salary and be determined by to the extent predetermined financial, customer-related and personal objectives are met. If the annual general meeting does not approve a Long-Term Incentive Programme, the variable cash remuneration to GEM may be increased and shall as a general rule not exceed 50% of fixed salary. Secondly, it is stated that any potential undertaking or commitment made by Nordea against a state or public authority in any guarantee agreement or any similar agreement which effect the remuneration of members of GEM will be observed. Thirdly, in connection with the annual general meeting 2009 the CEO has been employed two years and will no longer have a right to an additional six months severance pay.

On 11 March 2009, Nordea entered into an agreement with the Swedish State (through the Swedish National Debt Office) pursuant to which Nordea has undertaken to apply certain limitations as regards remuneration to, and terms of employment for, its five most well-paid senior executives. See "*Legal Considerations and Supplementary Information—Plan of Distribution—Agreements with the Swedish National Debt Office*".

Compensation to CEO and Group Executive Management in case of termination

The CEO is entitled to salary during a notice period of 12 months. If the agreement is terminated by Nordea, the CEO is also entitled to severance pay during a period of 12 months after the employment. The severance pay corresponds to the CEO's monthly salary. However, if the agreement is terminated by Nordea during the first two years of employment, the CEO is entitled to an additional six months severance pay, *i.e.*, in total 18 months severance pay. In connection with the annual general meeting 2009 the CEO has been employed as CEO for a period of two years and will no longer have a right to an additional six months severance pay. The severance pay shall be reduced by the salary the CEO receives as a result of any other employment. In accordance with their employment contracts, the Finnish, Norwegian and Swedish Group Executive Management members are entitled to salary during a notice period of six months and severance pay corresponding to 18 months salary, reduced by the salary such executive receives as a result of any other employment during these 18 months. The notice period for the Danish Group Executive Management members is 12 months. One Danish GEM member is entitled to severance pay equal to 12 months salary, to be reduced by the salary that the executive receives as a result of any other employment during these 12 months.

The long-term incentive programmes

Nordea's annual general meeting 2007 resolved to introduce a long-term incentive programme 2007 (the "LTIP 2007"). LTIP 2007 was supposed to be followed by a similar long-term incentive programme in the years to come. Against this backdrop, the annual general meeting 2008 resolved to introduce a long-term incentive programme 2008 (the "LTIP 2008") based on the same principles as LTIP 2007 and equally targeting up to 400 members of senior management and other key personnel within the Nordea group.

The main objective of LTIP 2007 and LTIP 2008 is to strengthen Nordea's capability to retain and recruit the best talent for key leadership positions. The programmes are combined matching and performance share programmes and require an initial investment in Nordea shares by its participants. The remuneration, which is capped, depends, *inter alia*, on the fulfilment of Nordea's financial goals.

The Board of Directors has proposed that the annual general meeting to be held on 2 April 2009 resolves on the introduction of a long-term incentive programme 2009 (the "LTIP 2009"). The LTIP 2009 is proposed to be based on the same principles as LTIP 2007 and LTIP 2008, and as such to comprise up to 400 members of the senior management and other key personnel within the Nordea Group.

Also the implementation of LTIP 2009 will mean that the participants take direct ownership by allocating Nordea shares to the programme. The shares could either be previously held or purchased in the market. For each ordinary Nordea share the participant locks into LTIP 2009, the participant is granted the right ("A Right") to acquire one ordinary share for an exercise price of EUR 1.00 at a future date ("Matching Share") and rights ("B, C and D Rights") to acquire in total three additional ordinary shares for an exercise price per share of EUR 0.50, at a future date conditional upon fulfilment of certain performance conditions ("Performance Shares").

A requirement for the exercise of the A-D Rights is that the participant, with certain exemptions, remains employed within the Nordea Group during the initial two year vesting period and that all Nordea shares locked into LTIP 2009 are kept during this period. LTIP 2009 is, as the programmes of the previous years, proposed to have a term of four years, including the initial vesting period, and the programme is also intended to be followed by similar long-term incentive programmes in future years.

The number of Nordea shares each participant may lock into LTIP 2009, which in turn entitles them to the corresponding number of A, B, C and D Rights, respectively, may not exceed a number equivalent to 10% of the participant's base salary divided by the closing share price of the Nordea share as of year-end 2008. In total, LTIP 2009 comprises a maximum of 7,250,000 ordinary shares, of which 1,450,000 consist of Matching Shares and 4,350,000 consist of Performance Shares. The additional 1,450,000 ordinary shares relate to such shares that may be conveyed by Nordea in order to cover certain costs, mainly social security costs. The maximum number of ordinary shares comprised by LTIP 2009 amounts to approximately 0.28% of the outstanding ordinary shares.

The profit per A-D Right is capped to a maximum of EUR 12.50 per Right.

Salary and other compensation of the Board of Directors and GEM

The following table sets forth the remuneration of the members of the Board of Directors individually and Group Executive Management on an aggregate basis as of and for each of the periods presented.

EUR	Fixed salary/Board fee[1]		Variable salary		Long-Term Incentive Programme[3]		Benefits		Total	
	2008	2007	2008	2007[2]	2008	2007	2008	2007	2008	2007
Chairman of the Board:										
Hans Dalborg	283,212	268,157	—	—	—	—	—	—	283,212	268,157
Vice Chairman of the Board:										
Timo Peltola	124,577	113,715	—	—	—	—	—	—	124,577	113,715
Other Board members:[4]										
Stine Bosse[6]	64,357	—	—	—	—	—	—	—	64,357	—
Marie Ehrling	89,087	60,068	—	—	—	—	—	—	89,087	60,068
Svein Jacobsen[6]	68,175	—	—	—	—	—	—	—	68,175	—
Tom Knutzen	87,440	60,068	—	—	—	—	—	—	87,440	60,068
Lars G Nordström[5]	82,175	352,019	—	—	—	—	—	11,163	82,175	363,182
Heidi M. Petersen[6]	64,357	—	—	—	—	—	—	—	64,357	—
Ursula Ranin	86,973	60,026	—	—	—	—	—	—	86,973	60,026
Björn Savén	87,440	85,360	—	—	—	—	—	—	87,440	85,360
Björn Wahlroos[6]	62,312	—	—	—	—	—	—	—	62,312	—
CEO:										
Christian Clausen[7]	832,960	956,646	187,452	269,671	81,624	65,136	41,087	19,463	1,143,123	1,310,916
Group Executive Management:										
7 (8) individuals, excluding the CEO[8]	4,024,791	3,994,632	903,461	1,535,443	498,570	315,809	141,051	132,521	5,567,873	5,978,405
Total	**5,957,856**	**5,950,691**	**1,090,913**	**1,805,114**	**580,194**	**380,945**	**182,138**	**163,147**	**7,811,101**	**8,299,897**

1 The Board fee includes fixed remuneration and meeting fees paid. These are booked in SEK and translated into EUR based on the average exchange rate each year.

2 Includes also executive incentive payout. Restated from variable salary paid out during 2007 to variable salary earned during 2007.

3 CEO and members of GEM hold 34,002 A-rights, 33,244 B-rights and 34,002 D-rights in LTIP 2007 (no C-rights can be exercised due to performance conditions that were not fulfilled), and 31,250 A-rights, 31,250 C-rights and 31,250 D-rights in LTIP 2008 (no B-rights can be exercised due to performance conditions that were not fulfilled and C-D-rights are conditional). Disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment".

4 Employee representatives excluded.

5 Compensation during 2007 includes remuneration as CEO received up and until his retirement and board fee received as from his retirement.

6 New member as from the annual general meeting 2008.

7 Compensation during 2007 includes remuneration as CEO following 13 April 2007, when he succeeded Lars G Nordström. The decrease in fixed salary in 2008 is due to received holiday allowance when leaving Denmark in 2007, in accordance with Danish legislation.

8 GEM members included for the period they have been appointed. The Group Executive Management consisted of 8 individuals during 2008 (excluding the CEO), but was reduced to 7 individuals (excluding the CEO) 1 June 2008.

Pension commitments

The retirement age for the present CEO is 60 and his pension amounts to 50% of the pensionable income for life. The pensionable income is, however, limited to 190 Swedish "income base amounts" (Sw: *inkomstbasbelopp*) (the income base amount is SEK 50,900 for 2009). For the CEO, both fixed and variable salary are included in pensionable income.

Hans Dalborg, Chairman of the Board, has as a former CEO of Nordea a pension amounting to a maximum of 65% of 180 Swedish "price base amounts" (Sw: *prisbasbelopp*) 2001 (the price base amount for 2001 was SEK 36,900), and 32.5% of the remaining part of pensionable salary. The pension after the age of 65 is covered by external insurance institutes, to which payments have been made over time. This is paid in full by Nordea and hence Nordea does not have any pension obligation towards Hans Dalborg.

Lars G Nordström, member of the Board of Directors, has as a former CEO of Nordea a pension amounting to 70% of the pensionable income of SEK 6.7 million during a period of five years from 13 April 2007 (when he retired as CEO). Following the said five year period, Mr. Nordström will receive pension in accordance with the occupational pension scheme of Swedish banks, with some adjustments. Both these pension solutions are funded through external insurance companies and fully paid by Nordea, with the exception of the part earned before he became a member of the Group Executive Management (EUR 385,547 as of 31 December 2008).

The members of the Group Executive Management are entitled to retire with pension at the age of 60 or 62. Pension agreements are either Defined Contribution Plans ("DCP") or Defined Benefit Plans ("DBP"). One Danish member of Group Executive Management receives 50% of the salary for life, annually adjusted by the general level of salary increases in Nordea Bank Denmark. The other Danish Group Executive Management member has a DCP agreement. The Finnish members of Group Executive Management receive 50% or 60% of their pensionable income for life, annually adjusted in accordance with the Finnish TyEL-index. The Norwegian member of Group Executive Management receives 70% of the pensionable income for life, annually adjusted. The Swedish members of Group Executive Management have DCP agreements. Fixed salary is pensionable income for all members of Group Executive Management. Variable salary is included for Finnish and Swedish members of Group Executive Management.

The majority of the management pension plans are funded, meaning that these obligations are backed with plan assets with fair value on the same level as the obligations.

The following table sets forth the pension costs and obligations of Nordea to the Board of Directors, the Group Executive Management and the CEO.

	2008		2007	
EUR	Pension cost[4]	Pension obligation[5]	Pension cost[4]	Pension obligation[5]
Board members[1]:				
Lars G Nordström	—	385,547[6]	75,432	387,517
CEO:				
Christian Clausen[2]	477,408	5,891,708	476,315	4,586,607
Group Executive Management:				
7 (8) individuals excluding CEO[3]	917,999	10,444,859	3,236,142	19,927,951
Former Chairman of the board and CEOs:				
Vesa Vainio and Thorleif Krarup[7]	—	18,691,275	—	17,928,135
Total	**1,395,407**	**35,413,389**	**3,787,889**	**42,830,210**

1 Employee representatives excluded.

2 The CEO's pension agreement is unchanged. The main reason behind the increase in pension obligation is the lowering of the discount rate, which has given rise to significant actuarial losses, interest cost (discounting effect) and pension rights earned in 2008.

3 Members of GEM included for the period they have been appointed. The disclosed pension obligation is the obligation towards the members of GEM as of 31 December 2008. The significant decrease in pension obligation is due to the change in composition of GEM between the years.

4 Pension costs for management are related to pension premiums paid during the year in DCPs and to pension rights earned during the year in DBPs (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19). Comparative information has been restated accordingly.

5 Pension obligations are calculated in accordance with IAS 19. These obligations are dependent on changes in actuarial assumptions and inter annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, and accordingly the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement (at 60 or 62 years depending on agreement).

6 This pension obligation is related to the pension that Lars G Nordström earned during his employment with Nordea before he became a member of the GEM.

7 The pension obligations for Vesa Vainio and Thorleif Krarup are mainly due to pension rights earned in, and funded by, banks forming Nordea.

Loans to the Board of Directors and Group Executive Management

Some or all of the members of the Board of Directors and Group Executive Management are customers of Nordea and accordingly have ordinary customer relationships with the bank, including loans. See "*Legal Considerations and Supplementary Information—Agreements with Related Parties*".

Other Information on the Board of Directors and Group Executive Management

None of the members of the Board of Directors or Group Executive Management are closely related to any other such member. Björn Savén is Executive Chairman of the IK Investment Partners Group. The companies within the IK Investment Partners Group and portfolio companies in funds managed by IK Investment Partners Group have financial and other dealings with Nordea, including loans. Stine Bosse is managing director and Group CEO of TrygVesta A/S with whose subsidiary, TrygVesta Forsikring A/S, companies within the Nordea Group have concluded agreements concerning sales of property general insurance products and sales of life and pension products. The risk of potential conflict of interest is dealt with in accordance Nordea's internal regulations and with applicable corporate governance principles. Otherwise than what is set forth above, there are no conflicts of interest between the responsibilities of the members of the Board of Directors and Group Executive Management relating to Nordea and their personal interests or other obligations. None of the members of the Board of Directors or Group Executive Management have been found guilty in any fraud-related case during the past five years. None of the members of the Board of Directors or Group Executive Management have been involved in any bankruptcy, liquidation or receivership in his or her capacity as director or senior executive during the past five years. Stine Bosse has been fined DKK 5,000 by the Danish Securities Council due to non-compliance in 2006 with the Danish Securities Trading Act. In 2007, the employee representative Nils Q. Kruse was fined SEK 5,000 by the SFSA due to late notification of his receipt of shares through Nordea's incentive programme. Except as set forth above, none of the members of the Board of Directors or Group Executive Management have, during the past five years, been the object of official allegations or sanctions by a supervisory or legislative authority nor been prevented by a court of law from acting as a director or in a senior executive capacity or in any other way been prevented from conducting commercial activity. None of the directors have any agreement with Nordea giving the director the right to compensation at the termination of the assignment. Except for what is stated above in "*—Remuneration of the Board of Directors and Group Executive Management—Loans to the Board of Directors and Group Executive Management*" and "*Note 40*" to the audited consolidated financial statements included elsewhere in this prospectus, Nordea has no commitment of loans, pledged assets or other guarantees or contingent liabilities for the benefit of the CEO, members of the Board of Directors or other members of Group Executive Management. See "*—Nomination Process—Independence*" and "*Legal Considerations and Supplementary Information—Agreements with Related Parties*".

The members of the Board of Directors and Group Executive Management have the following office address: c/o Nordea Bank AB (publ), Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

Nomination Process

The annual general meeting 2008 decided to set up a Nomination Committee whose task in reference to the annual general meeting 2009 is to propose Board members and Chairman of the Board, as well as remuneration to the Board members and independent auditors. The Nomination Committee, established in accordance with the annual general meeting resolution, consists of Hans Dalborg (Chairman of the Board) and of the four largest shareholders in terms of voting rights as of 31 August 2008, who wished to participate in the committee. The shareholders appointed Viktoria Aastrup (the Swedish Government), Kari Stadigh (Sampo Abp), Mogens Hugo (Nordea-fonden) and Christer Elmehagen (AMF). Viktoria Aastrup is chairman of the Nomination Committee. The appointment of members of the Nomination Committee was made public on 22 September 2008. On 12 December 2008, it was announced that AMF has appointed the newly installed CEO, Ingrid Bonde, as new member of the Nomination Committee and that Christer Elmehagen resigned from the Nomination Committee.

The Nomination Committee has submitted a proposal to the annual general meeting to be held 2 April 2009 that all members of the Board of Directors be re-elected except for Ursula Ranin, who is not available for re-election. The Nomination Committee has proposed that Hans Dalborg be re-elected as Chairman of the Board of Directors. The current Nomination Committee has also proposed that the annual general meeting resolves to establish a new Nomination Committee. The new Nomination Committee shall, according to the proposal, be constituted on the basis of to Nordea known shareholdings in Nordea on 31 August 2009, and shall consist of the Chairman of the Board of Directors and further four members.

Independence

Nordea complies with applicable rules regarding the independence of the Board of Directors. The Nomination Committee considers all Board members elected by the shareholders, apart from Björn Wahlroos, independent of the Company's major shareholders. Björn Wahlroos is currently managing director and CEO of Sampo Abp which, together with the subsidiary Försäkringsaktiebolaget Sampo Liv, own more than 10% of all shares and votes in Nordea.

All of the members elected by the shareholders are independent of the Company and its executive management, with the exception of Lars G Nordström and Stine Bosse. Lars G Nordström was employed as President and CEO of the Group until 13 April 2007. Stine Bosse is managing director and CEO of TrygVesta A/S, with whose subsidiary, Tryg Vesta Forsikring AS, companies within the Nordea Group have concluded agreements concerning sales of property general insurance products and sales of life and pension products.

No Board member elected by the annual general meeting is employed by or working in an operative capacity in Nordea. The Board members and the deputy Board member appointed by the employees are employed by the Group and therefore not independent of Nordea.

At least two of the proposed members of the Board of Directors who are independent in relation to Nordea and its management are thus also independent in relation to Nordea's major shareholders.

Board Committees

An established principle in Nordea is that the members of the Board of Directors elected by the shareholders, in addition to working in plenary meetings, conduct their responsibilities in separate working committees. The duties of the Board Committees, as well as working procedures, are defined in specific instructions adopted by the Board of Directors. Each Committee regularly reports on its work to the Board of Directors and the minutes of the Board Committees are communicated to the Board of Directors.

The Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities by reviewing Nordea group's quarterly financial reporting, external auditor's observations and conclusions on the group's semi-annual and annual financial statements and external audit plan, as well as the systems of internal control established by the Board of Directors, the CEO and GEM and the audit arrangement between Group Internal Audit and the external auditors. The Audit Committee is further responsible for the guidance and evaluation of the Group Internal Audit. Members of the Audit Committee are currently Svein Jacobsen (Chairman), Marie Ehrling, Timo Peltola and Ursula Ranin, as appointed by the Board of Directors at the statutory meeting following the annual general meeting 2008. The CEO and the Group Chief Audit Executive are present at meetings with the right to participate in discussions, but not in decisions. The members of the Audit Committee are independent of Nordea and the executive management of Nordea, as well as of Nordea's major shareholders.

The Credit Committee

The Credit Committee continuously reviews and monitors adherence to the established Credit Policy and Strategy as well as Credit Instructions for the Nordea group and evaluates the overall quality of the credit portfolio. Members of the Credit Committee are currently Hans Dalborg (Chairman), Stine Bosse, Lars G Nordström, Heidi M. Petersen, Björn Wahlroos and the CEO, Christian Clausen, as appointed by the Board of Directors at the statutory meeting following the annual general meeting 2008. The Head of Group Credit and Risk Control is present at meetings with the right to participate in discussions, but not in decisions.

The Remuneration Committee

The Remuneration Committee is responsible for preparing and presenting proposals to the Board of Directors on remuneration issues. This includes proposals regarding Nordea's guidelines for remuneration to the executive officers, the terms of employment for the CEO and the Chief Audit Executive and alterations to the terms of employment of the members of GEM as a whole. At the request of the Board of Directors, the Committee also prepares other issues of principles for the consideration of the Board of Directors. The CEO also consults with the Remuneration Committee before determining the terms of employment of the individual members of GEM. Members of the Remuneration Committee are currently Hans Dalborg (Chairman), Tom Knutzen, Timo Peltola and Björn Savén, as appointed by the Board of Directors at the statutory meeting following the annual general meeting 2008. The CEO participates in the meetings, without the right to vote. Further, the CEO does not participate in considerations regarding his own employment terms and conditions. The members of the Remuneration Committee are independent of Nordea and the executive management of Nordea, as well as of Nordea's major shareholders.

Work procedures for the Board of Directors

Corporate governance

Corporate governance in Nordea follows generally adopted principles of corporate governance including the rules and principles in the Swedish Corporate Governance Code. Nordea has extensive experience in working across borders in the Nordic markets and take an active part in the debate on how to develop corporate governance in the Nordic markets.

Board of Directors' work plan and role of Chairman

The work of the Board of Directors follows an annual plan, which also establishes GEM's reporting to the Board of Directors.

The statutory meeting following the general meeting in 2008 appointed the Vice Chairman of the Board of Directors and the Board Committee members. The Board has adopted rules of procedures for Nordea's Board of Directors (the "Charter"), containing, *inter alia*, rules pertaining to the areas of responsibility of the Board of Directors and the Chairman, the number of meetings, documentation of meetings and rules regarding conflicts of interest. Furthermore, the Board of Directors has adopted instructions for the CEO specifying the CEO's responsibilities as well as other policies, instructions and guidelines for Nordea's operations.

The Board is charged with the organisation of Nordea and the management of Nordea's operations and the overall management of Nordea's affairs in accordance with applicable rules and regulations, the Swedish Corporate Governance Code, the Articles of Association and the Charter. During the year, the Board of Directors follows up on the strategy, the financial position and development and risks on a regular basis. The financial targets and the strategy are reviewed annually. The Board of Directors shall ensure that Nordea's organisation in respect of accounting, management of funds, and Nordea's financial position in general are subject to satisfactory controls. The Board of Directors shall also ensure that an adequate and effective system of internal control is established and maintained. Accordingly, the Group Internal Audit issues yearly to the Board of Directors an overall Assurance Statement on Nordea's risk management control and governance process. The assurance statement for 2008 concludes that the internal control system is adequate and effective. At least once a year the Board of Directors meets with the external auditors in the absence of the CEO or any other member of Group Executive Management.

The Chairman of the Board of Directors is elected by the shareholders at the annual general meeting. According to the Charter, the Chairman shall see to it that the Board of Directors' work is conducted efficiently and the Board of Directors fulfils its duties. The Chairman shall, *inter alia*, organise and lead the Board's work, keep in regular contact with the CEO, ensure that the Board of Directors receives sufficient information and supporting data, and see to it that the work of the Board of Directors is evaluated annually in the self-assessment procedure. The Board of Directors annually carries out a self-assessment process, through which the performance and the work of the Board of Directors is thoroughly evaluated and discussed by the Board of Directors. The evaluation is based on a methodology which includes questionnaires evaluating the Board of Directors as a whole and each member of the Board of Directors individually, as well as personal discussions between each member of the Board of Directors and the Chairman. The evaluation process is carried out with support from an external advisory service firm.

INDEPENDENT AUDITORS

According to the Articles of Association, one or two auditors shall be elected by the general meeting for a term of four years. At the expiry of this term, the general meeting may decide that the assignment will continue for a term of three years. At the annual general meeting in 2003, KPMG Bohlins AB was re-elected as Nordea's independent auditors until the general meeting in 2007. Following a tender process, KPMG Bohlins AB was re-elected as auditor in 2007 up to the end of the 2011 annual general meeting. Carl Lindgren has been assigned as new auditor in charge. On 25 September 2008, KPMG Bohlins AB changed its name to KPMG AB. KPMG AB and Carl Lindgren are members of FAR SRS (the Swedish Institute of Authorised Public Accountants). KPMG AB and Carl Lindgren have the following office address: KPMG AB, Box 16106, Tegelbacken 4A, SE-103 23 Stockholm, Sweden.

TAXATION

The taxation discussion set forth below is intended only as a descriptive summary and does not purport to be a complete analysis or listing of all potential tax consequences relevant to the acquisition, ownership, or disposition of the Subscription Rights, the New Shares or the ordinary shares of Nordea. The statements of Swedish, Danish, Finnish and Norwegian tax laws and U.S. federal income tax laws set forth below are based on the laws and regulations as of the date of this prospectus. The relevant provisions may change under certain circumstances, even retroactively.

Tax Issues in Sweden

The following is a summary of the tax consequences which, according to current Swedish tax legislation, may arise as a consequence of ownership of shares and Subscription Rights in Nordea or as a consequence of the offer to subscribe for New Shares in Nordea. Unless otherwise stated, the summary only applies to holders of shares and Subscription Rights who are tax resident in Sweden. The summary does not purport to exhaustively address all tax issues which may arise in the context. It does not, for example, address the special rules which apply with respect to shares owned by partnerships or which are held as trading stock in business operations. The special rules applicable to the corporate sector with respect to exemption from taxation on capital gains (including non-deductible capital losses) and dividends on shares held for business purposes[1] as well as share-based securities held for business purposes[2] are not addressed. Furthermore, the summary does not cover foreign companies conducting business from a permanent establishment in Sweden and foreign companies that have been Swedish companies. Specific tax consequences which are not described may also arise with respect to other categories of shareholders, for example investment companies, investment funds and persons who are not tax resident in Sweden. Each shareholder and holder of Subscription Rights is recommended to consult a tax advisor regarding the tax consequences which may arise from ownership of shares and Subscription Rights in Nordea or as a consequence of the offer to subscribe for New Shares in Nordea, including the applicability and effect of foreign rules and double taxation treaties.

Taxation upon sale of shares in Nordea

Private individuals

Upon a sale of shares in Nordea, private individuals and decedents' estates are taxed on the entire capital gain in the income from capital category. Tax is charged at rate of 30% of the capital gain. Capital gains and capital losses are calculated as the difference between the selling price less any selling expenses and the sold shares' acquisition cost for tax purposes.

The acquisition cost for tax purposes for all shares of the same class and type is added together and calculated jointly applying the average method. This implies that the average cost, for tax purposes, for held shares is normally effected if subscription rights are exercised in order to acquire additional shares of the same class and type. In this context, paid and subscribed shares (Sw: *Betalda tecknade aktier*) ("BTA") are not deemed to be of the same class and type as Nordea's ordinary shares until the resolution regarding the Rights Offering has been registered. Since the shares are listed on NASDAQ OMX Stockholm, Helsinki and Copenhagen, respectively, the standard method may be used as an alternative to the average method when calculating the acquisition cost for tax purposes. This rule implies that the acquisition cost for tax purposes may be calculated at 20% of the selling price less selling expenses.

Capital losses upon the sale of shares in Nordea are tax deductible. Such losses may be set-off in their entirety against taxable capital gains on listed shares and the taxable part of capital gains on unlisted shares realised in the same year as the losses. Set-off may also take place in full against taxable capital gains on other listed securities taxed as shares (for example, subscription rights), with the exception of units in investment funds containing only Swedish debt instruments (fixed income funds). 70% of any excess loss is deductible. If a net loss arises in the income from capital category, a reduction is granted of the tax on income from employment and

1 Listed shares are held for business purposes if the holding constitutes a capital asset and the total number of votes for all of the owner company's shares amounts to not less than 10% of the votes for all shares in the company or where the holding is required for the business conducted by the owner company or another affiliated company defined in a special manner.

2 Subscription rights are deemed to constitute share-based securities held for business purposes if the underlying shares which provided an entitlement to the Subscription Rights are held for business purposes. Accordingly, Subscription Rights which are acquired in another manner, for example through purchase, can never be held for business purposes.

business as well as property tax (governmental and local). Such a tax reduction is granted at a rate of 30% of the net loss that does not exceed SEK 100,000 and 21% of the net loss in excess thereof. Excess net losses cannot be carried forward to a subsequent fiscal year.

Limited liability companies

Limited liability companies are taxed on all income in the income from business category. The tax rate is 26.3%[3]. Capital gains and capital losses are calculated in the same manner as set forth above with respect to private individuals. Deductions for capital losses on shares are granted only against taxable capital gains on shares and other securities taxed as shares. Provided that certain conditions are fulfilled, such capital losses may also be set-off against taxable capital gains on shares and other securities taxed as shares in another company within the same group, on condition that there is a right to make group contributions between this company and the company that has suffered the capital loss. Capital losses on shares and other securities taxed as shares which cannot be utilised during a certain fiscal year may be carried forward and set-off against taxable capital gains on shares and other securities taxed as shares during subsequent fiscal years without limitation in time.

If Nordea's shares constitute shares held for business purposes, special rules apply.

Exercise of Subscription Rights

No taxation is triggered when Subscription Rights are exercised for subscription of New Shares. The acquisition expense for a New Share corresponds to the issue price. Upon the sale of shares acquired through the exercise of Subscription Rights, the shareholder's acquisition costs for tax purposes for all shares of the same class and type shall be added together and calculated applying the average method. Any sums paid for Subscription Rights which are exercised for subscription of New Shares may be included when calculating the acquisition cost for tax purposes of the New Shares.

Sale of received Subscription Rights

The Subscription Rights will be listed. Shareholders who do not wish to exercise their right to participate in the Rights Offering may sell their Subscription Rights. Upon a sale of the Subscription Rights a taxable capital gain shall be calculated. Subscription rights which are received pursuant to this offer on basis of shareholdings in Nordea are deemed to have been acquired for SEK zero. The standard method may not be used in this case. The entire selling price after deduction of selling expenses must thus be reported for taxation. The acquisition cost for tax purposes of the original ordinary shares is not effected.

If received Subscription Rights constitute share-based securities held for business purposes, special rules apply.

Sale of acquired Subscription Rights

A sale of Subscription Rights will trigger capital gains taxation. If the sold Subscription Rights were purchased, or acquired in a similar way, in exchange for a consideration, the consideration constitutes the acquisition expense for such Subscription Rights. The acquisition cost for tax purposes for the Subscription Rights is calculated in accordance with the average method. The standard method may be used to calculate the acquisition cost for tax purposes of listed Subscription Rights acquired in this manner.

Regarding the right to make deductions for capital losses on listed Subscription Rights, corresponding rules apply as with respect to capital losses on listed shares; see above under the heading "*—Tax issues in Sweden—Taxation upon sale of shares in Nordea*".

Lapse of Subscription Rights

A Subscription Right which is not used or sold but, rather, lapses is deemed disposed of for SEK zero.

Taxation on dividends

With respect to individuals and decedents' estates, dividends on shares in Nordea are taxed in the income from capital category at a rate of 30%. For individuals and decedents' estates, the tax is withheld by Euroclear

[3] The tax rate was 28% in fiscal years starting before 1 January 2009.

Sweden as preliminary income tax or, in the case of nominee-registered shares, is withheld by the nominee. For limited liability companies, dividends are taxed at a rate of 26.3%[3] in the income from business category. If Nordea's shares constitute shares held for business purposes, special rules apply. Nordea is not responsible for any tax at source being withheld.

Shareholders with limited tax liability

For shareholders that are not tax resident in Sweden, Swedish withholding tax is normally payable on all dividends from listed Swedish companies. Dividends from Nordea are subject to Swedish withholding tax at a rate of 30%[4]. Generally, however, this tax rate is reduced through tax treaties between Sweden and other countries for the avoidance of double taxation. Withholding tax is withheld by Euroclear Sweden upon distribution of the dividends. Where the shares are nominee-registered, the nominee is responsible for the deduction of tax. Receipt of Subscription Rights does not trigger any withholding tax liability.

Shareholders and holders of Subscription Rights that are not tax resident in Sweden and do not conduct operations from a permanent establishment in Sweden are normally not taxed in Sweden on capital gains upon the sale of shares or Subscription Rights. Shareholders and holders of Subscription Rights may, however, be subject to taxation in their countries of domicile. However, according to a special rule a private individual who is domiciled outside Sweden may nevertheless be taxed in Sweden upon the sale of shares or Subscription Rights, if, on any occasion during the calendar year in which the sale occurs or during the ten immediately preceding years, the person was domiciled or had an habitual abode in Sweden. The application of this rule may, however, to a certain extent be mitigated through tax treaties between Sweden and other countries for the avoidance of double taxation.

TAX ISSUES IN DENMARK

The following is a summary of the tax consequences which, according to current Danish tax legislation, may arise as a consequence of a Danish tax resident's ownership of ordinary shares and Subscription Rights or as a consequence of the offer to subscribe for New Shares. The summary does not purport to exhaustively address all tax issues which may arise in the context. It does not, for example, address the special rules which apply with respect to shares governed by the Danish Act on Pension Investment Return Taxation (Da: Pensionsafkastbeskatningsloven), to shares held as trading stock in business operations, or to shares held by investment companies or investment funds. Each shareholder and holder of Subscription Rights is recommended to consult a tax advisor regarding the tax consequences which may arise from ownership of shares and Subscription Rights or as a consequence of the offer to subscribe for New Shares.

Taxation upon sale of shares in Nordea

Private individuals

Gains on the sale of shares in Nordea are under Danish tax law taxed as share income at a rate of 28% up to a total annual share income of DKK 48,300 (2009). For married couples, the limit for applying the 28% tax rate is DKK 96,600 (2009) irrespective of which spouse receives the share income. Share income between said amounts and DKK 106,100 (DKK 212,200 for married couples) (2009) will be subject to taxation at a rate of 43%. Share income exceeding this amount is – as a main rule – subject to tax at a rate of 45%. However, certain transitional regulations with respect to unrealised share income as of 1 January 2007 generally imply that the rate of 45% shall only apply once the individual realises share income exceeding such unrealised share income regardless of which shares the realised share income stems from. Thus, the regulations intend to ensure that any amount equivalent to share income exceeding DKK 100,000 (double for married couples) which is unrealised at the time of the enactment of the increased rate of 45% will never be subject to taxation at the rate of 45%. In addition, other transitional rules apply to portfolios of listed shares with a market value as of 31 December 2005 up to DKK 136,600 (DKK 273,100 for married couples) with the effect that gains on such portfolios remain tax exempt.

Computation of the gain is based on the average method.

---

[4] The same withholding tax applies to certain other payments made by a Swedish limited liability company, for example payments as a result of redemption of shares, distribution of liquidation proceeds and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class.

A loss on listed shares may only be offset against the individual's other gains on listed shares and against dividends on listed shares.

Limited liability companies

Gains realised by companies on the sale of shares held for less than three years are taxable. Gains are taxed at the statutory corporate tax rate which is currently 25%. Losses may only be offset against gains on the sale of shares held for less than three years. Losses may be carried forward indefinitely.

Gains on the sale of shares held for three years or more are tax exempt. Losses are not deductible.

Computation of the gain is based on the average method.

New Shares subscribed for on the basis of Subscription Rights received on existing shares will for tax purposes be deemed acquired at the same time as the acquisition of the shares which entitled the Shareholder to the Subscription Rights since the Subscription Rights entail a right to subscribe for shares at a discount price.

New Shares subscribed for on the basis of purchased Subscription Rights will most likely be deemed acquired at the time of purchase of the Subscription Rights.

Exercise of Subscription Rights

No taxation is triggered when Subscription Rights are exercised for subscription of New Shares. The acquisition cost for the New Shares will be the subscription price (plus any sum paid for the Subscription Rights).

Sale of received Subscription Rights

A gain on the sale of Subscription Rights received by exercise of the holding of existing shares in Nordea is taxed as a sale of a share, *i.e.*, pursuant to the same rules as described above under "*—Tax issues in Denmark—Taxation upon sale of shares in Nordea*". The Subscription Rights allocated are deemed to have been acquired for DKK zero and the entire sales price will constitute a gain (since the average method does not apply). Since the Subscription Rights entail a right to subscribe for shares at a discount price, the Subscription Rights are for tax purposes deemed acquired at the same time as the acquisition of the shares which entitled the Shareholder to the Subscription Rights.

Sale of acquired Subscription Rights

A gain on the sale of purchased Subscription Rights is taxed as a sale of a share, *i.e.*, pursuant to the same rules as described above under "*—Tax issues in Denmark—Taxation upon sale of shares in Nordea"*. The gain (or loss) is computed as the difference between the sales price and the acquisition cost (since the average method does not apply). Purchased Subscription Rights are for tax purposes deemed acquired at the time of purchase.

Lapse of Subscription Rights

A Subscription Right which is not used or sold but, rather, lapses is deemed disposed of for DKK zero.

Taxation on dividends

Dividends from Nordea received by Danish shareholders are subject to taxation in Sweden as well as in Denmark. Pursuant to the Nordic tax treaty, Sweden is, in general, entitled to levy a 15% tax on the dividends. The Swedish withholding tax is withheld by Euroclear Sweden upon distribution of the dividends. Where the shares are nominee-registered, the nominee is responsible for the deduction of tax. The Danish shareholder must apply for a refund of any tax withheld in Sweden in excess of the 15%. The Danish shareholder may receive a Danish tax credit for tax withheld in Sweden equal to 15% of the dividend.

Receipt of Subscription Rights does not trigger any Danish tax liability.

Dividends paid to a Danish individual shareholder from Nordea are under Danish tax law taxed as share income at a rate of 28% up to a total annual share income of DKK 48,300 (2009). For married couples, the limit for applying the 28% tax rate is DKK 96,600 (2009) irrespective of which spouse receives the share income. Share income between said amounts and DKK 106,100 (DKK 212,200 for married couples) (2009) will be subject to taxation at a rate of 43%. Share income exceeding this amount is – as a main rule – subject to tax at a rate of 45%. The Danish shareholder may apply for a tax credit on the tax return for tax withheld in Sweden equal to 15% of the dividend.

Certain transitional rules with respect to losses on unlisted shares realised prior to 1 January 2006 imply that such losses may be offset against dividends received on listed shares. The same rules imply that losses on listed shares realised prior to 1 January 2006 may be offset against dividends received on listed shares.

Dividends paid to a Danish company from Nordea will in general be subject to taxation at an effective rate of 16.5% (66% of the dividend is included in the taxable corporate income which is taxed at a rate of 25%). The Danish company may apply for a tax credit on its tax return for tax withheld in Sweden equal to 15% of the dividend.

Tax Issues in Finland

The following is a summary of the tax consequences which, according to current Finnish tax legislation, may arise as a consequence of a Finnish tax resident's ownership of ordinary shares and Subscription Rights or as a consequence of the offer to subscribe for New Shares. The summary does not purport to exhaustively address all tax issues which may arise in the context. It does not, for example, address the special rules which apply with respect to shares owned by partnerships and business carrying entrepreneurs and wholly or partly tax-exempt entities. Each shareholder and holder of Subscription Rights is recommended to consult a tax advisor regarding the tax consequences which may arise from ownership of shares and Subscription Rights or as a consequence of the offer to subscribe for New Shares.

Taxation upon sale of shares in Nordea

Private individuals

Upon a sale of shares in Nordea, private individuals and decedents' estates are taxed on the capital gain in the income from capital category. Tax is charged at a rate of 28% of the capital gain. A capital gain or a capital loss will be calculated as the difference between the sales price (minus sales expenses) and the acquisition cost of the shares disposed of. When subscription rights are exercised in order to acquire additional shares, the acquisition cost of the shares entitling to the subscription and that of the New Shares are summed up and allocated evenly to the originally held and the subscribed shares. Instead of the acquisition cost of the shares, an individual or decedents' estate may deduct from the sales price a presumptive cost equal to 20%, or if the shares have been held for at least ten years, 40% of the sales price.

When New Shares are received based on previous shareholding, the time of acquisition for the New Shares is deemed to be the same as that of the originally held shares. To the extent the shareholder has been able to subscribe New Shares in excess of its stake in Nordea prior to the share issue, the acquisition time for the New Shares is deemed to be the date of the subscription or the date of receiving the Subscription Rights.

A capital loss is deductible against capital gains realised by the taxpayer during the year of sale and the three following years. Thus, un-utilised capital losses can be carried forward three years, but the losses can be deducted only against capital gains.

A capital gain received by an individual or decedent's estate is tax-exempt if the aggregate sales price of all disposals, excluding household goods, comparable personal assets and tax-exempt disposals do not exceed EUR 1,000 during the tax year. Corresponding capital losses are non-deductible, if the aggregate acquisition cost of the disposed assets does not exceed EUR 1,000.

Limited liability companies

Limited liability companies are taxed for capital gains on shares held for business purposes as business income at a rate of 26%. The shares are considered to be held for business purposes if the shares are in connection with the business operations of the company. Capital gains on other shares are taxed as part of personal source of income, also at a rate of 26%. For example shares that are part of long-term portfolio investments may be taxed as part of personal source of income to limited liability companies.

Tax treatment of capital losses is different depending on whether the shares are considered to be part of business assets or of personal source of income of the company. Capital losses on shares held for business purposes constitute part of the ordinary losses of the business income. Capital losses on other shares are considered part of the personal income category and may only be deducted from capital gains in the same income category in the same tax year or in the following three years. Tax losses of the business income can not be set-off against the profits of the personal source of income and vice-versa.

If Nordea's shares constitute shares held as fixed assets for business purposes, and the holding is at least 10% of the share capital, special tax exemption rules may apply. Furthermore, for holdings of less than 10% constituting fixed assets, special rules apply regarding capital losses.

Subscription Rights

Exercise of Subscription Rights

No taxation is triggered when Subscription Rights are exercised for subscription of New Shares. The acquisition expense for a New Share corresponds to the Subscription Price. Upon the sale of shares acquired through the exercise of Subscription Rights, the shareholder's acquisition costs for tax purposes for the originally held share and the New Share shall be the average cost, which is calculated on a share by share basis taking into account the possibly different acquisition costs between different originally held shares. Any sums paid for Subscription Rights which are exercised for subscription of New Shares may be included when calculating the acquisition cost for tax purposes of the shares.

Sale of received Subscription Rights

The Subscription Rights will be listed. Shareholders who do not wish to exercise their right to participate in the Rights Offering may sell their Subscription Rights. Upon a sale of the Subscription Rights a taxable capital gain shall be calculated. Subscription rights which are received pursuant to this offer on basis of shareholdings in Nordea are deemed to have been acquired for EUR zero. The acquisition time for the received Subscription Rights is deemed to be that of the originally held shares, on the basis of which the Subscription Rights have been granted. Although there is no actual acquisition cost for the Subscription Rights, an individual or decedent's estate may deduct from the sales price a presumptive cost equal to 20%, or if the shares, based on which the Subscription Rights have been received, have been held for at least ten years, 40% of the sales price.

The acquisition cost for tax purposes of the original ordinary shares is not effected.

Sale of acquired Subscription Rights

A sale of Subscription Rights will trigger capital gains taxation. If the sold Subscription Rights were purchased, or acquired in a similar way, in exchange for a consideration, the consideration constitutes the acquisition expense for such Subscription Rights. Alternatively, an individual or decedents' estate may deduct from the sales price a presumptive cost equal to 20%.

Regarding the right to make deductions for capital losses on listed Subscription Rights, corresponding rules apply as with respect to capital losses on listed shares; see above under the heading "*—Tax issues in Finland—Taxation upon sale of shares in Nordea*".

Lapse of Subscription Rights

A capital loss resulting from the lapse of a Subscription Right should be deductible in the taxation of a limited liability company and a private individual.

Taxation on dividends

Dividends from Nordea received by Finnish shareholders are subject to taxation in Sweden as well as in Finland. Pursuant to the Nordic tax treaty, Sweden is, in general, entitled to levy a 15% tax on the dividends. The withholding tax is withheld by Euroclear Sweden upon distribution of the dividends. Where the shares are nominee-registered, the nominee is responsible for the deduction of tax. The Finnish shareholder must apply for a refund of any tax withheld in Sweden in excess of the 15%. The Finnish shareholder may receive a Finnish tax credit for tax withheld in Sweden equal to 15% of the dividend. In case the Finnish shareholder holds shares of Nordea representing at least 10% of the share capital of Nordea, the dividend is exempted from withholding tax.

Dividends from Nordea are not subject to Finish withholding tax.

Receipt of Subscription Rights does not trigger any Finnish tax liability.

The gross dividend is taxable in Finland for resident individuals such that 30% of the dividend is tax-exempt and the remaining 70% of the dividend is taxed as capital income at a 28% rate.

The gross dividend is taxable in Finland for resident limited liability companies such that 25% of the dividend is tax-exempt and the remaining 75% of the dividend is taxed as business or personal income at a 26% rate. However, if a limited liability company holds shares of Nordea representing at least 10% of the share capital or voting rights of Nordea, the dividend is tax-exempt in Finland. Also, dividends to publicly listed company are tax exempt in Finland regardless of the ownership level.

Transfer Tax

No Finnish transfer tax applies to transfer of New Shares or Subscription Rights.

TAX ISSUES IN NORWAY

The statements herein regarding taxation are, unless otherwise stated, based on the laws in force in Norway as of the date of this prospectus, and are subject to any changes in law occurring after such date, changes which, in respect of Norwegian taxes, could be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of shares or Subscription Rights in Nordea. Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (personal shareholders and limited liability companies), and only on shareholders resident in Norway for tax purposes. Investors should consult their professional advisers on the possible tax consequences of their subscribing for, purchasing, holding, selling or redeeming New Shares or Subscription Rights under the laws of their countries of citizenship, residence, ordinary residence or domicile.

Taxation upon sale of shares in Nordea

Private individuals

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a shareholder who is an individual resident in Norway for tax purposes (a "Norwegian personal shareholder") through a realisation of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 28%. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated on a share-by-share basis and is equal to the sales price less the Norwegian personal shareholder's cost price of the shares, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian personal shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income (see below).

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate. The allowance is calculated for each calendar year and is allocated solely to Norwegian personal shareholders holding shares at the expiration of the relevant calendar year. Norwegian personal shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share can be forwarded and deducted when calculating taxable dividend income or taxable capital gains at a later year. The unused allowance is also included in the basis for calculating the allowance for the following years.

The allowance may only be deducted in order to reduce a taxable gain, and may not be deducted in order to increase or produce a deductible loss, *i.e.*, any unused allowance exceeding the capital gain upon the realisation of the share will be annulled.

If the Norwegian personal shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

A Norwegian personal shareholder who moves abroad and ceases to be tax resident in Norway as a result of this, is deemed to be taxable in Norway for any potential gain related to the shares held at the time the shareholder ceased to be resident in Norway for tax purposes, or is regarded as tax resident in another jurisdiction according to an applicable tax treaty, as if the shares were realised at this time. Gains of NOK 500,000 or less are not taxable. Potential losses are as a main rule not tax deductible. However, if the person moves to a jurisdiction within the EEA, potential losses related to shares held at the time the tax residency ceases will be tax deductible when exceeding the NOK 500,000 threshold. The actual taxation (loss deduction) will occur at the time the shares are actually realised for tax purposes. However, if the personal shareholder moves to a jurisdiction outside the EEA, or to a jurisdiction within the EEA where Norwegian tax authorities are not in a position to collect information and obtain assistance with respect to the collection of taxes, the taxation will only be postponed if the personal shareholder provides sufficient guarantee for the fulfilment of the potential tax obligations. If the shares are not realised for tax purposes within five years after the shareholder ceased to be resident in Norway for tax purposes, or was regarded as tax resident in another jurisdiction according to an applicable tax treaty, the tax liability calculated under these provisions will not apply.

Limited liability companies

Shareholders who are limited liability companies resident in Norway for tax purposes ("Norwegian corporate shareholders") are generally exempt from tax on capital gains upon the realisation of shares, and losses related to such realisation are not tax deductible.

However, Norwegian corporate shareholders are subject to tax on 3% of their annual net income derived from shares (dividends/capital gains less capital losses) in companies resident within the EEA for tax purposes each fiscal year. Such income is subject to Norwegian taxation as ordinary income at a tax rate of 28%.

Subscription Rights

Exercise of Subscription Rights

A Norwegian personal or corporate shareholder's subscription of New Shares pursuant to a Subscription Right is not subject to taxation in Norway. Costs related to the subscription of shares will be added to the cost price of the New Shares.

Sale of Subscription Rights

Sale and other transfer of Subscription Rights is considered a realisation for Norwegian tax purposes. For Norwegian personal shareholders, a capital gain or loss generated by a realisation of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a rate of 28%.

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the sale, transfer or other realisation of Subscription Rights, and losses are not tax deductible. However, Norwegian corporate shareholders are subject to tax on 3% of their annual net income derived from shares (dividends/capital gains less capital losses) in companies resident within the EEA for tax purposes each fiscal year. These rules also include gains and losses derived from realisation of subscription rights related to shares in such companies. The calculated income is subject to Norwegian taxation as ordinary income at a tax rate of 28%.

Lapse of Subscription Rights

A Subscription Right which is not used or sold but, rather, lapses is deemed to be disposed of for NOK zero.

Taxation of dividends

Under current Norwegian tax law dividends can be paid without any requirement to withhold any amount at source for or on account of Norwegian tax.

Dividends from Nordea received by Norwegian shareholders are subject to taxation in Sweden and potentially in Norway. Pursuant to the Nordic tax treaty, Sweden is, in general, entitled to levy a 15% withholding tax on the dividends. The withholding tax is withheld by Euroclear Sweden upon distribution of the dividends. Where the shares are nominee-registered, the nominee is responsible for the deduction of tax. The Norwegian shareholder must apply for a refund of any tax withheld in Sweden in excess of the 15%.

Private individuals

Dividends received by Norwegian personal shareholders are taxable as ordinary income for such shareholders at a rate of 28%.

Norwegian personal shareholders are however entitled to deduct a calculated allowance when calculating their taxable dividend income. See section "*—Tax issues in Norway—Taxation upon sale of shares in Nordea—Private individuals*" above with respect to the calculation of the allowance.

If certain requirements are met, Norwegian personal shareholders are also entitled to a tax credit against their Norwegian tax liability for any withholding tax imposed in Sweden on dividends distributed.

Limited liability companies

Dividends distributed to Norwegian corporate shareholders are generally not taxable.

However, Norwegian corporate shareholders are subject to tax on 3% of their net income derived from shares (dividends/capital gains less capital losses) in companies resident within the EEA for tax purposes each fiscal year. Such income is subject to Norwegian taxation as ordinary income at a tax rate of 28%.

Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian personal shareholders. Currently, the marginal wealth tax rate is 1.1% of the value assessed. The value for assessment purposes for listed shares is the listed value as of 1 January in the year of assessment.

Norwegian corporate shareholders are not subject to wealth tax.

Inheritance tax

Upon transfer of shares by way of inheritance or gift, the transfer may be subject to Norwegian inheritance or gift tax. However, such transfer is not subject to Norwegian tax if the donor/deceased was neither a national nor resident in Norway for tax purposes.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The inheritance tax rate is progressive from 0 to 15%. The general maximum inheritance tax rate is 15% and the maximum rate on inheritance and gifts from parents to children is 10%.

Duties on transfer of shares

No stamp or similar duties are currently imposed in Norway on transfers of shares or subscription rights.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

CIRCULAR 230 DISCLOSURE

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS, FOR THE PURPOSES OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE UNITED STATES INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE MARKETING BY NORDEA OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain United States federal income tax consequences relevant to the receipt, exercise and disposition of Subscription Rights distributed pursuant to this Rights Offering, and the ownership and disposition of ordinary shares or FDRs acquired by exercise of Subscription Rights distributed pursuant to this Rights Offering. This discussion is not a complete analysis of all the potential U.S. federal income tax consequences relating thereto, nor does it address any tax consequences arising under any state, local or non-U.S. tax laws or any other U.S. federal tax laws. This discussion is based on the Internal Revenue Code of

1986, as amended (the “Code”), Treasury Regulations promulgated thereunder, judicial decisions and published rulings and administrative pronouncements of the Internal Revenue Service (the “IRS”), all as in effect as of the date of this prospectus. These authorities are subject to differing interpretations and may change, possibly retroactively, resulting in U.S. federal income tax consequences different from those discussed below. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences discussed below, or that any such contrary position would not be sustained by a court.

The discussion applies only if you will hold Subscription Rights, ordinary shares and/or FDRs as capital assets within the meaning of section 1221 of the Code (generally, property held for investment) and you use the U.S. dollar as your functional currency. This discussion does not address all U.S. federal income tax considerations that may be relevant to a particular investor in light of that investor’s particular circumstances. This discussion also does not consider any specific facts or circumstances that may be relevant to investors subject to special rules under the U.S. federal income tax laws, including, without limitation, grantor trusts, real estate investment trusts, regulated investment companies, brokers or dealers in securities, traders in securities or currencies that elect to use a mark-to-market method of recording for their securities holdings, financial institutions, insurance companies, tax-exempt entities, investors liable for alternative minimum tax, holders (either actually or constructively) of 10% or more of our ordinary shares, or persons holding Subscription Rights, ordinary shares and/or FDRs as part of a hedging, straddle, conversion or constructive sale transaction. In addition, investors holding Subscription Rights, ordinary shares and/or FDRs indirectly through partnerships are subject to special rules not discussed below. Further, the following assumes that you will not, due to your particular circumstances, be restricted from receiving Subscription Rights under applicable securities laws. **You should consult your tax advisors about the United States federal, state and local and foreign tax consequences to you of the receipt, exercise and disposition of Subscription Rights and of the ownership and disposition of the ordinary shares or FDRs.**

The discussion below applies to you only if you are a beneficial owner of Subscription Rights, ordinary shares and/or FDRs and you are, for United States federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation or any other entity treated as a corporation that is organised in or under the laws of the United States, any state thereof or the District of Columbia, (3) a trust if all of the trust’s substantial decisions are subject to the control of one or more United States persons and the primary supervision of the trust is subject to a United States court or if a valid election is in effect with respect to the trust to be taxed as a United States person or (4) an estate the income of which is subject to United States federal income taxation regardless of its source (in each case, a “U.S. holder”). This discussion assumes that a holder of FDRs will be treated as the holder of the underlying ordinary shares for United States federal income tax purposes.

Taxation of Subscription Rights

Receipt of Subscription Rights

Under section 305 of the Code, a holder of ordinary shares or FDRs who receives a Subscription Right will, in certain circumstances, be treated as having received a distribution, taxable to such holder in the manner described under “*—Taxation of Ordinary Shares and FDRs—Distributions*”. In general, a holder of ordinary shares or FDRs who receives a Subscription Right will be treated as having received such a distribution if a holder’s proportionate interest in our earnings and profits or assets is increased and any other holder receives a distribution of cash or other property. For this purpose, the term “holder” includes a holder of convertible securities or rights to acquire stock. While the issue is not free from doubt, we believe that the distribution of Subscription Rights should not be treated as a taxable stock distribution under Section 305 of the Code. We and our agents intend to treat the distribution of Subscription Rights consistent with this belief, and the following discussion assumes that this position is respected. However, our position is not binding on the IRS, and there can be no assurance that such a position will not be challenged or, if challenged, upheld. If our position were successfully challenged, the fair market value of the Subscription Rights you receive would be treated as a distribution, taxable to you in the manner described under “*—Taxation of Ordinary Shares and FDRs—Distributions*”. **You are strongly urged to consult your tax advisors regarding the risk of having a taxable distribution as a result of the receipt of Subscription Rights**.

Sale or Other Taxable Disposition of Subscription Rights

Subject to the discussion below under the caption “*—Taxation of Ordinary Shares and FDRs—Passive Foreign Investment Company Status*”, upon a sale or other taxable disposition of a Subscription Right, you generally will recognise capital gain or loss in an amount equal to the difference between the amount realised and your adjusted tax basis in the Subscription Right.

The amount realised on a sale or other taxable disposition of a Subscription Right generally will be the amount of cash you receive in exchange for such Subscription Right. If the consideration you receive for the Subscription Right is not paid in USD, the amount realised will be the USD value of the payment received. In general, the USD value of such a payment will be determined on the date of receipt of payment if you are a cash basis taxpayer and the date of disposition if you are an accrual basis taxpayer. However, if the Subscription Rights are treated as traded on an "established securities market" and you are a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, you will determine the USD value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other taxable disposition.

If the fair market value of the Subscription Rights on the date of their distribution equals or exceeds 15% of the fair market value on such date of the ordinary shares or FDRs with respect to which the Subscription Rights are distributed, your tax basis in such ordinary shares or FDRs generally must be allocated between such ordinary shares or FDRs and the Subscription Rights. Such an allocation must be made in proportion to the fair market value of the ordinary shares or FDRs and the fair market value of the Subscription Rights on the date the Subscription Rights are distributed.

If the fair market value of the Subscription Rights on the date of their distribution is less than 15% of the fair market value on such date of the ordinary shares or FDRs with respect to which the Subscription Rights are distributed, your tax basis in such Subscription Rights generally will be zero and your basis for the ordinary shares or FDRs with respect to which the Subscription Rights are distributed will remain unchanged. However, you may affirmatively elect (in a statement attached to your timely filed United States federal income tax return for the year in which the Subscription Rights were received) to allocate to the Subscription Rights a portion of your basis in such ordinary shares or FDRs in the manner described in the immediately preceding paragraph. Any such election is irrevocable and must be applied to all of the Subscription Rights you receive pursuant to this Rights Offering.

Subject to the discussion of the passive foreign investment company rules set forth below under the caption "*—Taxation of Ordinary Shares and FDRs—Passive Foreign Investment Company Status*", any gain or loss you recognise on the sale or other taxable disposition of a Subscription Right will be long-term capital gain or loss if your holding period in the Subscription Right is deemed to be greater than one year. Your holding period in a Subscription Right will be deemed to have begun on the same date as that of the ordinary share or FDR with respect to which you received such Subscription Right. Any gain or loss will generally be treated as U.S. source gain or loss. The deductibility of capital losses is subject to limitations.

Your tax basis in any foreign currency you receive on the sale or other taxable disposition of a Subscription Right will be equal to the USD amount that you realised on the sale or taxable disposition. Any gain or loss you realise on a subsequent conversion of any such foreign currency generally will be U.S. source ordinary income or loss.

Notwithstanding the foregoing, if you allow a Subscription Right to expire without the Subscription Right being exercised, sold or exchanged by you, no basis will be allocated to such Subscription Right and you will not realise any loss upon the expiration of such Subscription Right.

In the event that the distribution of the Subscription Rights was determined to be a taxable transaction (as discussed above under "*—Taxation of Subscription Rights—Receipt of Subscription Rights*"), your basis in the Subscription Rights you receive would be equal to their fair market value as of the date of their distribution, and your basis in the ordinary shares or FDRs that you hold would not be affected by the distribution of the Subscription Rights. In such an event, your holding period in the Subscription Rights would commence on the date you receive the Subscription Rights.

Exercise of Subscription Rights

The exercise of a Subscription Right by you will not be a taxable transaction for United States federal income tax purposes. Your initial basis in an ordinary share or FDR acquired upon exercise of a Subscription Right generally will be equal to the amount of cash paid as the subscription price (which, in the case of a payment in other than USD, will equal the USD value of the non-USD-denominated subscription price determined on the date of purchase) plus your basis (if any) in the Subscription Right in USD. If the ordinary shares or FDRs are treated as traded on an "established securities market" and you are a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, you will determine the USD value of the non-U.S.

currency paid for such ordinary shares or FDRs by translating the amount paid at the spot rate of exchange on the settlement date of the exercise. The holding period for ordinary shares or FDRs acquired on the exercise of a Subscription Right will begin on the date of exercise.

Taxation of Ordinary Shares and FDRs

Distributions

Subject to the passive foreign investment company rules discussed below under the caption "*—Taxation of Ordinary Shares and FDRs—Passive Foreign Investment Company Status*", the amount of distributions paid with respect to the ordinary shares or FDRs generally will be included in your gross income as ordinary dividend income from foreign sources to the extent paid out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions in excess of such earnings and profits will be treated as a non-taxable return of capital to the extent of your adjusted tax basis in the ordinary shares or FDRs and thereafter as capital gain. However, we do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, you should expect that any distribution made by us to you will be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other U.S. corporations. The amount of any dividend paid in other than USD will be the USD value of the dividend payment based on the exchange rate in effect on the date of distribution, whether or not the payment is converted into USD at that time. Your tax basis in the non-U.S. currency received will equal such USD amount. Gain or loss, if any, recognised on a subsequent sale or conversion of the non-U.S. currency will be U.S. source ordinary income or loss.

With respect to non-corporate U.S. holders, including individual U.S. holders, for taxable years beginning before 1 January 2011, dividends will be taxed at the lower capital gains rate applicable to qualified dividend income, provided that (1) Nordea is eligible for benefits of a qualifying income tax treaty with the United States, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year and (3) certain holding period requirements are met. Nordea believes that it is currently eligible for benefits of a qualifying income tax treaty with the United States.

Subject to certain limitations, Swedish taxes withheld from a distribution generally will be eligible for credit against your U.S. federal income tax liability. If a refund of the tax withheld is available to you under the laws of Sweden or under the income tax treaty between the United States and Sweden, the amount of tax withheld that is refundable will not be eligible for such credit against your U.S. federal income tax liability (and will not be eligible for the deduction against your U.S. federal taxable income). The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed with respect to ordinary shares or FDRs will be "passive category income" or, in the case of certain U.S. holders, "general category income". The rules relating to the determination of the U.S. foreign tax credit are complex and U.S. holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances. If you do not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year, you generally may instead claim an itemised deduction for all foreign taxes paid in that taxable year.

Sale or Other Taxable Disposition of Ordinary Shares or FDRs

Subject to the passive foreign investment company rules discussed below under the caption "*—Taxation of Ordinary Shares and FDRs—Passive Foreign Investment Company Status*", you generally will recognise capital gain or loss on the sale or other taxable disposition of the ordinary shares or FDRs equal to the difference between the USD value of the amount realised and your adjusted tax basis (determined in USD) in the ordinary shares or FDRs. Such gain or loss will generally be treated as arising from U.S. sources for foreign tax credit limitation purposes.

The amount realised on a sale or other taxable disposition of ordinary shares or FDRs generally will be the amount of cash you receive in exchange for such ordinary shares or FDRs. If the consideration you receive for the ordinary shares or FDRs is not paid in USD, the amount realised will be the USD value of the payment received. In general, the USD value of such a payment will be determined on the date of receipt of payment if you are a cash basis taxpayer and the date of disposition if you are an accrual basis taxpayer. However, if the ordinary shares or FDRs are treated as traded on an "established securities market" and you are a cash basis taxpayer, or an accrual basis taxpayer who has made a special election, you will determine the USD value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other taxable disposition.

Your tax basis in any foreign currency you receive on the sale or other taxable disposition of ordinary shares or FDRs will be equal to the USD amount that you realised on the sale or taxable disposition. Any gain or loss you realise on a subsequent conversion of any such foreign currency generally will be U.S. source ordinary income or loss.

Passive Foreign Investment Company Status

A non-U.S. corporation is a passive foreign investment company (a "PFIC") in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the quarterly average value of its assets is attributable to assets that produce or are held to produce passive income. In the PFIC determination, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock. Based on our asset composition, income and operations, we do not expect that we will be considered a PFIC for our current taxable year ending on 31 December 2009 or for the foreseeable future. However, since PFIC status is determined based on the asset value and the income earned throughout the year, and since the value of our assets may be determined in large part by our market capitalisation, which may fluctuate significantly, there can be no assurances that we will not be a PFIC for the current year. Furthermore, even if we are not a PFIC for the current year, because whether or not we will be considered a PFIC will depend on the nature and source of our income and the value of our assets, as determined from time to time, there is no assurance that we will not become a PFIC in the future. If we are treated as a PFIC, we do not intend to provide information necessary for the "qualified electing fund" election as such term is defined in the relative provisions of the Code. You should consult your tax advisors about the consequences of our classification as a PFIC.

If we were a PFIC, for any taxable year in which you held ordinary shares or FDRs, you would be subject to special rules with respect to:

(i) any gain realised on the sale or other disposition (including a pledge) of ordinary shares or FDRs; and

(ii) any "excess distribution" made to you (generally, any distributions to you in respect of ordinary shares or FDRs during a single taxable year that are greater than 125% of the average annual distributions received by you in respect of ordinary shares or FDRs during the three preceding taxable years or, if shorter, your holding period for ordinary shares or FDRs).

Under these rules:

(i) the gain or excess distribution would be allocated ratably over your holding period for ordinary shares or FDRs;

(ii) the amount allocated to the taxable year in which the gain or excess distribution was realised and any year before we became a PFIC would be taxable as ordinary income;

(iii) the amount allocated to each other year, would be subject to tax at the highest applicable marginal tax rate in effect for each such year; and

(iv) an interest charge would be imposed as compensation for the deemed benefit for the deferred payment of the tax attributable to each year during your holding period in which we were a PFIC prior to the taxable year in which the gain or excess distribution was realised.

If we were to be a PFIC and if any of our subsidiaries are also PFICs, a U.S. holder would be subject to the PFIC rules with respect to such holder's indirect interest in such subsidiary PFICs. However, the mark-to-market election (discussed below) generally would not be available with respect to such subsidiaries. You should consult your tax advisors concerning the application of the PFIC rules to any entities in which Nordea invests.

Under proposed Treasury Regulations that have a proposed retroactive effective date, rules similar to the rules described above would apply to the sale or exchange of Subscription Rights if we were considered a PFIC.

As an alternative to the special rules described above, holders of "marketable stock" in a PFIC may elect mark-to-market treatment with respect to their ordinary shares or FDRs (but not Subscription Rights). Ordinary shares or FDRs will not be considered marketable stock unless the shares or FDRs are regularly traded on a qualified exchange or other market. If the mark-to-market election is available and you elect mark-to-market treatment you will, in general, include as ordinary income each year an amount equal to the increase in value of your ordinary shares or FDRs for that year (measured at the close of your taxable year) and will generally be allowed a deduction for any decrease in the value of your ordinary shares or FDRs for the year, but only to the extent of previously included mark-to-market income.

If you own ordinary shares or FDRs during any year in which we are a PFIC, you are required to make an annual return on IRS Form 8621 regarding distributions received with respect to ordinary shares or FDRs and any gain realised on the disposition of your ordinary shares or FDRs.

Information Reporting and Backup Withholding

In general, information reporting requirements may apply to dividends paid in respect of ordinary shares or FDRs or the proceeds received on the sale or exchange of the Subscription Rights, ordinary shares or FDRs within the United States or by a broker with certain United States connections. Backup withholding, currently at a rate of 28%, may apply to payments to you of dividends or the proceeds of a sale or other disposition of Subscription Rights, ordinary shares or FDRs if you fail to provide an accurate taxpayer identification number (certified on IRS Form W-9) or, upon request, to certify that you are not subject to backup withholding, or otherwise to comply with the applicable requirements of backup withholding. The amount of any backup withholding from a payment to you will be allowed as a credit against your United States federal income tax liability and a refund of any excess amount withheld under the backup withholding rules may be obtained by filing the appropriate claim for refund with the IRS and furnishing any required information.

RESTRICTIONS ON SALE AND TRANSFER OF SUBSCRIPTION RIGHTS AND NEW SHARES

Subscription Rights and New Shares

Nordea is not taking any action to permit a public offering of the New Shares being offered in the Rights Offering (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Denmark, Finland, France, Germany, Norway, Sweden and the United Kingdom. Receipt of this prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this prospectus, if an investor receives a copy of this prospectus the investor may not treat this prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Subscription Rights or the New Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Subscription Rights or the New Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this prospectus, the investor should not distribute or send the same, or transfer Subscription Rights or New Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If any person (including a financial intermediary) forwards this prospectus into any such territories (whether under a contractual or legal obligation or otherwise), such person should draw the recipient's attention to the contents of this section. Except as otherwise expressly noted in this prospectus: (i) the Subscription Rights and New Shares being granted or offered, respectively, in the Rights Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the European Economic Area (the "EEA") that have implemented the Prospectus Directive, unless pursuant to applicable exemptions under the Prospectus Directive, or the United States, Australia, Canada, Japan, Hong Kong, or any other jurisdiction in which it would not be permissible to offer the Subscription Rights or the New Shares (the "Ineligible Jurisdictions"); (ii) this prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of a shareholder or other person in an Ineligible Jurisdiction or a citizen of an Ineligible Jurisdiction (referred to as "Ineligible Persons") does not constitute an offer to such persons of the New Shares. Ineligible Persons may not exercise Subscription Rights.

If an investor takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain New Shares or trades or otherwise deals in Subscription Rights or the New Shares being granted or offered, respectively, in the Rights Offering, that investor will be deemed to have made, or, in some cases, be required to make, the following representations and warranties to Nordea and any person acting on its behalf, unless Nordea waives such requirement:

(a) the investor is not located in an Ineligible Jurisdiction;

(b) the investor is not an Ineligible Person;

(c) the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;

(d) if the investor or any person for whose account or benefit it its acting is in the United States, it is a QIB;

(e) the investor understands that neither the Subscription Rights nor the New Shares being granted and offered, respectively, in the Rights Offering have been or will be registered under the Securities Act and may not be offered, sold, pledged, resold, delivered, allotted, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act; and

(f) the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and the New Shares being offered in the Rights Offering in the jurisdiction in which it resides or is currently located.

Nordea and any persons acting on behalf of Nordea will rely upon the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may void a transaction in the Subscription Rights or New Shares, and subject the investor to liability.

If a person is acting on behalf of a holder of shares or exercising Subscription Rights on its behalf (including, without limitation, as a nominee, custodian, financial intermediary or trustee), that person will be required to provide the foregoing representations and warranties to Nordea with respect to the exercise of Subscription Rights on the holder's behalf. If such person cannot provide the foregoing representations and warranties, Nordea will not be bound to authorise the allocation of, any of the Subscription Rights or the New Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees, custodians, financial intermediaries and trustees) wishes to exercise or otherwise deal in Subscription Rights or subscribe for the New Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant jurisdiction, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The information set out in this section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the New Shares, that investor should consult a professional adviser without delay.

As regards shareholders who on the Record Date hold ordinary shares through a financial intermediary, all Subscription Rights will initially be credited to the intermediary. A financial intermediary may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to certify the same.

Subject to certain exceptions, financial intermediaries are not permitted to send this prospectus or any other information about the Rights Offering into any Ineligible Jurisdiction or to any Ineligible Persons. The crediting of Subscription Rights to the account of persons in Ineligible Jurisdictions or to Ineligible Persons does not constitute an offer of the New Shares to such persons. Financial intermediaries, which include brokers, custodians and nominees, holding for Ineligible Persons may consider selling any and all Subscription Rights held for the benefit of such persons to the extent permitted under their arrangements with such persons and applicable law and to remit the net proceeds to the accounts of such persons.

Subject to certain exceptions, exercise instructions sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Subscription Rights and the New Shares being offered in the Rights Offering will not be delivered to an addressee in any Ineligible Jurisdiction. Nordea reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such New Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is not acting on a discretionary basis for such persons, or who appears to Nordea or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, Nordea reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appear to it to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Despite any other provision of this prospectus, Nordea reserves the right to permit a holder to exercise its Subscription Rights if Nordea in its absolute discretion is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, Nordea does not accept any liability for any actions that a holder takes or for any consequences that it may suffer by them accepting the holder's exercise of Subscription Rights.

United States

The Subscription Rights and New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may only be offered or sold by Nordea within the United States pursuant to an exemption from registration under the Securities Act to persons who are reasonably believed to be QIBs and, except as set out below under "*—Rump Shares*", who have duly completed and executed an investor letter in the form of Annex A (see *"Notice to Investors in the United States"*). In the investor letter, each QIB subscribing for the New Shares by exercising its Subscription Rights will be required represent, agree and acknowledge, and by subscribing for the New Shares will be deemed to have represented, agreed and acknowledged, that, among other things:

(a) it (i) is a QIB, (ii) if subscribing for the New Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB, (iii) it has full investment discretion with respect to each such account, and (iv) it has the full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of each such account;

(b) it is subscribing for the New Shares for its own account, or for the account or accounts of QIBs, in each case, for investment purposes, and not with a view to any distribution (within the meaning of the U.S. federal securities laws) of the New Shares;

(c) it understands, and has advised each beneficial owner, that the Subscription Rights and the New Shares have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws, and are being offered and issued or sold to it (or such beneficial owner) in a transaction not involving a public offering in the United States within the meaning of the Securities Act, that is exempt from the registration requirements of the Securities Act;

(d) it understands that the Subscription Rights and the New Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and that the New Shares may not be deposited into any unrestricted depositary receipt facility, unless at the time of deposit such New Shares are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(e) it is not subscribing for the New Shares or purchasing Subscription Rights on the secondary market on the NASDAQ OMX Stockholm, NASDAQ OMX Helsinki and NASDAQ OMX Copenhagen as a result of any general solicitation or general advertising within the meaning of Rule 502 under the Securities Act, including advertisements, articles, notices, or other communications published in any newspaper, magazine or similar media or broadcast over radio or television; or any seminar or meeting whose attendees have been invited by general solicitation or general advertising within the meaning of Rule 502 under the Securities Act;

(f) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the New Shares, and it has the financial ability to bear the economic risk of investment in the New Shares;

(g) it agrees that if it wishes to reoffer, resell, pledge or otherwise transfer any of the Subscription Rights or the New Shares, it will not do so except in accordance with any applicable U.S. federal and state securities laws, and it certifies that either:

1. it will transfer the New Shares in a transaction exempt from the registration requirements of the U.S. Securities Act under Rule 144(e) or Rule 144(k) (a "Rule 144 Transaction") (if available) and provide an opinion of counsel reasonably satisfactory to Nordea which states that the transfer is exempt from the registration requirements of the Securities Act and that following such transfer, the Subscription Rights and the New Shares are freely transferable;

2. it will transfer the Subscription Rights and the New Shares to a person who it reasonably believes is a QIB purchasing for its own account or for the account of other QIBs in a transaction meeting the requirements of Rule 144A under the Securities Act (if available) (a "Rule 144A Transaction");

3. it will transfer the Subscription Rights and the New Shares in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the U.S. Securities Act (a "Regulation S Transaction");

4. it will transfer the Subscription Rights and the New Shares in a transaction exempt from the registration requirements of the U.S. Securities Act other than a Rule 144 Transaction (if available), a Rule 144A Transaction or a Regulation S Transaction and provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the Securities Act; provided that the person to whom such Subscription Rights and New Shares are transferred delivers a letter to the Company making the foregoing acknowledgements, representations and agreements; or

5. it will transfer the Subscriptions Rights and the New Shares pursuant to an effective registration statement under the U.S. Securities Act;

(h) Nordea, the Underwriters and each of their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein.

The Rump Shares

With respect to any Rump Shares (as defined in "*Legal Considerations and Supplementary Information—Plan of Distribution*") for which subscribers are being procured by the Underwriters, failing which purchased severally by them, as described in "*Legal Considerations and Supplementary Information—Plan of Distribution*", such Rump Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Rump Shares are being offered and sold outside of the United States in reliance on Regulation S. The underwriting agreement provides that the Underwriters may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Rump Shares within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of the Rump Shares, an offer or sale of the Rump Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each purchaser of the Rump Shares within the United States pursuant to Rule 144A, by accepting delivery of this prospectus, will be deemed to have represented, agreed and acknowledged that:

(a) it is (a) a QIB, (b) acquiring such Rump Shares for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Rump Shares has been advised, that the sale of such Rump Shares to it is being made in reliance on Rule 144A;

(b) it understands that the Rump Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States;

(c) notwithstanding anything to the contrary in the foregoing, the Rump Shares may not be deposited into any unrestricted depositary receipt facility in respect of Rump Shares established or maintained by a depositary bank; and

(d) Nordea, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Rump Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Rump Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

European Economic Area

In relation to other Member States of the European Economic Area other than Denmark, Finland, France, Germany, Norway, Sweden and the United Kingdom, which have implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Subscription Rights or New Shares contemplated by this prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State may be made under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of the following criteria (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts; and

(c) in any other circumstances which do not require the publication by Nordea of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of New Shares shall result in a requirement for the publication by Nordea or the Underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "Offer to the Public" in relation to any Subscription Rights or New Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Rights Offering, the Subscription Rights and any New Shares to be offered so as to enable an investor to decide to purchase any New Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" includes any relevant implementing measure in each Relevant Member State.

SELLING RESTRICTIONS IN CERTAIN OTHER JURISDICTIONS

United Kingdom

Each of the Underwriters has represented and agreed that: (i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of the Subscription Rights or the New Shares in circumstances in which Section 21(1) of the FSMA does not apply to Nordea; and (ii) it has complied, and will comply, with all applicable provisions of the FSMA with respect to anything done by it in relation to the Subscription Rights and the New Shares in, from or otherwise involving the United Kingdom.

Switzerland

This prospectus does not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 32 of the Listing Rules of the SWX Swiss Exchange. The New Shares will not be listed on the SWX Swiss Exchange and, therefore, the prospectus does not comply with the disclosure standards of the Listing Rules of the SWX Swiss Exchange. Accordingly, the Subscription Rights and the New Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe the Subscription Rights or the New Shares with a view to distribution to the public. The investors will be individually approached from time to time. This prospectus is personal to each offeree and does not constitute an offer to any other person. The prospectus may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of Nordea. It may not be used in connection with any other offer and shall, in particular, not be copied and/or distributed to the public in or from Switzerland.

DIFC

The Subscription Rights and the New Shares may not be, are not and will not be sold, subscribed for, transferred or delivered, directly or indirectly, to any person in the DIFC who is not a client within the meaning of the Conduct of Business Module of the Rules of the DFSA or a qualified investor within the meaning of the Offered Securities Rules of the DFSA.

ARTICLES OF ASSOCIATION

FOR

NORDEA BANK AB (publ)

Registration no. 516406-0120

(previously 556547-0977)

including confirmed and registered amendments up to and including 23 May 2008[6].

§ 1

The name of the company is Nordea Bank AB. The company is a public company (publ).

§ 2

The registered office of the company is situated in Stockholm.

§ 3

The object of the company is to conduct such banking business referred to in Chapter 1 section 3 of the Swedish Banking and Financing Business Act (SFS 2004:297). This provision states that banking business means business which includes:

1. payment services via general payment systems; and
2. receipt of funds which, following notice of termination, are available to the creditor within a maximum of 30 days.

The object of the company is further to conduct financing operations and operations naturally connected therewith in accordance with Chapter 7 section 1 of the Swedish Banking and Financing Business Act. According to these provisions the company may, in its operations, *inter alia*:

1. borrow funds, for example by accepting deposits from the general public or issuing bonds or other comparable debt instruments;
2. grant and broker loans, for example in the form of consumer credit and loans secured by charges over real property or claims;
3. participate in financing, for example by acquiring claims and leasing property;
4. negotiate payments;
5. provide means of payment;
6. issue guarantees and assume similar obligations;
7. participate in the issuance of securities;
8. provide financial advice;
9. hold securities in safekeeping;
10. conduct letters of credit operations;
11. provide bank safety deposit services;
12. engage in currency trading;

[6] The extraordinary general meeting held on 12 March 2009 resolved on amendments to §§ 5 and 6 of these Articles of Association, after which the share capital shall be not less than EUR 2,700,000,000 and not more than EUR 10,800,000,000 with the same limits for the number of shares. The amended Articles of Association will be registered in connection with the completion of the Rights Offering. In addition, the Board of Directors has proposed to the annual general meeting 2009, to be held on 2 April 2009, to amend § 6 to allow for a number of C-shares up to a maximum amount of 10,000,000

13. engage in securities operations subject to the conditions prescribed in the Swedish Securities Market Act (SFS 2007:528); and
14. provide credit information subject to the conditions prescribed in the Swedish Credit Information Act (SFS 1973:1173).

Further, in its capacity as parent company, the company attends to and is responsible for overall functions in the group, such as management, supervision, risk management and staff functions.

§ 4

The company's accounting currency is the euro and the share capital is denominated in euro.

§ 5

The company's share capital is not less than 1,000,000,000 euro and not more than 4,000,000,000 euro.

§ 6

The number of shares is not less than 1,000,000,000 and not more than 4,000,000,000.

Shares may be issued in two classes, Ordinary shares and C-shares. Ordinary shares may be issued up to a maximum amount of 4,000,000,000 and C-shares may be issued up to a maximum amount of 5,000,000.

In voting at a general meeting, each of the Ordinary shares confers one vote and each of the C-shares one tenth of one vote. C-shares do not entitle to any dividend.

If the company decides to issue new Ordinary shares and C-shares, through a cash issue or an issue against payment through set-off of claims, each owner of Ordinary shares and C-shares has a pre-emptive right to subscribe for new shares of the same type in proportion to the number of existing shares that the shareholder owns (primary pre-emptive rights). Shares not subscribed through primary pre-emptive rights must be offered for subscription to all shareholders (subsidiary pre-emptive rights). If the number of shares so offered is less than the number subscribed through subsidiary pre-emptive rights, the shares must be distributed among the subscribers in proportion to the number of existing shares they own or, to the extent that is not possible, by lot.

If the company decides to issue new shares, through a cash issue or an issue against payment through set-off of claims, of either Ordinary shares or C-shares only, all shareholders, regardless of whether their shares are Ordinary shares or C-shares, are entitled to pre-emptive rights to subscribe for the new shares in proportion to the number of existing shares they own.

If the company decides to issue warrants or convertibles through a cash issue or an issue against payment through set-off of claims, the shareholders have pre-emptive rights to subscribe for warrants as if the issue concerned the shares that may be subscribed to pursuant to the warrant, and respectively, pre-emptive rights to subscribe for convertibles as if the issue concerned the shares that the convertibles may be converted to.

The above conditions will not restrict in any way the possibility of deciding on a cash issue or an issue against payment through set-off of claims, entailing exceptions to the shareholders' pre-emptive rights.

In the case of an increase in share capital through a bonus issue, new shares of each class will be issued in proportion to the number of shares of the same class previously on issue. In such case, existing shares of each class entitle the holder to new shares of the same class. The aforesaid will not restrict in any way the possibility of issuing shares of a new class through a bonus issue after the requisite changes have been made in the Articles of Association.

The company's Board of Directors is entitled to adopt a resolution with respect to a reduction of the share capital through redemption of all C-shares. In conjunction with the adoption of a resolution regarding redemption, holders of C-shares are under an obligation to redeem their shares for an amount equal to the quotient value of the shares, indexed for each day of redemption carrying an interest factor of Euribor for the relevant period supplemented by 1.00 percentage units, calculated from the day when payment of the subscription amount was made. Euribor for the relevant period is determined on the day of payment of the subscription amount. Payment of the redemption amount will be made as early as possible after registration of the reduction of the share capital.

C-shares that are held by the company may, following a decision from the company's Board of Directors, be converted to Ordinary shares. The conversion will be notified without delay for registration and will be effected upon registration.

§ 7

The Board of Directors consists of at least six and not more than fifteen members. The board members are elected at the general meeting for the period until the end of the first annual general meeting that is held after the year when the board member was elected.

When electing the Board of Directors, the aim is to ensure that the Board of Directors as a whole for the purpose of its work possesses the requisite knowledge of and experience in the social, business and cultural conditions of the regions and markets in which the main activities of the Group are carried out.

Each year, after the annual general meeting, the Board of Directors adopts special rules of procedures governing its work.

§ 8

One or two auditors must be elected by the general meeting for examination of the company's annual report and accounts and the administration of the Board of Directors and the managing director. The assignment as auditor will continue until the end of the annual general meeting that is held during the fourth financial year after the election of auditors. At the re-election of auditors the general meeting may decide that the assignment will continue until the end of the annual general meeting that is held during the third financial year after the election of auditors.

§ 9

The annual general meeting is held in Stockholm before the end of June.

§ 10

Notice of a general meeting must be given by advertisement in the Swedish Official Gazette and Dagens Nyheter.

Notice of an annual general meeting and notice of an extraordinary general meeting where amendments to the Articles of Association are dealt with must be given not earlier than six weeks and not later than four weeks prior to the general meeting. Notice of other extraordinary general meetings must be given not earlier than six weeks and not later than two weeks prior to the general meeting.

In order to participate in a general meeting, shareholders must be recorded in a printout or other description of the entire share register relating to the circumstances five business days prior to the general meeting and give notification to the company not later than 13.00 CET on the day specified in the notice. This day must not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must not occur earlier than the fifth weekday prior to the general meeting.

Shareholders, or proxies for shareholders, may bring a maximum of two advisors to a general meeting. Advisors may be brought to a general meeting only if the shareholder has notified the company in advance as to the number of advisors. Such notification must be given at the latest when notification of shareholders' participation in the general meeting is to be made.

§ 11

The Board of Directors may collect proxies at the company's expense according to the procedure set out in Chapter 7 section 4 second paragraph of the Swedish Companies Act.

§ 12

At the general meeting matters are decided by open vote, unless the general meeting decides on a closed ballot. At a general meeting each shareholder is entitled to vote the full number of shares that he or she owns or represents.

§ 13

The following matters must be addressed at the annual general meeting:

1. Election of chairman of the general meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of at least one minutes checker.
5. Determination whether the general meeting has been duly convened.
6. Submission of the annual report and consolidated accounts, and presentation of the audit report and the group audit report.
7. Adoption of the income statement and the consolidated income statement, and the balance sheet and the consolidated balance sheet.
8. Decision on the distribution of the company's profit or loss according to the adopted balance sheet.
9. Decision regarding discharge from liability for the Board of Directors and the managing director.
10. Determination of the number of board members.
11. Where appropriate, determination of the number of auditors.
12. Determination of fees to the members of the Board of Directors and auditors' fees.
13. Election of Board of Directors.
14. Where appropriate, election of auditors.
15. Other matters to be addressed by the general meeting in accordance with Swedish law or the articles of association.

§ 14

The financial year of the company is the calendar year.

§ 15

The company's shares are registered in a CSD (central securities depository) register pursuant to the Swedish Financial Instruments Registration Act (SFS 1998:1479).

Articles of Association were approved at the annual general meeting on 3 April 2008.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

Plan of Distribution

The extraordinary shareholders' meeting held on 12 March 2009 approved the Board of Directors decision that Nordea shall issue up to 1,430,059,525 New Shares at the Subscription Price equal to EUR 1.81, SEK 20.75 or DKK 13.49 per New Share. The Subscription Price shall be paid in EUR or SEK if subscription takes place by exercise of Subscription Rights registered with the Swedish securities system, in EUR if subscription takes place by exercise of Subscription Rights registered with the Finnish securities system and in EUR or DKK if subscription takes place by exercise of Subscription Rights registered with the Danish securities system, subject to the terms of this prospectus and, with respect to any New Shares underwritten by the Underwriters as further described below.

Subscription Rights

Nordea has granted to its shareholders as of the Record Date Subscription Rights, which entitle such shareholders to subscribe for New Shares. The Subscription Rights and the New Shares are being offered by Nordea (a) in the United States only to persons reasonably believed to be QIBs pursuant to an exemption from registration under the Securities Act, who have executed and returned an investor letter to Nordea (see "*Notice to Investors in the United States*"), and (b) outside the United States in accordance with Regulation S.

Each of the Swedish State, Sampo and Nordea-fonden has undertaken to subscribe for its pro rata number of New Shares in the Rights Offering, in the case of each of Sampo and Nordea-fonden based on its shareholding as of 10 February 2009. Accordingly, the Swedish State (either directly or indirectly through an agency of the Swedish Government) is committed to subscribe for New Shares in relation to a total of 515,601,104 ordinary shares (representing 19.9% of the total number of ordinary shares in Nordea), Sampo in relation to a total of 320,552,100 ordinary shares (representing 12.3% of the total number of ordinary shares of Nordea) and Nordea-fonden in relation to a total of 106,700,107 ordinary shares (representing 4.1% of the total number of ordinary shares of Nordea).

The undertakings for Nordea-fonden and Sampo, which were executed on 9 and 10 February 2009, were given for the benefit of Nordea and the Underwriters, and are irrevocable and unconditional. The undertaking of the Swedish State was given on 11 March 2009 and is subject to certain conditions having been satisfied on or prior to the close of the Subscription Period (*e.g.*, 3 April 2009). These conditions include a requirement that the Swedish State shall have received written confirmation that Sampo and Nordea-fonden shall have fully subscribed and paid for, at the Subscription Price, their pro rata number of New Shares in the Rights Offering, based on their respective shareholdings as of 10 February 2009. The obligations of the Underwriters to procure subscribers for the Rump Shares, if any, failing which to subscribe themselves (as described more fully below under "*—Rump Shares*") is conditioned in part on Nordea's shareholders, including each of the Swedish State, Sampo and Nordea-fonden having subscribed and paid for New Shares having an aggregate value at the Subscription Price of not less than 30% of the gross proceeds to be raised in the Rights Offering, provided, further, that Sampo must take up in full its pro rata number of New Shares based on its shareholding as of 10 February 2009. See *"—The Underwriting Agreement"*. None of the Swedish State, Nordea-fonden or Sampo will receive any compensation for taking up their pro rata Shares in the Rights Offering, and their undertakings to subscribe pro rata for New Shares are not secured. Thus, there can be no assurances that the Swedish State, Nordea-fonden or Sampo will be able to fulfil their subscription undertakings or that Nordea will be able to raise the full amount of proceeds expected upon completion of the Rights Offering. See "*Risk Factors—Risks Relating to the Rights Offering and the New Shares—The underwriting agreement between Nordea and the Underwriters is subject to customary terms and conditions*".

The addresses of the above mentioned subscribers are: The Swedish National Debt Office, Norrlandsgatan 15, SE-103 49 Stockholm, Sweden; Nordea-fonden and Nordea Bank-fonden, Rasmus Rifsdal Reg. 6206 HG, Postboks 850, Copenhagen, Denmark; and Sampo, Fabianinkatu 27, 00101 Helsinki, Finland, and Mandatum Life Insurance Company, Bulevardi 56, PB 627, 00101 Helsinki, Finland.

To the extent New Shares have not been subscribed for by exercise of Subscription Rights, the Board of Directors shall determine the allocation of New Shares subscribed for without Subscription Rights, whereby allocation shall be made:

- first to those that subscribed for New Shares by exercise of Subscription Rights, regardless of whether or not the subscriber was a shareholder on the Record Date and, in case of over-subscription, in proportion to the number of Subscription Rights used for subscription of New Shares and, where this is not possible, by drawing of lots; and

- second to others that have applied to Nordea for subscription without Subscription Rights and, in case they cannot receive full allocation, in proportion to the number of New Shares that each has applied to subscribe for and, where this is not possible, by drawing of lots.

Rump Shares

With respect to any New Shares that are not validly subscribed and paid for as described above, the Underwriters undertake to use reasonable endeavours to procure subscribers for the such New Shares (the "Rump Shares"), failing which, to severally and not jointly, subscribe and pay for the Rump Shares themselves in the percentages set forth below and pursuant to the terms set out in the underwriting agreement.

Name	Percentage of Rump Shares
J.P. Morgan Securities Ltd.	50
Merrill Lynch International	50
Total	**100**

The underwriting agreement is subject to customary provisions allowing the Underwriters to terminate their respective underwriting commitments in certain circumstances. The underwriting commitment by the Underwriters is also subject to certain customary conditions precedent. For details on the terms and conditions of the underwriting agreement, see "*—The Underwriting Agreement*".

In addition, Sampo has entered into an agreement with J.P. Morgan and Merrill Lynch pursuant to which Sampo has agreed to subscribe for up to a further 13% of the New Shares being offered in the Rights Offering in the event that the Underwriters are required to subscribe for such New Shares.

The Rump Shares are being offered and sold by the Underwriters (a) in the United States only to persons reasonably believed to be QIBs in accordance with Rule 144A under the Securities Act and (b) outside the United States in compliance with Regulation S.

The addresses of the Underwriters are: J.P. Morgan Securities Ltd., 125 London Wall, EC2Y 5AJ London, England, and Merrill Lynch International, Merrill Lynch Financial Centre, 2 King Edward Street, EC1A 1HQ, London, England.

Selling Restrictions

For further details on selling restrictions applicable to the Subscription Rights and the New Shares, see "*Restrictions on Sale and Transfer of Subscription Rights and New Shares*".

Stabilisation

In connection with the Rights Offering, Merrill Lynch as stabilising manager (the "Stabilising Manager") or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, effect transactions with a view to supporting the market price of the ordinary shares at a level higher than that which might otherwise prevail in the open market. The Stabilising Manager is not required to enter into such transactions, and such transactions may be effected on any stock market, over-the-counter market or otherwise. Such stabilising measures, if commenced, may be discontinued at any time and may only be taken during the period from the day of publication of the Subscription Price up to and including 30 days following the allotment of the New Shares (both dates inclusive). The Stabilising Manager acknowledges that Nordea has not authorised the issue and offer of shares exceeding in aggregate the total number of the New Shares. Nordea authorises the Stabilising Manager to make adequate public disclosure of the information required in relation to such stabilizing by Directive 2003/6/EC and Commission Regulation (EC) No. 2273/2003.

The Underwriting Agreement

On 10 March 2009, Nordea entered into an underwriting agreement with the Underwriters, pursuant to which the Underwriters have agreed, subject to certain terms and conditions, to each severally underwrite 50% of the Rump Shares. In consideration of the Underwriters' underwriting commitments, Nordea has agreed to pay to the Underwriters: (i) a management and structuring fee of 0.75% of the aggregate gross proceeds raised in the Rights Offering; (ii) an underwriting commission of 2.75% of the underwritten amount; and (iii) a discretionary fee of up to 0.5% of the aggregate gross proceeds raised in the Rights Offering, payable at the sole discretion of Nordea. Consequently, the maximum amount of the fees and commissions payable by Nordea to the Underwriters is approximately EUR 77.7 million. Out of the underwriting commission, the Underwriters may pay sub-underwriting commissions (including to Sampo) to the extent that sub-underwriters are or have been procured.

Nordea has also agreed to pay certain expenses in connection with the Rights Offering. Nordea estimates that its total expenses (including expenses of the Underwriters that it has agreed to reimburse) will be approximately EUR 85 million. Nordea expects to receive approximately EUR 2,500 million, net of, *inter alia*, the Underwriters' expenses, fees and commissions.

The underwriting agreement contains, among others, the following provisions:

- The obligations of the parties to the underwriting agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, among others, that Nordea's shareholders, including each of the Swedish State, Sampo and Nordea-fonden have subscribed and paid for New Shares having an aggregate value at the Subscription Price of not less than 30% of the gross proceeds to be raised in the Rights Offering, provided, further, that Sampo must take up in full its pro rata number of New Shares based on its shareholding as of 10 February 2009, the accuracy of the representations and warranties in the underwriting agreement and approval for listing of the New Shares on the Exchanges having taken place on or prior to the closing date. The Underwriters may terminate the underwriting agreement by notice to Nordea prior to the closing date in certain specified circumstances that are typical for an agreement of this nature. These include the occurrence of certain material adverse changes in the condition (financial or otherwise), business affairs or prospects of Nordea and its subsidiaries and certain changes in, among other things, certain national or international political, financial or economic conditions. If any of the above-mentioned conditions are not satisfied or any of the above-mentioned events occurs, or the underwriting agreement is terminated, prior to the closing date, then the subscription of the Rump Shares will not occur.
- Nordea has given customary representations and warranties to the Underwriters, including in relation to Nordea's business and legal compliance, in relation to the ordinary shares and New Shares and in relation to the contents of this prospectus.
- Nordea has given customary undertakings to the Underwriters, including in relation to not making any material commitments or entering into any material agreements relating to the Rights Offering for a period of no more than 40 days after the closing date without consulting the Underwriters.
- Nordea has given customary indemnities to the Underwriters in connection with the Rights Offering.
- If an Underwriters defaults, the underwriting agreement provides that in certain circumstances the purchase commitments of the non-defaulting Underwriter may be increased or the underwriting agreement may be terminated.

Lock-up Arrangements

Nordea has undertaken, until the date that is 180 days after the date on which Nordea determines and announces whether there are any Rump Shares in the Rights Offering (the "Subscription Announcement Date") not to, and to procure that its subsidiaries do not:

(a) (i) issue or contract to issue, or directly or indirectly sell, transfer, pledge, lien, charge, grant security or an option over, or enter into any other agreement or arrangement having a similar effect, or in any way, whether directly or indirectly, dispose of the legal title to or beneficial interest in its ordinary shares, including any new ordinary shares issued or to be issued under the Rights Offering, or publicly disclose the intention to make any such issue, sale, transfer, pledge, lien, charge, grant or offer; or

(ii) enter into any swap or other agreement or any transactions that transfers, in whole or in part, directly or indirectly, any of the economic consequences of the ownership of its ordinary shares (whether any such swap or transaction described in (i) or (ii) is to be settled by delivery of the ordinary shares, cash or otherwise); or

(b) carry out any capital increases or issue any convertible bonds, exchangeable bonds or other securities which are convertible, exchangeable, exercisable into, or otherwise give the right to subscribe for or acquire its ordinary shares, or issue any hybrid securities that are dilutive, at the time of issuance of such securities, to holders of the ordinary shares (it being understood that no such instrument can be lawfully issued by Nordea or any of its subsidiaries as of the date hereof), except, in each case, with the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed); provided, however, that these arrangements shall not apply to (i) the issuance of the New Shares; (ii) issuances, buy-backs, conversions or disposals of C-shares and/or ordinary shares pursuant to stock option plans or other employee or management incentive plans or programs of Nordea and its subsidiaries either existing on the date of the underwriting agreement, approved by the shareholders of Nordea or which are consistent with past practice; (iii) any issuance or agreement to issue ordinary shares or other equity instruments to any state or branch or agency of any government pursuant to any state guarantee scheme (including any government sponsored programme or scheme in any jurisdiction existing at the date hereof and any such programme or scheme which may come into existence in the future with the purpose of supporting companies in the financial services industry and/or the financial system at large and which Nordea or any of its subsidiaries may be entitled to take advantage of), governmental support package or similar legislation or measure; or (iv) the ordinary course securities business and trading, asset management and life insurance operations of Nordea and its subsidiaries conducted only on behalf of unaffiliated customers of Nordea and its subsidiaries.

Notwithstanding anything to the contrary in the foregoing, if Nordea were to request the consent of the Underwriters from the foregoing lock-up provisions for purposes of consummating a merger or acquisition transaction, each of the Underwriters shall act in good faith and use all reasonable efforts to cooperate with Nordea to promptly determine whether they can render such consent, it being understood that the principal concern of the Underwriters in considering whether or not to render such consent shall be the public market perception of the transaction and the likely impact of the transaction on the market price of the ordinary shares.

Agreements with the Swedish State

On 10 February 2009, the Swedish Government announced that the Swedish State will participate in the Rights Offering on a pro rata basis and that the Swedish State's capital injection will be financed through the stabilisation fund referred to in chapter 7 of the Swedish Government Support to Credit Institutions Act (Sw: *lag (2008:814) om statligt stöd till kreditinstitut*). The Swedish National Debt Office is the governmental authority authorised to resolve on capital injections in accordance with the Swedish Capital Contributions to Solvent Banks and Others Ordinance (Sw: *förordning (2009:46) om kapitaltillskott till solventa banker m.fl.*) (the "Capital Injection Ordinance"). The State's participation in the Rights Offering will be effected through a capital injection from the Swedish National Debt Office to Nordea. In accordance with the Capital Injection Ordinance, an agreement shall be entered into with the Swedish National Debt Office regarding the terms and conditions for the capital injection. The agreement shall be approved by the Swedish Government.

On 11 March 2009, Nordea entered into an agreement with the Swedish State (through the Swedish National Debt Office) regarding the Swedish State's participation in the Rights Offering. Under this agreement, which is entered into pursuant to the Capital Injection Ordinance, Nordea undertakes, *inter alia*, not to improperly use the capital contribution in its marketing, and, for the period between 9 February 2009 and 31 December 2010 (the "Period"), to ensure that in relation to the five senior officers (as defined in Chapter 7, Section 61 of the Swedish Companies Act) with the highest aggregate remuneration (i) the total fixed salary and other fixed remuneration do not exceed the level of remuneration that had been decided prior to 9 February 2009, (ii) variable remuneration, including the transfer of securities and the transfer of the right to acquire securities from Nordea in the future by means other than participation in long-term incentive programmes of at least a two-year duration and targeted at a broad circle of senior officers or other employees at Nordea, may not be decided during the Period, unless they concern determination of the variable remuneration to be calculated for the period prior to 1 January 2009 as a consequence of a contract previously entered into; furthermore, circumstances attributable to the Period may not be taken into account when calculating variable remuneration as a consequence of a contract previously entered into, and no variable remuneration decided prior to 9 February 2009 or determined during the Period may be implemented or paid out during this period, (iii) that severance packages shall not contain terms which are more favourable than the applicable guidelines for terms and conditions of employment of leading senior officers at enterprises under government ownership. Furthermore, Nordea must ensure that the fees for members of the board and other remuneration for board assignments are limited to a maximum of the level decided prior to 9 February 2009. The above-mentioned restrictions are in force from the day on which the agreement was entered into until the expiration of 2010. These undertakings are based on the requirements of the Capital Injection Ordinance.

If Nordea breaches any of its undertakings above or otherwise is in a material breach of contract and does not make redress within 30 days from the day Nordea became aware of the breach of contract, it shall pay liquidated damages amounting to SEK 10,000,000. The Swedish National Debt Office confirms in the agreement that it is of the opinion that the provisions in the agreement are not of such significant importance that an insufficient performance under the agreement would make chapter 4, section 1, item 2 of the Swedish Government Support to Credit Institutions Act applicable.

The agreement does not constitute an undertaking by the Swedish National Debt Office to provide a capital injection, since the Swedish National Debt Office needs to make such decision in accordance with the Capital Injection Ordinance. Further, the agreement and the capital injection need to be approved by the Swedish Government before the Swedish National Debt Office finally grants the capital injection. The Swedish Government has on 26 February 2009 approved the agreement.

On 11 March 2009, the Swedish State through the Swedish National Debt Office entered into a subscription agreement with the Underwriters and Nordea according to which the Swedish National Debt Office, inter alia, confirms that the National Debt Office will subscribe and pay for the Swedish State's pro rata share of the Rights Offering.

The undertaking is subject to certain conditions, including that the Swedish National Debt Office shall have received written confirmation that Sampo and Nordea-fonden shall have subscribed for New Shares consistent with their undertakings to Nordea. The conditions must be satisfied on the last day of the Subscription Period.

Material Contracts

Sale of shares in NCSD

On 2 June 2008, Nordea announced that, together with a number of other Swedish banks, it had signed a Memorandum of Understanding to sell its holding in NCSD Holding AB to Euroclear S.A. Nordea's share in NCSD Holding AB was 24.82%. The share transfer agreement contains customary warranties, covenants and indemnification clauses. The transaction was completed on 31 October 2008.

Nordic Processor Joint Venture

Nordea has outsourced its IT production (operation of platforms, consolidation of processes and services and transformation) in the Nordic markets to Nordic Processor AB (the "NP JV"), a company jointly owned by Nordea (40%) and IBM (60%). Nordea, IBM and the NP JV have entered into a master agreement which became effective on 30 September 2003, with an initial term of ten years. Nordea has the right to extend the initial term by a maximum of twelve months. The agreement contains customary outsourcing provisions regarding, *inter alia*, scope of services, transition of services, transformation, governance and management, NP JV personnel, charges and costs and intellectual property rights. Nordea may terminate the master agreement at its convenience by giving six months' notice, in which case Nordea has to pay a termination charge and certain other fees set forth in the master agreement to IBM. Nordea has a put option under the shareholders' agreement relating to the NP JV to sell its shares in the NP JV to IBM and, in the event of expiration or termination of the master agreement, IBM has a call option to purchase all of Nordea's shares in the NP JV.

Acquisition of JSB Orgresbank

In November 2006, Nordea entered into a share purchase agreement for the purchase of a 75.01% stake in JSB Orgresbank for EUR 246 million. The acquisition was completed in March 2007, when Nordea also entered into a shareholders' agreement with the remaining minority shareholders, who were the then current management shareholders and EBRD. In December 2008, Nordea acquired the remaining shares in JSB Orgresbank through an amendment and restatement of the shareholders' agreement and two exit share purchase agreements entered into with EBRD and the two management shareholders, respectively. The transaction with the two management shareholders has closed and the transaction with EBRD is subject to regulatory approvals which are expected to be granted in the first quarter of 2009. The share purchase agreement and the exit share purchase agreements contain customary representations and warranties and indemnification clauses in relation to sellers' liabilities under the respective agreements, which are capped at the purchase price for each of the three agreements.

Underwriting Agreement and Other

For a discussion of the undertakings by the Swedish State, Sampo and Nordea-fonden as well as of the terms of the underwriting agreement with the Underwriters, see *"—Plan of Distribution"*.

AGREEMENTS WITH RELATED PARTIES

Within the ordinary course of its business, Nordea extends consumer and residential loans to members of the Board of Directors, the CEO and the GEM ("Key Management Personnel"). As of 31 December 2008, the total amount of loans outstanding to Key Management Personnel was EUR 3 million, compared to EUR 2 million as of 31 December 2007. Loans to Key Management Personnel who are employed by Nordea are subject to the same credit terms and conditions applicable to Nordea employees, except for Key Management Personnel in Denmark, to whom loans are granted on terms and conditions applicable to external customers. For general terms of these loans, see "*Note 7*" to the audited consolidated financial statements included elsewhere in this prospectus. Loans extended to Key Management Personnel who are not employed by Nordea (which includes members of the Board of Directors) and to family members of Key Management Personnel are granted on normal market terms.

In addition, Nordea may enter into transactions with companies that are significantly influenced by Key Management Personnel or their close family members. In March 2009, Nordea entered into a EUR 10 million credit line with an investment vehicle owned by a member of the Board of Directors and members of his family. The member of the Board of Directors holds a minority interest in the investment vehicle. The credit line can be drawn against equal equity contributions into the borrower by its shareholders and has been entered into in the ordinary course of business on the same terms and conditions that would be applicable to comparable transactions. The relevant loan documentation includes a covenant that prohibits the borrower from using the loan to purchase the Subscription Rights or the New Shares.

Companies that are significantly influenced by Key Management Personnel or their close family members also include Nokia Corporation, Posten AB, Sampo Abp, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. These transactions are entered into within the ordinary course of business, based on the same criteria and on the same terms and conditions applicable to comparable transactions with companies of similar standing. Nordea does include such transactions in the presentation of loans to members of Key Management Personnel or discloses them separately given the size of these counterparties.

For transactions with Eksportfinans, see "*Operating and Financial Review—Liquidity and Capital Resources—State funding guarantee schemes, capitalisation programmes and participation in state-owned entities*".

For additional information, see "*Note 50*" to the audited consolidated financial statements included elsewhere in this prospectus.

INSURANCE

Nordea maintains insurance coverage under various liability and property insurance policies that its Board of Directors deems to be appropriate. Nordea's insurance policies include professional indemnity insurance and a financial institution's blanket bond covering losses from computer, personal and external crimes, depositary insurance for securities, insurance for cash, securities and precious metal in transit and insurance of automatic teller machines. In addition, Nordea also has an insurance policy to cover liability of its directors, officers and other key members of management.

In the view of the Board of Directors, the existing insurance coverage, including the level and conditions of coverage, provides reasonable protection, taking into account the costs for the insurance coverage and the potential risks of business operations. However, Nordea can provide no assurances that losses will not be incurred or that claims will not be filed against it which go beyond the type and scope of the existing insurance coverage.

INVESTMENTS

Nordea's principal investments, other than investments in financial securities in the ordinary course of its business, primarily include the acquisition of companies and investments in tangible and intangible assets. In 2006, Nordea entered into an agreement to purchase a 75.01% stake in JSB Orgresbank. Nordea also invested in certain tangible (primarily IT equipment) and intangible fixed assets (primarily computer licenses and internally developed software), in the amount of EUR 114 million and EUR 110 million, respectively. In October 2007, Nordea signed an agreement with Svensk Kassaservice to acquire approximately 70 branches with effect on 1 July 2008. The agreed purchase price was SEK 100 million (EUR 10.6 million as of such date). At closing on 1 July 2008, 68 Svensk Kassaservice branches were transferred to Nordea for the agreed purchase price. Nordea further invested

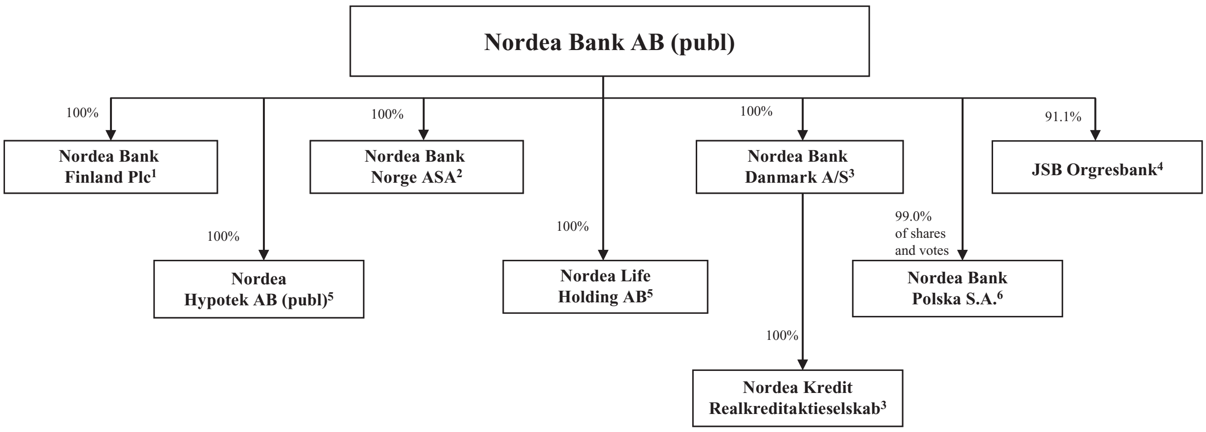
EUR 157 million and EUR 119 million, respectively, in tangible and intangible fixed assets. In 2008, Nordea acquired the remaining stake in JSB Orgresbank and acquired nine branches from Roskilde Bank in Denmark for EUR 18 million. Nordea further invested EUR 162 million and EUR 132 million, respectively, in tangible and intangible assets.

Real Property

Nordea's principal executive offices are located in Stockholm, Sweden. It also operates through a number of other offices and branches located throughout the Nordic markets, the New European Markets and elsewhere internationally. Nordea does not own any material real property. Nordea's main offices in Stockholm, Copenhagen, Helsinki and Oslo are thus situated in leased properties, located in the central business districts. The lease agreements are subject to long lease terms and are, save for the lease agreement regarding the main offices in Copenhagen, the subject of sale and leaseback transactions completed in 2004.

Legal Structure

The following chart sets forth the legal structure of the Nordea group, including its material subsidiaries, and the percentage of shares and votes held of each entity.



1 Incorporated in Finland.
2 Incorporated in Norway.
3 Incorporated in Denmark.
4 Incorporated in Russia. Nordea Bank AB (publ) owns 100% of OOO Promyshlennaya Companiya Vestkon, which owns 91.1% of JSB Orgresbank.
5 Incorporated in Sweden.
6 Incorporated in Poland.

Intellectual Property Rights

Nordea holds intellectual property rights in the form of, *inter alia*, trademarks. Nordea is of the view that the trademarks "Nordea", "Nordea Bank" and "Plusgirot" (word and figurative marks) as well as "Gör det möjligt" (word mark) and "First Card" (figurative mark) are of material significance for Nordea's operations. These trademarks are registered as Community and/or national trademarks and, *e.g.*, "Nordea" (word and figurative marks) is also subject to international registration under the Madrid Protocol, designating several countries, among others, Norway, Russia, Singapore and China. Nordea is further of the view that, to the extent necessary, Nordea protects its intellectual property rights, among other things, through trademark protection.

Legal and Administrative Proceedings

As a result of conducting its business in the ordinary course, Nordea is a party to legal and administrative proceedings, including proceedings in which it is acting as plaintiff seeking to recover unpaid debts owed by defaulting borrowers and other customers, or as respondent, most of which involve relatively limited amounts. Nordea is also subject to administrative claims and tax proceedings. However, there are currently, and except as disclosed in this prospectus, no legal or administrative proceedings pending or, to the knowledge of the Board of Directors, threatened, which, individually could have a material adverse effect on Nordea's business, financial condition or results of operations.

In 2003 and 2004, Nordea divested of certain real estate properties and shares in real estate portfolio companies representing an aggregate book value of EUR 1.5 billion. See "—*Real Property*". The divestiture was effected through a sale and lease back transaction involving 13 properties located in the central business districts of Stockholm, Oslo and Helsinki. As part of this transaction, Nordea Fastigheter AB sold the properties which it owned in Sweden at a realised sales gain of EUR 300 million in 2004. The Swedish tax authorities have notified Nordea that the taxable income for Nordea Fastigheter AB will be increased by SEK 225 million and SEK 2,711 million, for the years 2003 and 2004, respectively. The potential tax liability, including a surcharge, amounts to approximately EUR 100 million and is related to the above mentioned sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden. Nordea is of the opinion that all tax rules and regulations have been complied with in the transactions, and that the previously reported gain is correctly treated from a tax perspective. Since this divestment structure was a well established practice for many real-estate companies divesting their portfolios, Nordea strongly contests both the ordinary tax liability and the tax surcharge and have taken the decisions to the Swedish courts.

In January 2006, a writ was served on Nordea Denmark based on an avoidance claim of USD 61.2 million plus interest by SAirGroup in liquidation filed with the Commercial Court of Zürich, Switzerland. The Commercial Court of Zürich dismissed the claim in April 2008 and the liquidation estate has appealed the decision to the Swiss Supreme Court. If the liquidation estate wins the lawsuit Nordea Denmark will be forced to repay the claimed amount (plus interest of 5% from 14 June 2005) to the liquidation estate and will then instead have a claim for a dividend towards the liquidation estate for a corresponding amount. Even though the Swiss Supreme Court in other cases has held that payments from SAirGroup to other creditors were voidable, Nordea is contesting the claim and has made no provisions in relation thereto.

Between 2006 and 2008, Nordea has traded in Swiss shares and hedged its exposure by entering into derivative contracts on the equity derivatives market for these shares in connection with such trades. The Swiss withholding taxes on the dividends pertaining to the shares were reclaimed by Nordea for the year 2006 and all outstanding withholding tax was successfully refunded for that year. For the year 2007, the withholding taxes on the dividends were also reclaimed, however, the Swiss Federal Tax Authority asked Nordea to provide additional information. In February 2009, Nordea received a draft letter from the Swiss Federal Tax Authority stating that there would be no withholding tax refunds in 2007, and requested reimbursement of the withholding taxes in relation to the year 2006 which had already been refunded to Nordea. The total exposure in connection with the years 2006 up to 2008 is approximately EUR 53 million. Nordea will strongly challenge the Swiss Federal Tax Authority's position and is of the opinion that all applicable tax regulations and rules have been complied with.

Documents on Display

The following documents are on display during normal office hours at Nordea's offices at Smålandsgatan 17, SE-105 71 Stockholm, Sweden, Christiansbro, Strandgade 3, PO Box 850 0900, Copenhagen, Denmark, Alexandersgatan 36 B, Helsinki, FI-00020, Finland, and Middelthunsgate 17, NO-0368, Oslo, Norway, during the Subscription Period:

(a) the Articles of Association of Nordea;

(b) the audited financial reports of Nordea for the financial years ended 31 December 2006, 2007 and 2008;

(c) the Swedish language prospectus and the translation thereof;

(d) the Memorandum of Incorporation (Sw: *Stiftelseurkund*) of Nordea; and

(e) the general terms and conditions of the FDRs.

Copies of the documents are also available on Nordea's website, www.nordea.com. The information contained on Nordea's website is not incorporated in this prospectus and does not form part of this prospectus.

EXCHANGE RATE INFORMATION AND REGULATIONS

Exchange Rate Information

The following table sets forth, for the periods and dates indicated, certain information regarding the European Central Bank ("ECB") daily reference exchange rate published by the ECB (the "ECB Daily Reference Rate") for USD, expressed in USD per EUR, rounded to the nearest four decimal places. No representation is made that USD amounts have been, could have been or could be converted into EUR, or vice versa, at such exchange rates or at any other exchange rate.

	USD per one EUR			
	Period end[1]	**Average rate[2]**	**High**	**Low**
Period				
2004	1.3621	1.2439	1.3633	1.1802
2005	1.1797	1.2441	1.3507	1.1667
2006	1.3170	1.2556	1.3331	1.1826
2007	1.4721	1.3705	1.4874	1.2893
2008	1.3917	1.4708	1.5990	1.2460
2009 (through March 13)	1.2905	1.2951	1.3866	1.2555
Month in 2009				
January	1.2816	1.3239	1.3866	1.2795
February	1.2644	1.2785	1.3008	1.2591
March (through March 13)	1.2905	1.2680	1.2905	1.2555

1 Represents the exchange rate on the last business day of the applicable period.

2 Represents the average of the ECB Daily Reference Rates on each business day of each month during the relevant one-year period and, with respect to monthly information, the average of the ECB Daily Reference Rates on each business day for the relevant period.

Exchange Control Regulations

Sweden

There are currently no foreign exchange control restrictions in Sweden, other than in certain national crisis situations, that would restrict the payment of dividends to a shareholder outside Sweden, and there are currently no restrictions that would effect the right of shareholders who are not residents of Sweden to dispose of their shares and receive the proceeds from a disposal outside Sweden. There is no maximum transferable amount either to or from Sweden, although transferring banks are required to report to the Swedish tax authorities any payments to or from Sweden exceeding SEK 150,000. Such information may also be forwarded to authorities in the countries where the holders of the shares are resident.

Denmark

There are currently no foreign exchange control restrictions in Denmark that would restrict the payment of dividends to a shareholder in Denmark, however see "*Banking Regulation and Supervision—Government Stabilisation Plans—The Danish financial stabilisation plans*" in respect of new limitations on dividend payments made from relevant banks as part of the Danish Bank Guarantee Scheme. There are currently no restrictions that would effect the right of shareholders who are not residents of Denmark to dispose of their shares and receive the proceeds from a disposal outside Denmark. There is no maximum transferable amount either to or from Denmark. As a measure to prevent money laundering and financing of terrorism, persons travelling into or out of Denmark carrying amounts of money (including, but not limited to, cash and travellers cheques) worth the equivalent of EUR 15,000 or more must declare such amounts with the Danish Customs Authority.

Finland

There are currently no foreign exchange control restrictions in Finland that would restrict the payment of dividends to a shareholder or a FDR-shareholder in Finland. However, should the Finnish state provide Nordea Finland with financial assistance in a form of capital loan subscription (see "*Banking Regulation and Supervision—Government Stabilisation Plans—The Finnish financial stabilisation plans*"), certain limitations shall be applied to Nordea Finland's dividend payments. There are neither currently any restrictions that would effect the right of shareholders or FDR-shareholders who are not residents in Finland to dispose of their shares and receive the proceeds from disposal outside Finland. There is no maximum transferable amount either to or from Finland.

CERTAIN DEFINITIONS

As used in this prospectus, the terms below shall have the following meanings:

"Board of Directors"	The board of directors of Nordea Bank AB (publ)
"BTA"	Paid and subscribed shares (Sw: *Betalda tecknade aktier*)
"Customer Programme"	Nordea's offering to household customers who meet certain requirements regarding the amount and type of business with Nordea. Customer programme customers are divided into Gold customers, Silver customers and Bronze customers. See "*Business—Nordea's Customers and Operations—Household Customers*".
"DFSA"	The Danish Financial Supervisory Authority (Da: *Finanstilsynet*)
"DKK" or "Danish krona"	The lawful currency of the Kingdom of Denmark
"EEA"	European Economic Area
"EU"	European Union
"EUR" or "euro"	The single currency of the participating Member States in the third stage of the European and Economic and Monetary Union pursuant to the Treaty establishing the Economic Community, as amended from time to time
"FDR holder"	A person or entity holding one or several FDRs
"FIN-FSA"	The Finnish Financial Supervisory Authority (Sw: *Finansinspektionen*)
"FSAN"	Financial Supervisory Authority of Norway (Nw: *Kredittillsynet*)
"Finnish Depositary Receipt" or "FDR"	A specific Finnish book-entry entitlement in the form of which the New Shares are to be listed on NASDAQ OMX Helsinki. For further information on FDRs, see "*Terms, Conditions and Instructions—New Shares to be Registered with Euroclear Finland and Traded on NASDAQ OMX Helsinki—Description of the FDRs*".
"New European Markets"	Estonia, Latvia, Lithuania, Poland and Russia
"Nordea"	Nordea Bank AB (publ) together with its consolidated subsidiaries and associates, or Nordea Bank AB (publ) on a stand alone basis, as the context requires
"Nordea Denmark"	Nordea Bank Danmark A/S
"Nordea Finland"	Nordea Bank Finland Plc
"Nordea Norway"	Nordea Bank Norge ASA
"NOK" or "Norwegian krona"	The lawful currency of the Kingdom of Norway
"Nordic markets"	Denmark, Finland, Sweden, Norway
"OECD"	Organisation for Economic Co-operation and Development
"SEK " or "Swedish krona"	The lawful currency of the Kingdom of Sweden
"SFSA"	Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*)
"USD" or "U.S. dollar"	The lawful currency of the United States of America

FINANCIAL STATEMENTS—CONTENTS

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors Nordea Bank AB (publ)

We have audited the consolidated financial statements of Nordea Bank AB (publ), which comprise the consolidated balance sheet as at 31 December 2008, 31 December 2007 and 31 December 2006 and the related consolidated income statement, cash flow statement and statement of recognized income and expense for the years then ended and a summary of significant accounting principles and other explanatory notes.

The Board of Directors and President's responsibility for the Consolidated Financial Statements

The Board of Directors and the President are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the EU, and in accordance with the requirements in Prospectus Directive for the implementation of the Prospectus Regulation, 809/2004/EC. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, irrespective of whether such are due to fraud or errors.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with FAR SRS's RevR 5, Granskning av prospekt. This recommendation requires that we follow ethical rules and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free form any material misstatement.

An audit pursuant to FAR SRS's RevR 5, Granskning av prospekt, involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's judgment, including our assessment of the risk of material errors in the consolidated financial statements, irrespective of whether such are due to fraud or errors. In making those risk assessments, we consider internal control relevant to the company's preparation and fair presentation of the consolidated financial statements as a basis for designing the audit procedures that are appropriate in the circumstances, but not for the purpose of issuing 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 the significant estimates made by the Board of Directors and the President, as well as evaluating the overall consolidated financial statements presentation. We believe that the audit evidence obtained is sufficient and appropriate as a basis for our opinion.

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view in accordance with IFRS as adopted by the EU of the financial position of Nordea Bank AB (publ) as at 31 December 2008, 31 December 2007 and 31 December 2006 and the result, statement of recognized income and expense and cash flow for the years then ended.

Stockholm 16 March 2009

/s/ KPMG AB

Carl Lindgren
Authorized Public Accountant

Consolidated income statement

EURm	Note	2008	2007	2006
Operating income				
Interest income		16,753	12,909	9,669
Interest expense		(11,660)	(8,627)	(5,800)
Net interest income	3	**5,093**	**4,282**	**3,869**
Fee and commission income		2,532	2,734	2,582
Fee and commission expense		(649)	(594)	(508)
Net fee and commission income	4	**1,883**	**2,140**	**2,074**
Net gains/losses on items at fair value	5	1,028	1,209	1,042
Profit from companies accounted for under the equity method	20	24	41	68
Other operating income	6	172	214	312
Total operating income		**8,200**	**7,886**	**7,365**
Operating expenses				
General administrative expenses:				
Staff costs	7	(2,568)	(2,388)	(2,251)
Other expenses	8	(1,646)	(1,575)	(1,485)
Depreciation, amortisation and impairment charges of tangible and intangible assets	9,23,24	(124)	(103)	(86)
Total operating expenses		**(4,338)**	**(4,066)**	**(3,822)**
Loan losses	10	(466)	60	257
Disposals of tangible and intangible assets		0	3	8
Operating profit		**3,396**	**3,883**	**3,808**
Income tax expense	11	(724)	(753)	(655)
Net profit for the year		**2,672**	**3,130**	**3,153**
Attributable to:				
Shareholders of Nordea Bank AB (publ)		2,671	3,121	3,145
Minority interests		1	9	8
Total		**2,672**	**3,130**	**3,153**
Basic earnings per share, EUR	12	1.03	1.20	1.21
Diluted earnings per share, EUR	12	1.03	1.20	1.21

Consolidated balance sheet

EURm	Note	31 Dec 2008	31 Dec 2007	31 Dec 2006
Assets				
Cash and balances with central banks		3,157	5,020	2,104
Treasury bills	13	6,545	5,193	6,280
Loans and receivables to credit institutions	14	23,903	24,262	26,792
Loans and receivables to the public	14	265,100	244,682	213,985
Interest-bearing securities	15	44,830	38,782	29,464
Financial instruments pledged as collateral	16	7,937	4,790	10,496
Shares	17	10,669	17,644	14,585
Derivatives	18	86,838	31,498	24,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	413	(105)	(37)
Investments in associated undertakings	20	431	366	398
Intangible assets	22	2,535	2,725	2,247
Property and equipment	23,24	375	342	307
Investment property	25	3,334	3,492	3,230
Deferred tax assets	11	64	191	382
Current tax assets	11	344	142	68
Retirement benefit assets	35	168	123	84
Other assets	26	14,604	7,724	10,726
Prepaid expenses and accrued income	27	2,827	2,183	1,572
Total assets		**474,074**	**389,054**	**346,890**
Liabilities				
Deposits by credit institutions	28	51,932	30,077	32,288
Deposits and borrowings from the public	29	148,591	142,329	126,452
Liabilities to policyholders	30	29,238	32,280	31,041
Debt securities in issue	31	108,989	99,792	83,417
Derivatives	18	85,538	33,023	24,939
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	532	(323)	(401)
Current tax liabilities	11	458	300	263
Other liabilities	32	17,970	22,860	22,177
Accrued expenses and prepaid income	33	3,278	2,762	2,008
Deferred tax liabilities	11	1,053	703	608
Provisions	34	143	73	104
Retirement benefit obligations	35	340	462	495
Subordinated liabilities	36	8,209	7,556	8,177
Total liabilities		**456,271**	**371,894**	**331,568**
Equity	37			
Minority interests		78	78	46
Share capital		2,600	2,597	2,594
Other reserves		(888)	(160)	(111)
Retained earnings		16,013	14,645	12,793
Total equity		**17,803**	**17,160**	**15,322**
Total liabilities and equity		**474,074**	**389,054**	**346,890**
Assets pledged as security for own liabilities	38	95,507	79,708	74,331
Other assets pledged	39	10,807	6,304	3,053
Contingent liabilities	40	26,287	24,254	22,495
Commitments excluding derivatives	41	88,434	87,006	80,601
Derivative commitments	18,41	3,802,101	3,405,332	2,538,489

Consolidated statement of recognised income and expense

EURm	2008	2007	2006
Currency translation differences during the year	(1,233)	(26)	38
Currency hedging of net investment in foreign operations	691	(24)	75
Available-for-sale investments:			
Valuation gains/losses taken to equity	—	1	3
Transferred to profit or loss on sale for the year	(6)	—	—
Cash flow hedges:			
Gains/losses taken to equity	(7)	—	—
Tax on items taken directly to or transferred from equity	(173)	0	1
Net income recognised directly in equity	**(728)**	**(49)**	**117**
Net profit for the year	2,672	3,130	3,153
Total recognised income and expense for the year	**1,944**	**3,081**	**3,270**
Attributable to:			
Shareholders of Nordea Bank AB (publ)	1,943	3,072	3,262
Minority interests	1	9	8
Total	**1,944**	**3,081**	**3,270**

Consolidated cash flow statement

EURm	2008	2007	2006
Operating activities			
Operating profit	3,396	3,883	3,808
Adjustment for items not included in cash flow	(594)	(292)	(954)
Income taxes paid	(534)	(591)	(632)
Cash flow from operating activities before changes in operating assets and liabilities	**2,268**	**3,000**	**2,222**
Changes in operating assets			
Change in treasury bills	1,020	(1,601)	554
Change in loans and receivables to credit institutions	(1,526)	2,091	6,182
Change in loans and receivables to the public	(41,085)	(30,365)	(25,396)
Change in interest-bearing securities	704	(6,109)	(2,548)
Change in financial assets pledged as collateral	(3,148)	5,706	1,178
Change in shares	6,323	(3,141)	(1,688)
Change in derivatives, net	(792)	924	878
Change in investment properties	137	(262)	(283)
Change in other assets	(6,903)	3,085	(946)
Changes in operating liabilities			
Change in deposits by credit institutions	24,670	(2,438)	2,567
Change in deposits and borrowings from the public	16,558	15,484	10,904
Change in liabilities to policyholders	(687)	1,238	2,512
Change in debt securities in issue	15,137	16,349	808
Change in other liabilities	(1,837)	458	4,121
Cash flow from operating activities	**10,839**	**4,419**	**1,065**
Investing activities			
Acquisition of business operations	(81)	(28)	77
Sale of business operations	—	42	2
Acquisition of investments in associated undertakings	(41)	(9)	(14)
Sale of investments in associated undertakings	135	61	416
Acquisition of property and equipment	(162)	(157)	(114)
Sale of property and equipment	12	18	40
Acquisition of intangible assets	(132)	(119)	(110)
Sale of intangible assets	6	—	10
Investments in debt securities, held to maturity	(10,938)	(149)	(300)
Purchase/sale of other financial fixed assets	17	(10)	(7)
Cash flow from investing activities	**(11,184)**	**(351)**	**0**
Financing activities			
Issued subordinated liabilities	500	—	1,281
Amortised subordinated liabilities	—	(315)	(495)
New share issue	3	3	—
Repurchase of own shares incl change in trading portfolio	(10)	8	3
Dividend paid	(1,297)	(1,271)	(908)
Cash flow from financing activities	**(804)**	**(1,575)**	**(119)**
Cash flow for the year	**(1,149)**	**2,493**	**946**
Cash and cash equivalents at the beginning of year	7,097	4,650	3,676
Exchange rate difference	(1,254)	(46)	28
Cash and cash equivalents at the end of year	4,694	7,097	4,650
Change	**(1,149)**	**2,493**	**946**

Comments on the cash flow statement

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

Operating activities

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

EURm	2008	2007	2006
Depreciation	114	103	87
Impairment charges	10	0	(1)
Loan losses	530	24	(169)
Unrealised gains/losses	(973)	(264)	(135)
Capital gains/losses (net)	(83)	(43)	(248)
Change in accruals and provisions	173	85	27
Translation differences	1,216	(307)	(230)
Change in bonus potential to policyholders	(2,033)	(42)	(605)
Other	452	152	320
Total	**(594)**	**(292)**	**(954)**

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

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

EURm	2008	2007	2006
Interest payments received	16,230	12,579	9,351
Interest expenses paid	11,429	8,131	5,586

Investing activities

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

EURm	2008	2007	2006
Acquisition of business operations			
Cash and cash equivalents	4	218	78
Loans and receivables to credit institutions	—	31	—
Loans and receivables to the public	394	445	—
Interest-bearing securities	—	148	1,583
Shares	—	1	8
Property & equipment and intangible assets	32	330	81
Other assets	5	1	38
Total assets	**435**	**1,174**	**1,788**
Deposits by credit institutions	—	(286)	—
Liabilities and borrowings from the public	(340)	(393)	—
Liabilities to policyholders	—	—	(1,700)
Debt security in issue	—	(25)	—
Other liabilities and provisions	(10)	(224)	(45)
Total liabilities	**(350)**	**(928)**	**(1,745)**
Purchase price paid[1]	**(85)**	**(246)**	**43**
Reclassified from investments in associated companies	—	—	(43)
Cash and cash equivalents in acquired business operations	4	218	77
Net effect on cash flow	**(81)**	**(28)**	**77**

[1] Including translation difference, see also Note 51 Acquisitions.

EURm	2008	2007	2006
Sale of business operations			
Cash and cash equivalents	—	7	4
Loans and receivables to the public	—	89	40
Property & equipment and intangible assets	—	4	36
Other assets	—	1	1
Total assets	**—**	**101**	**81**
Deposits by credit institutions	—	(59)	(72)
Other liabilities and provisions	—	(2)	(2)
Total liabilities	**—**	**(61)**	**(74)**
Capital gain/loss on sold business operations	—	9	(1)
Purchase price received	**—**	**49**	**6**
Cash and cash equivalents in sold business operations	—	(7)	(4)
Net effect on cash flow	**—**	**42**	**2**

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:

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Cash and balances with central banks	3,157	5,020	2,104
Loans and receivables to credit institutions, payable on demand	1,537	2,077	2,546
	4,694	**7,097**	**4,650**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;

- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available any time.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Accounting policies

Table of contents

1. Basis for presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of such standards by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (1995:1559), the recommendation RFR 1.1 "Supplementary Accounting Rules for Groups" and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the Financial Supervisory Authority (FFFS 2008:25) have also been applied.

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

Forthcoming changes in IFRSs

IASB has revised IFRS 3 "Business Combinations", IAS 1 "Presentation of Financial Statements", IAS 23 "Borrowing Costs", amended IAS 27 "Consolidated and Separate Financial Statements", IAS 32 "Financial Instruments: Presentation", IAS 39 "Financial instruments: Recognition and Measurement", IFRS 2 "Share-based Payment" and published the new standard IFRS 8 "Operating segments" as well as "Improvements to IFRSs". These new or updated standards will come into force on 1 January 2009, except for IFRS 3, parts of IAS 27 and IAS 39, which will come into force on 1 July 2009 applicable for Nordea as from 2010. 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.

2. Critical judgements and key sources of estimation uncertainty

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

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

- the fair value measurement of certain financial instruments.
- the impairment testing of:
  - goodwill and
  - loans and receivables.
- the actuarial calculations of pension liabilities.
- the actuarial calculations of liabilities to policyholders.
- 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 8 "Determination of fair value of financial instruments" and Note 44 "Assets and liabilities at fair value".

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 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 13 "Intangible assets" and Note 22 "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 11 "Loans and receivables" and Note 14 "Loans and receivables and their impairment".

Actuarial calculations of pension liabilities related to employees

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters like assumptions as to salary increases and inflation are fixed based on the expected long-term development of these parameters. The fixing of these parameters at year-end is disclosed in Note 35 "Retirement benefit obligations".

The major part of the assets covering the pension liabilities is invested in liquid assets and valued at market price at year-end. The expected return on plan assets is fixed taking into account the asset composition and based on long-term expectations on the return on the different asset classes. The expected return is also disclosed in Note 35 "Retirement benefit obligations".

See also the separate section 19 "Pensions to employees" and Note 35 "Retirement benefit obligations".

Actuarial calculations for liabilities to policyholders

The liabilities to policyholders consist of long-term obligations with some insurance contracts having long durations. A valuation of these liabilities includes estimations and assumptions, both financial and actuarial. One of the important financial assumptions is the interest rate used for discounting future cash flows. Other important actuarial assumptions are mortality and disability assumptions, which affect the size and timing of the future cash flows. The financial and actuarial assumptions are, to a large extent, stipulated in local legislation and therefore not under Nordea's discretion. Also assumptions for future administrative and tax expenses effect the calculation of policyholder liabilities.

See also the separate section 16 "Liabilities to policyholders" and Note 30 "Liabilities to policyholders".

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.

See also Note 40 "Contingent liabilities".

3. Principles of consolidation

Consolidated entities

The consolidated financial statements include the accounts of the parent company Nordea Bank AB (publ), 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, except for the forming of Nordea in 1997–98 when the holding in Nordea Bank Finland Plc was consolidated using the pooling 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 45 "Special Purpose Entities (SPEs)—Consolidated".

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 euro (EUR), the presentation currency of the parent company Nordea Bank AB (publ). The current method is used when translating the financial statements of foreign entities into EUR 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.

Information on the most important exchange rates is disclosed in the separate section 24 "Exchange rates".

Changes in Group structure

There have been no significant changes in the Group structure during 2006-2008. Information on business combinations are disclosed in Note 51 "Acquisitions".

4. Recognition of operating income

Net interest income

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

Interest income and interest expense related to all balance sheet items in Markets and Life 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.

Income from issued financial guarantees and expenses from bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense" respectively.

Net gains/losses on items at fair value

Realised and unrealised gains and losses, including net interest in Markets and Life, 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 contain credit derivatives as well as commodity instruments/derivatives
- Foreign exchange gains/losses
- Investment properties, Life, which includes realised and unrealised income, for instance revaluation gains and losses. This line also includes realised results from divestments as well as the running property yield stemming from the holding of investment properties in Life.

Life insurance

Gains and losses derived from assets in Life are split on the above-mentioned income lines in the note.

The note lines Change in technical provisions, Life and Change in collective bonus potential, Life, correspond mainly to the part of the financial result transferred to the policyholders within Life. Nordea has disclosed these lines separately in the note. Premiums received, and repayments to policyholders, related to the financial risk are reported in the balance sheet as increases or decreases in deposits. See further information in section 16 "Liabilities to policyholders".

The insurance risk result is separated from the financial risk result and is presented separately in the note. As the net income is not material in comparison with the other income and expense lines in the income statement, this result is presented within the note as Insurance risk income, Life and Insurance risk expense, Life.

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.

5. 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 section 10 "Financial instruments", as well as Note 47 "Obtained collaterals which are permitted to be sold or repledged".

6. 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. The parent company Nordea Bank AB (publ) uses two functional currencies for reporting in consolidated accounts, based on the different activities in the underlying business.

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".

7. 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 6 "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.

8. 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 44 "Assets and liabilities at fair value".

9. 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 10 "Financial instruments".

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

10. 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

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured in the balance sheet and how changes in its value are recognised. In Note 43 "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 and interest-bearing securities, shares and investment contracts in Life. 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. Interest-bearing securities, shares and investment contracts in Life also belongs to this category, as a consequence of that these assets and liabilities are managed on a fair value basis.

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 11 “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 11 “Loans and receivables” for more information on the identification and measurement of objective evidence of impairment.

Available for sale financial assets

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

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

Other financial liabilities

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

Hybrid (combined) financial instruments

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

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

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

11. Loans and receivables

Loans and receivables not measured at fair value are measured at amortised cost (see also the separate section 5 "Recognition and derecognition of financial instruments in the balance sheet" as well as Note 43 "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 with similar risk characteristics 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 10 "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.

12. 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 straight-line 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 straight-line basis over the lease term unless another systematic way better reflects the time pattern of the user's benefit. The lease terms range between 3 to 25 years.

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

The central district properties in Finland, Norway and Sweden that Nordea has divested are leased back. The duration of the lease agreements were initially 3-25 years with renewal options. The lease agreements include no transfers of ownerships of the asset by the end of the lease term, nor any economic benefits from appreciation in value of the leased property. In addition, the lease term is not for the major part of the assets' economic life. These leases are thus classified as operating leases. The rental expense for these premises is recognised on the basis of the time-pattern of Nordea's economic benefit which differs from the straight-line basis and better resembles an ordinary rental arrangement.

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.

13. 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.

As part of its transition to IFRS, Nordea elected to restate only those business combinations that occurred on or after 1 January 2004. In respect of acquisitions prior to that date, goodwill represents the amount recognised under Nordea's previous accounting framework (Swedish generally accepted accounting principles) less any 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 straight-line method over their useful lives, generally 5 years.

Impairment

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

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

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash generating units are defined as the segments presented in section 23 "Segment reporting" per acquired legal entity. 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.

14. Property and equipment

Property and equipment includes own-used properties, leasehold improvements, IT equipment, furniture and other equipment. Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price, as well as any directly attributable costs of bringing the asset to the working condition for its intended use. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

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

Buildings	30-75 years
Equipment	3-5 years
Leasehold improvements	Changes within buildings the shorter of 10 years and the remaining leasing term. New construction the shorter of the principles used for owned buildings and the remaining leasing term. Fixtures installed in leased properties are depreciated over the shorter of 10-20 years and the remaining leasing term.

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

15. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. The majority of the properties in Nordea are attributable to Life. 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".

16. Liabilities to policyholders

Liabilities to policyholders include obligations according to insurance contracts and investment contracts with policyholders.

An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder".

Investment contracts are contracts with policyholders that have the legal form of insurance contracts but where the insurance risk transfer has been assessed to be insignificant.

The insurance risk is generally calculated as the risk sum payable as a percentage of the reserve behind the contract at the beginning of the contract period. It is Nordea's assessment that a risk percentage of five or higher is a significant insurance risk.

The contracts can be divided into the following classes:

- Insurance contracts:
  - Traditional life insurance contracts with and without discretionary participation feature
  - Unit-Linked contracts with significant insurance risk
  - Health and personal accident
- Investment contracts:
  - Investment contracts with discretionary participation feature
  - Investment contracts without discretionary participation feature

Insurance contracts

The measurement principles under local GAAP have been maintained consequently resulting in a non-uniform accounting policies method on consolidation.

Traditional life insurance provisions represent consolidated provisions for all the companies in Nordea Life & Pensions, including companies in Sweden, Norway, Finland, Denmark, Poland, Luxembourg, Isle of Man, Estonia and Lithuania.

In Denmark, Sweden and Finland the measurements are prepared by calculating the present value of future benefits, to which the policyholders are entitled. The calculation includes assumptions about market consistent discounting rates as well as expenses and life risk. The discount rate is based on the liabilities' current term. In Denmark, the provision, in addition, includes bonus potential on paid policies and on future premiums.

The measurement of insurance contracts in Finland has during 2008 changed from a retrospective method to a market consistent prospective method similar to the method for Swedish and Danish insurance contracts. The difference between the retrospective value and the prospective market value at the date of change is recognised as "Collective bonus potentials" and this has thus not had an impact on the income statement or balance sheet.

In Norway the provisions are mainly calculated on the basis of a prospective method. The discount rate used is equal to the original tariff rates and assumptions about expenses and risk.

The accounting policy for each company is based on the local structure of the business and is closely related to solvency rules, and national regulation concerning profit sharing and other requirements about collective bonus potential.

Unit-Linked contracts represent life insurance provisions relating to Unit-Linked policies written either with or without an investment guarantee. Unit-Linked contracts classified as insurance contracts include the same insurance risk elements as traditional insurance contracts. These contracts are mainly recognised and measured at fair value on the basis of:

- the fair value of the assets linked to the Unit-Linked contracts, and
- the estimated present value of the insurance risk which is calculated in the same way as traditional insurance contracts considering the impact on every risk element included in the cash flows.

Health and personal accident provisions include premium reserves and claims outstanding. This item is recognised and measured on deferred basis in the same way as general insurance contracts.

Investment contracts

Investment contracts are contracts with policyholders, which do not transfer sufficient insurance risk to be classified as insurance contracts.

However, investment contracts with discretionary participation features are, in line with IFRS 4, accounted for as insurance contracts using local accounting principles. Nordea Life & Pension has only a small number of these contracts.

Investment contracts without discretionary participation features are recognised and measured to fair value in accordance with IAS 39, Financial instruments, equal to fair value of the assets linked to these contracts. These assets are classified as upon initial recognition designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

Discretionary participating features (DPF)

Some traditional life insurance contracts and investment contracts include a contractual right for the policyholder to receive significant benefits in addition to guaranteed benefits. Nordea has discretion to pay these additional benefits as bonus on risk result, expense result and interest rate. These DPF-features (Collective bonus potential) are classified as liabilities in the balance sheet.

Collective bonus potential includes amounts allocated but not attributed to the policyholders. In Finland, collective bonus potential includes the policyholder’s part of the total unrealised investment gains and bonus potential on paid policies and future premiums (the difference between retrospective and market consistent prospective measurement principles of the insurance contracts). In Norway, collective bonus potential includes the policyholder’s part of both the total unrealised investment gains and additional reserves. In Sweden and Denmark, the main valuation principle is fair value (insurance contracts). The policyholder’s part of both realised and unrealised investment gains is therefore included in the balance sheet representing either Change in technical provisions, Life and/or Change in collective bonus potentials, Life, depending on whether the investment result is allocated or not. Both the mentioned lines are included in the balance sheet line “Liabilities to policyholders”.

Liability adequacy test

The adequacy of insurance provisions is assessed at each reporting date to ensure that the carrying amount of the liabilities is higher than the best estimate of future cash flows discounted with current interest rates. If needed, additional provisions are accounted for and recognised in the income statement.

17. Taxes

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

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

Deferred tax assets and liabilities are recognised, using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that 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.

18. Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank AB by the weighted average number of ordinary shares outstanding during the period (including rights in the long term incentive programmes that are vested). Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise rights to performance shares in the long term incentive programmes. These rights are considered dilutive to the degree performance criteria are met at the reporting date.

19. Pensions to employees

Pension plans

The companies within Nordea have various pension plans, consisting of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where they operate. Defined benefit plans are predominantly sponsored in Sweden, Norway and Finland. 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 Denmark, but also certain Finnish plans, 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 35 "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 AB (publ).

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

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves.

Untaxed reserves according to national rules are recorded as equity net of deferred tax at prevailing tax rates in respective country.

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.

Treasury shares

Treasury shares are not accounted for as assets. Acquisition of treasury shares is recorded as a deduction of retained earnings. Also own shares in trading portfolios are classified as treasury shares.

Contracts on Nordea shares that can be settled net in cash are either a financial asset or financial liability.

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. Market performance conditions in D-rights are reflected as a probability adjustment to the initial estimate of fair value at grant date. There is no adjustment (true-up) for differences between estimated and actual vesting due to market conditions.

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
- 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. At present no shareholder in Nordea is considered having such significant influence.

Group undertakings

For the definition of Group undertakings see section 3 "Principles of consolidation".

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 3 "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 Chief Executive Officer (CEO)
- The Group Executive Management (GEM)

For information about compensation and pensions to key management personnel, see Note 7

“Staff costs”. Information concerning other transactions between Nordea and key management personnel is found in Note 50 “Related-party transactions”.

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.

Information concerning transactions between Nordea and other related parties is found in Note 50 “Related-party transactions”.

23. Segment reporting

Segment reporting structure

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

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. Exchange rates

EUR 1 = SEK	Jan-Dec 2008	Jan-Dec 2007	Jan-Dec 2006
Income statement (average)	9.6043	9.2498	9.2521
Balance sheet (at end of period)	10.9361	9.4572	9.0394
EUR 1 = DKK			
Income statement (average)	7.4560	7.4505	7.4593
Balance sheet (at end of period)	7.4532	7.4588	7.4556
EUR 1 = NOK			
Income statement (average)	8.2088	8.0147	8.0438
Balance sheet (at end of period)	9.8512	7.9738	8.2300
EUR 1 = PLN			
Income statement (average)	3.5020	3.7790	3.8924
Balance sheet (at end of period)	4.1483	3.6022	3.8292

Note 2: Segment reporting

Customer segments

	Nordic Banking			Inst. & International Banking			Other customer operations			Total customer areas			Group Corporate Centre			Group Functions and Eliminations			Total		
Income statement, EURm	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Net interest income	4,206	3,666	3,328	656	424	304	60	65	58	4,922	4,155	3,690	160	107	119	11	20	60	5,093	4,282	3,869
Net fee and commission income	1,530	1,772	1,731	287	257	232	101	176	159	1,918	2,205	2,122	(3)	(9)	(8)	(32)	(56)	(40)	1,883	2,140	2,074
Net gains/losses on items at fair value	517	460	393	271	178	141	255	410	420	1,043	1,048	954	50	156	100	(65)	5	(12)	1,028	1,209	1,042
Profit from companies accounted for under the equity method	11	25	15	(12)	1	30	0	0	0	(1)	26	45	0	5	18	25	10	5	24	41	68
Other income	25	40	79	15	8	212	9	9	9	49	57	300	87	24	21	36	133	(9)	172	214	312
Total operating income	**6,289**	**5,963**	**5,546**	**1,217**	**868**	**919**	**425**	**660**	**646**	**7,931**	**7,491**	**7,111**	**294**	**283**	**250**	**(25)**	**112**	**4**	**8,200**	**7,886**	**7,365**
Staff costs	(1,160)	(1,140)	(1,064)	(192)	(143)	(100)	(474)	(434)	(387)	(1,826)	(1,717)	(1,551)	(41)	(39)	(33)	(701)	(632)	(667)	(2,568)	(2,388)	(2,251)
Other expenses	(1,901)	(1,836)	(1,784)	(275)	(243)	(214)	(10)	(11)	(22)	(2,186)	(2,090)	(2,020)	(99)	(110)	(107)	639	625	642	(1,646)	(1,575)	(1,485)
Depreciation of tangible and intangible assets	(46)	(26)	(28)	(10)	(8)	(8)	(9)	(10)	(13)	(65)	(44)	(49)	0	0	0	(59)	(59)	(37)	(124)	(103)	(86)
Total operating expenses	**(3,107)**	**(3,002)**	**(2,876)**	**(477)**	**(394)**	**(322)**	**(493)**	**(455)**	**(422)**	**(4,077)**	**(3,851)**	**(3,620)**	**(140)**	**(149)**	**(140)**	**(121)**	**(66)**	**(62)**	**(4,338)**	**(4,066)**	**(3,822)**
Loan losses	(402)	55	276	(115)	5	(19)	0	0	0	(517)	60	257	0	0	0	51	0	0	(466)	60	257
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	2	8	0	3	8
Operating profit	**2,780**	**3,016**	**2,946**	**625**	**479**	**578**	**(68)**	**206**	**224**	**3,337**	**3,701**	**3,748**	**154**	**134**	**110**	**(95)**	**48**	**(50)**	**3,396**	**3,883**	**3,808**
Balance sheet, EURbn																					
Loans and receivables to the public	214	208	182	33	25	17	15	10	11	262	243	210	0	0	0	3	2	4	265	245	214
Other assets	33	25	24	9	9	8	35	37	36	77	71	68	19	15	11	113	58	54	209	144	133
Total assets	**247**	**233**	**206**	**42**	**34**	**25**	**50**	**47**	**47**	**339**	**314**	**278**	**19**	**15**	**11**	**116**	**60**	**58**	**474**	**389**	**347**
Deposits and borrowings from the public	117	110	99	26	31	20	8	8	6	151	149	125	0	0	2	(2)	(7)	(1)	149	142	126
Other liabilities	122	116	100	15	2	4	41	38	40	178	156	144	19	15	9	110	59	53	307	230	206
Total liabilities	**239**	**226**	**199**	**41**	**33**	**24**	**49**	**46**	**46**	**329**	**305**	**269**	**19**	**15**	**11**	**108**	**52**	**52**	**456**	**372**	**332**
Equity	8	7	0	1	0	0	0	0	0	9	7	0	0	0	0	9	10	15	18	17	15
Total liabilities and equity	**247**	**233**	**199**	**42**	**33**	**24**	**49**	**46**	**46**	**338**	**312**	**269**	**19**	**15**	**11**	**117**	**62**	**67**	**474**	**389**	**347**
Economic capital	8	7	7	1	1	1	1	1	1	10	9	9	0	0	0	2	1	1	12	10	10
RAROCAR, %	25	26	25	42	39	43													21	24	23
Other segment items, EURm																					
Capital expenditure	18	24	6	2	9	8	4	6	19	24	39	33	0	0	0	270	236	191	294	275	224
Capital expenditure through business combinations	32	6			324					32	330								32	330	

Geographical segments

EURm	Sweden			Finland			Norway			Denmark			Baltic countries			Poland			Russia			Eliminations and others			Total		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Net interest income	853	657	659	1,714	1,463	1,369	1,024	768	621	1,331	1,131	1,050	99	69	46	86	47	35	140	55	—	(154)	92	89	5,093	4,282	3,869
Net fee and commission income	670	746	769	262	376	384	236	258	246	507	476	402	41	36	14	35	31	24	4	6	—	128	211	235	1,883	2,140	2,074
Net gains/losses on items at fair value	(17)	195	204	807	623	463	19	92	188	(25)	269	368	14	5	0	35	23	16	6	(1)	—	189	3	(197)	1,028	1,209	1,042
Profit from companies accounted for under the equity method	3	6	0	(4)	2	25	103	2	7	19	31	35	0	—	—	—	—	—	—	—	—	(97)	—	1	24	41	68
Other income	218	158	160	28	189	279	33	7	9	78	64	107	1	1	12	3	4	4	2	1	—	(191)	(210)	(259)	172	214	312
Total operating income	**1,727**	**1,762**	**1,792**	**2,807**	**2,653**	**2,520**	**1,415**	**1,127**	**1,071**	**1,910**	**1,971**	**1,962**	**155**	**111**	**72**	**159**	**105**	**79**	**152**	**61**	**—**	**(125)**	**96**	**(131)**	**8,200**	**7,886**	**7,365**
Total assets, EUR bn	**153**	**138**	**129**	**220**	**149**	**137**	**60**	**61**	**50**	**138**	**129**	**124**	**9**	**7**	**4**	**4**	**3**	**2**	**4**	**2**	**—**	**(114)**	**(100)**	**(99)**	**474**	**389**	**347**
Investments in tangible and intangible assets, EURm	84	68	69	88	102	58	27	25	12	57	48	44	0	0	2	32	9	2	2	7	—	4	16	37	294	275	224
Investments in tangible and intangible assets through business combinations, EURm								6		32													324		32	330	

Nordea's main geographical market comprises the Nordic countries, the Baltic countries, Poland and Russia. The split into geographical segments is based on the location of the legal entities.

Note 3: Net interest income

EURm	2008	2007	2006
Interest income			
Loans and receivables to credit institutions	1,121	685	797
Loans and receivables to the public	13,862	11,175	8,190
Interest-bearing securities	1,571	1,049	682
Other interest income	199	0	0
Interest income	**16,753**	**12,909**	**9,669**
Interest expense			
Deposits by credit institutions	(1,595)	(1,033)	(1,138)
Deposits and borrowings from the public	(4,398)	(3,946)	(2,105)
Debt securities in issue	(4,587)	(3,218)	(2,220)
Subordinated liabilities	(393)	(399)	(310)
Other interest expenses	(687)	(31)	(27)
Interest expense	**(11,660)**	**(8,627)**	**(5,800)**
Net interest income	**5,093**	**4,282**	**3,869**

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 14,183m (2007: EUR 9,791m, 2006: EUR 7,152m). Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR -10,521m (2007: EUR -4,575m, 2006: EUR -5,123m). The net interest income from derivatives, measured at fair value and related to Nordea's funding, decreases the total interest expense. For further information see also Note 1.

Net interest income

EURm	2008	2007	2006
Interest income	16,361	12,607	9,437
Leasing income, net	392	302	232
Interest expense	(11,660)	(8,627)	(5,800)
Total	**5,093**	**4,282**	**3,869**

Note 4: Net fee and commission income

EURm	2008	2007	2006
Asset Management commissions	532	762	744
Life insurance	270	270	233
Brokerage	217	260	227
Custody	84	79	76
Deposits	45	37	40
Total savings related commissions	1,148	1,408	1,320
Payments	422	434	442
Cards	344	342	296
Total payment commissions	766	776	738
Lending	299	258	235
Guarantees and documentary payments	143	136	117
Total lending related to commissions	442	394	352
Other commission income	176	156	172
Fee and commission income	**2,532**	**2,734**	**2,582**
Life insurance	(67)	(68)	(51)
Payment expenses	(287)	(270)	(229)
State guarantee fees	(50)	—	—
Other commission expenses	(245)	(256)	(228)
Fee and commission expense	**(649)**	**(594)**	**(508)**
Net fee and commission income	**1,883**	**2,140**	**2,074**

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 EUR 329m (2007: EUR 277m, 2006: EUR 256m).

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 EUR 1,019m (2007: EUR 1,292m, 2006: EUR 1,204m). The corresponding amount for fee expenses is EUR -67m (2007: EUR -68m, 2006: EUR -51m).

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

EURm	2008	2007	2006
Shares/participations and other share-related instruments	(3,125)	827	1,216
Interest-bearing securities and other interest-related instruments	830	63	580
Other financial instruments	90	103	(21)
Foreign exchange gains/losses	670	568	274
Investment properties	167	432	457
Change in technical provisions, Life[2]	320	(866)	(883)
Change in collective bonus potential, Life	2,025	41	(605)
Insurance risk income, Life	282	256	236
Insurance risk expense, Life	(231)	(215)	(212)
Total	**1,028**	**1,209**	**1,042**

Net gains/losses for categories of financial instruments[1]

EURm	2008	2007	2006
Available for sale assets, realised	5	2	5
Financial instruments designated at fair value through profit or loss	29	28	26
Financial instruments held for trading[3]	982	903	657
Financial instruments under hedge accounting	(58)	(11)	68
—of which net losses on hedging instruments	714	185	(388)
—of which net gains on hedged items	(772)	(196)	456
Other	4	4	0
Financial risk income, net Life[2]	16	242	262
Insurance risk income, net Life	50	41	24
Total	**1,028**	**1,209**	**1,042**

1 The figures disclosed for Life (financial risk income and insurance risk income) are disclosed on gross basis, ie before eliminations of intra-group transactions.
2 Premium income amounts to EUR 2,077m (2007: EUR 2,274m, 2006: EUR 2,491m).
3 Of which deferred day one profits amounts to EUR 63m for 2008 (2007: EUR 35m, 2006: EUR 14m).

Note 6: Other operating income

EURm	2008	2007	2006
Divestment of shares	82	34	253
Income from real estate	7	11	19
Refund from the Finnish deposit guarantee system	—	120	—
Other	83	49	40
Total	**172**	**214**	**312**

Note 7: Staff costs

EURm	2008	2007	2006
Salaries and remuneration (specification below)	(1,934)	(1,762)	(1,634)
Pension costs (specification below)	(217)	(221)	(227)
Social insurance contributions	(307)	(275)	(259)
Allocation to profit-sharing foundation	(47)	(73)	(80)
Other staff costs	(63)	(57)	(51)
Total	**(2,568)**	**(2,388)**	**(2,251)**
Salaries and remuneration:			
To executives[1]			
—Fixed compensation and benefits	(18)	(20)	(17)
—Performance-related compensation	(7)	(8)	(8)
Total	**(25)**	**(28)**	**(25)**
To other employees	(1,909)	(1,734)	(1,609)
Total	**(1,934)**	**(1,762)**	**(1,634)**

[1] Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included. Executives amount to 251 (2007: 275, 2006: 287) individuals.

EURm	2008	2007	2006
Pension costs:			
Defined benefits plans (Note 35)	(69)	(83)	(97)
Defined contribution plans	(148)	(138)	(130)
Total	**(217)**	**(221)**	**(227)**

Salaries and other remuneration to the Board of Directors, CEO and Group Executive Management

EUR	Fixed salary / Board fee[1]			Variable salary			Long-Term Incentive Programmes[3]		Benefits			Total		
	2008	2007	2006	2008	2007[2]	2006[2]	2008	2007	2008	2007	2006	2008	2007	2006
Chairman of the Board:														
Hans Dalborg	283,212	268,157	255,054	—	—	—	—	—	—	—	—	**283,212**	**268,157**	**255,054**
Vice Chairman of the Board:														
Timo Peltola	124,577	113,715	109,415	—	—	—	—	—	—	—	—	**124,577**	**113,715**	**109,415**
Other Board members:[4]														
Marie Ehrling	89,087	60,068	—	—	—	—	—	—	—	—	—	**89,087**	**60,068**	**—**
Tom Knutzen	87,440	60,068	—	—	—	—	—	—	—	—	—	**87,440**	**60,068**	**—**
Lars G Nordström[5]	82,175	352,019	849,980	—	—	352,256	—	—	—	11,163	33,356	**82,175**	**363,182**	**1,235,592**
Ursula Ranin	86,973	60,026	—	—	—	—	—	—	—	—	—	**86,973**	**60,026**	**—**
Björn Savén	87,440	85,360	60,259	—	—	—	—	—	—	—	—	**87,440**	**85,360**	**60,259**
Heidi M Petersen[6]	64,357	—	—	—	—	—	—	—	—	—	—	**64,357**	**—**	**—**
Svein Jacobsen[6]	68,175	—	—	—	—	—	—	—	—	—	—	**68,175**	**—**	**—**
Stine Bosse[6]	64,357	—	—	—	—	—	—	—	—	—	—	**64,357**	**—**	**—**
Björn Wahlroos[6]	62,312	—	—	—	—	—	—	—	—	—	—	**62,312**	**—**	**—**
Kjell Aamot[7]	23,084	85,360	79,876	—	—	—	—	—	—	—	—	**23,084**	**85,360**	**79,876**
Harald Arnkværn[7]	29,765	95,927	91,853	—	—	—	—	—	—	—	—	**29,765**	**95,927**	**91,853**
Gunnel Duveblad[7]	—	23,484	81,639	—	—	—	—	—	—	—	—	**—**	**23,484**	**81,639**
Claus Høeg Madsen[7]	23,014	85,299	84,352	—	—	—	—	—	—	—	—	**23,014**	**85,299**	**84,352**
Birgitta Kantola[7]	21,282	81,747	79,931	—	—	—	—	—	—	—	—	**21,282**	**81,747**	**79,931**
Anne Birgitte Lundholt[7]	—	19,932	79,931	—	—	—	—	—	—	—	—	**—**	**19,932**	**79,931**
Maija Torkko[7]	—	23,484	80,937	—	—	—	—	—	—	—	—	**—**	**23,484**	**80,937**
Jørgen Høeg Pedersen[7]	—	—	19,616	—	—	—	—	—	—	—	—	**—**	**—**	**19,616**
CEO:														
Christian Clausen[8]	832,960	956,646	665,652	187,452	269,671	273,926	81,624	65,136	41,087	19,463	402	**1,143,123**	**1,310,916**	**939,980**
Group Executive Management excl. CEO[9]:	4,024,791	3,994,632	3,527,953	903,461	1,535,443	3,945,266[10]	498,570	315,809	141,051	132,521	132,188	**5,567,873**	**5,978,405**	**7,605,407**
Total	**6,055,001**	**6,365,924**	**6,066,448**	**1,090,913**	**1,805,114**	**4,571,448**	**580,194**	**380,945**	**182,138**	**163,147**	**165,946**	**7,908,246**	**8,715,130**	**10,803,842**

1 The Board fee includes fixed remuneration and meeting fees. These are booked in SEK and translated into EUR based on the average exchange rate each year.

2 Includes also executive incentive payout.

3 CEO and members of GEM hold 34,002 A-rights, 33,244 B-rights and 34,002 D-rights in LTIP 2007 (no C-rights can be exercised due to that performance conditions were not fulfilled), and 31,250 A-rights 31,250 C-rights and 31,250 D-rights in LTIP 2008 (no B-rights can be exercised due to that performance conditions were not fulfilled and C-D-rights are conditional). For more information on the valuation of the Long-Term Incentive Programmes, please see below. Disclosed expense is calculated in accordance with IFRS 2 "Share-based Payment".

4 Employee representatives excluded.

5 Compensation as CEO received up until his retirement and board fee received as from his retirement.

6 New member as from the Annual General Meeting 2008.

7 Resigned as board member during 2008, 2007 or 2006.

8 Decrease in fixed salary in 2008 due to received holiday allowance when leaving Denmark in 2007, in accordance with Danish legislation.

9 GEM members included for the period they have been appointed. 7 individuals 2008, 8 individuals 2007 and 8 individuals 2006.

10 Of which EUR 2,478,342 (NOK 19.8m) relates to one time salary payment resulting from a renegotiated contract with the Norwegian GEM member.

The remuneration for the Board resolved by the AGM 2008 was: The Chairman EUR 252,000, Vice Chairman EUR 97,650 and members EUR 75,600. In addition, remuneration for extra-ordinary board meetings was EUR 1,840 per meeting. Remuneration for committee meetings was EUR 2,370 for the chairman of the committee and EUR 1,840 for other members per meeting. Board members employed by Nordea do not receive separate compensation for their Board membership. There are no commitments for severance pay, pension or other compensation to the members of the Board, except for pension commitments to one board member previously employed by Nordea.

Hans Dalborg, Chairman of the Board, former CEO of Nordea, receives a pension amounting to a maximum of 65% of 180 Swedish “price base amounts” 2001, equal to SEK 36,900, and 32.5% of the remaining part of pensionable salary. The pension after the age of 65 is covered by an external insurance institute to which payments have been made over time. This is paid in full by Nordea and hence Nordea does not have any pension obligation towards Hans Dalborg.

The fixed salary, variable salary and contract terms for the CEO are proposed by the Board Remuneration Committee and approved by the Board. Variable salary, which is based on agreed, specific targets, can amount to a maximum of 35% of the fixed salary. The variable salary for 2008, totalling EUR 187,452, will be finally determined during the first quarter 2009. The CEO, in addition, takes part of the Long-Term Incentive Programmes as described in the section below. Benefits received by the CEO include primarily car and housing benefits.

The retirement age for the CEO is 60 and his pension amounts to 50% of the pensionable income for life. The pensionable income is maximised to 190 Swedish “income base amounts”. The portion earned as of 31 December 2008 is fully funded with plan assets. For the CEO, fixed salary and variable salary are included in pensionable income.

The Board Remuneration Committee prepares alterations in salary levels for Group Executive Management (GEM) as a whole, as well as alterations in retirement benefits, contract terms and conditions, for resolution by the Board. Following consultation with the Board Remuneration Committee, the CEO determines the salary terms for members of GEM. Variable salary, which is based on agreed, specific targets, can be a maximum of 35% of the fixed salary. The variable salary for 2008, totalling EUR 903,461, will be finally determined during the first quarter 2009. As for the CEO, GEM takes part of the Long-Term Incentive Programmes. Benefits include primarily car and/or housing benefits.

GEM members are entitled to retire with pension at the age of 60 or 62. Pension agreements are either Defined Contribution Plans (DCP) or Defined Benefit Plans (DBP). One Danish GEM member receives 50% of the salary for life, annually adjusted by the general level of salary increases in Nordea Bank Denmark. The other Danish GEM member has a DCP agreement. The Finnish members of GEM receive 50% or 60% of their pensionable income for life, annually adjusted by the Finnish TyEL-index. The Norwegian member of GEM receives 70% of the pensionable income for life, annually adjusted. The Swedish members of GEM have DCP agreements. Fixed salary is pensionable income for all GEM members. Variable salary is included for Finnish and Swedish GEM members.

In accordance with their employment contracts, Finnish, Norwegian and Swedish GEM members are entitled to 6 months’ salary during the notice period before termination, and with regard to severance pay 18 months’ salary to be reduced by the salary that the executive receives as a result of any other employment during these 18 months. For the Danish GEM members the notice period is 12 months. One Danish GEM member has a severance pay equal to 12 months’ salary to be reduced by the salary that the executive receives as a result of any other employment during these 12 months.

Pension costs and obligations to the Board of Directors, CEO and Group Executive Management

EUR	2008 Pension Cost[4]	2008 Pension Obligation[5]	2007 Pension cost[4]	2007 Pension obligation[5]	2006 Pension cost[4]	2006 Pension obligation[5]
Chairman of the Board:						
Hans Dalborg	—	—	—	—	142,815	—
Board members[1]:						
Lars G Nordström	—	385,547	75,432	387,517	484,419	2,190,000
CEO:						
Christian Clausen[2]	477,408	5,891,708	476,315	4,586,607	649,260	—
Group Executive Management excl. CEO[3]:	917,999	10,444,859	3,236,142	19,927,951	(142,092)[7]	19,210,000
Former Chairman of the board and CEOs:						
Vesa Vainio and Thorleif Krarup[6]	—	18,691,275	—	17,928,135	686,331	18,809,000
Total	**1,395,407**	**35,413,389**	**3,787,889**	**42,830,210**	**1,820,733**	**40,209,000**

1 Employee representatives excluded.

2 The CEO's pension agreement is unchanged between 2007 and 2008. The main reason behind the increase in pension obligation between 2007 and 2008 is the lowering of the discount rate, which has given rise to significant actuarial losses, interest cost (discounting effect) and pension rights earned in 2008. The reason behind the increase in pension cost between 2006 and 2007 is that the DBP entered into in 2007 is earned in a different pace than the DCP in 2006.

3 Members of GEM included for the period they have been appointed, 7 individuals 2008, 8 individuals 2007 and 8 individuals 2006. The disclosed pension obligation is the obligation towards the members of GEM as of 31 December. The significant decrease in pension obligation between 2007 and 2008 is due to the change in composition of GEM between the years.

4 Pension costs for management is related to pension premiums paid during the year in DCPs and to pension rights earned during the year in DBPs (Service cost, Past service cost and Curtailments and settlements as defined in IAS 19).

5 Pension obligations calculated in accordance with IAS 19. These obligations are dependent of changes in actuarial assumptions and inter annual variations can therefore be significant. IAS 19 includes an assumption about future increases in salary, which leads to that the pension obligations disclosed are the earned pension rights calculated using the expected salary levels at retirement (at 60 or 62 years depending on agreement). The management pension plans are funded, meaning that these obligations are backed with plan assets with fair value generally on the same level as the obligations.

6 The pension obligation for Vesa Vainio and Thorleif Krarup is mainly due to pension rights earned in, and funded by, banks forming Nordea.

7 As mentioned above, a renegotiation with the Norwegian GEM member was made in 2006, including a one time salary payment of EUR 2,478,342 (NOK 19.8m). This has lead to a decrease in the future pension obligation and in the pension cost for 2006.

Pension cost for all executives, amounted to EUR 4m (2007: EUR 8m, 2006: EUR 6m) and pension obligations to EUR 53m (2007: EUR 55m, 2006: EUR 52m). Executives include the Board of Directors (including deputies), CEO, deputy CEO, executive vice presidents and Group Executive Management in the parent company as well as the Board of Directors (including deputies), managing directors and executive vice presidents in operating subsidiaries. Former board members (including deputies), CEOs, deputy CEOs, managing directors and executive vice presidents, in the parent company and operating subsidiaries, are included.

Loans and receivables to key management personnel

Loans and receivables to key management personnel amounts to EUR 3m (2007: EUR 2m, 2006: EUR 2m). Interest income on these loans amounts to EUR 0m (2007: EUR 0m, 2006: EUR 0m).

For key management personnel who are employed by Nordea the same credit terms apply as for other employees, except for key management personnel in Denmark whose loans are granted on the same term as for external customers. In Norway the employee interest rate for loans and receivables is 100 basis points lower than the best corresponding interest rate for external customers, with a cap on the loan amount of 3% of 55 Norwegian income base amounts plus NOK 100,000. In Finland the employee interest rate for loans and receivables corresponds to Nordea's funding cost with a margin of 10 basis points up to EUR 400,000, and 30 basis points for loans over EUR 400,000. In Sweden the employee interest rate on fixed interest rate loans is 300 basis points lower than the corresponding interest rate for external customers (with a lower limit of 150 basis points). The discount on variable interest rate loans is somewhat lower and varies over time. There is currently a cap of 57 Swedish price base amounts both on fixed- and variable interest rate loans. Interest on loans and receivables above the defined caps are set on market terms. Loans and receivables to family members of key management personnel are granted on normal market terms, as well as loans and receivables to key management personnel who are not employed by Nordea.

Share-based payment

Conditional Rights LTIP 2008	2008 A-rights	2008 B-C-rights	2008 D-rights
Granted	502,943	1,005,886	502,943
Forfeited	(1,172)	(504,115)	(1,172)
Outstanding at end of year	**501,771**	**501,771**	**501,771**
of which exercisable 2008-12-31	—	—	—

Conditional Rights LTIP 2007	2008 A-rights	2008 B-C-rights	2008 D-rights	2007 A-rights	2007 B-C-rights	2007 D-rights
Outstanding at the beginning of year	474,557	938,531	474,557	—	—	—
Granted	—	—	—	477,428	954,856	477,428
Forfeited	(22,311)	(496,868)	(22,311)	(2,871)	(16,325)	(2,871)
Outstanding at end of year	**452,246**	**441,663**	**452,246**	**474,557**	**938,531**	**474,557**
of which exercisable 2008-12-31	—	—	—	—	—	—

Long-Term Incentive Programmes

Participation in the Long-Term Incentive Programmes (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 conditions ("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. Should the reported EPS for 2007 (B-rights in LTIP 2007) and for 2008 (C-rights in LTIP 2007 and B-rights in LTIP 2008) and for 2009 (C-rights in LTIP 2008) be lower than a predetermined level the participants are not entitled to exercise any B-rights or C-rights respectively. Additionally, the performance criteria for D-rights is a growth target in total shareholder return (TSR) in comparison with a peer group's TSR during 2007 and 2008 for LTIP 2007 and during 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 if TSR during 2007 and 2008 exceeded peer group index by 10 percentage points. Additionally, exercise right in LTIP 2007 demanded that EPS for 2007 and for 2008 equaled or exceeded 0.80. 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 if TSR during 2008 and 2009 ranks as number one in the peer group. To have the right to exercise B-rights and C-rights in LTIP 2008, EPS for 2008 and 2009 should not be lower than 0.80.

	LTIP 2008 A-rights	LTIP 2008 B-C-rights	LTIP 2008 D-rights	LTIP 2007 A-rights	LTIP 2007 B-C-rights	LTIP 2007 D-rights
Ordinary shares per right	1	1	1	1	1	1
Exercise price	EUR 3.00	EUR 2.00	EUR 2.00	EUR 4.00	EUR 2.00	EUR 2.00
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 generally accepted valuation 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 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% per year for LTIP 2007 and 4% per year 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 at grant date, 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 expected expense for LTIP 2007, EUR 17m, and for LTIP 2008, EUR 8m, are expensed over a period of 24 months. The maximum expense equals approximately EUR 21m for LTIP 2007 and EUR 20m for LTIP 2008. The total expense for 2008 arising from LTIP 2007 amounts to EUR 5m (EUR 5m) and for LTIP 2008 to EUR 2m. The amounts include social charges.

Average number of employees

	Total			Men			Women		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
Full-time equivalents									
Sweden	8,454	8,072	8,038	3,643	3,467	3,391	4,811	4,605	4,647
Denmark	8,427	8,152	8,084	3,887	3,784	3,767	4,540	4,368	4,317
Finland	8,311	8,162	8,214	1,742	1,618	1,577	6,569	6,544	6,637
Norway	3,561	3,416	3,335	1,845	1,777	1,748	1,716	1,639	1,587
Poland	1,679	1,247	1,090	518	388	375	1,161	859	715
Russia	1,603	1,177	—	582	454	—	1,021	723	—
Latvia	513	427	314	138	112	101	375	315	213
Luxembourg	409	393	397	249	244	250	160	149	147
Estonia	416	356	298	86	55	77	330	301	221
Lithuania	355	259	190	78	49	63	277	210	127
United States	70	67	64	37	36	34	33	31	30
United Kingdom	58	57	56	36	32	29	22	25	27
Singapore	52	49	46	15	14	14	37	35	32
Germany	36	33	33	18	16	16	18	17	17
Total average	**33,944**	**31,867**	**30,159**	**12,874**	**12,046**	**11,442**	**21,070**	**19,821**	**18,717**
Total number of employees (FTEs), end of period	**34,008**	**31,721**	**29,248**						

Salaries and remuneration per country

	2008		2007		2006	
EURm	Executives	Other employees	Executives	Other employees	Executives	Other employees
Sweden	(5)	(431)	(7)	(378)	(9)	(363)
Denmark	(4)	(641)	(5)	(593)	(7)	(561)
Finland	(2)	(398)	(2)	(369)	(2)	(352)
Norway	(2)	(276)	(4)	(264)	(4)	(233)
Poland	(2)	(31)	(2)	(25)	(1)	(20)
Russia	(5)	(39)	(4)	(18)	—	—
Latvia	—	(9)	—	(7)	—	(5)
Luxembourg	(3)	(44)	(3)	(48)	(2)	(45)
Estonia	—	(8)	—	(6)	—	(5)
Lithuania	—	(6)	0	(4)	—	(3)
United States	(2)	(14)	(1)	(11)	—	(12)
United Kingdom	—	(5)	—	(5)	—	(5)
Singapore	—	(4)	—	(3)	—	(2)
Germany	—	(3)	—	(3)	0	(3)
Total	**(25)**	**(1,909)**	**(28)**	**(1,734)**	**(25)**	**(1,609)**

Gender distribution

Per cent	31 Dec 2008	31 Dec 2007	31 Dec 2006
Nordea Bank AB (publ)			
Board of Directors			
—Men	73	79	64
—Women	27	21	36
Other executives			
—Men	80	82	90
—Women	20	18	10

In the Board of Directors of the Nordea Group companies, 90% (2007: 90%, 2006: 89%) were men and 10% (2007: 10%, 2006: 11%) were women. The corresponding numbers for Other executives were 84% (2007: 85%, 2006: 89%) men and 16% (2007: 15%, 2006: 11%) women. Internal Boards consist mainly of management in Nordea.

Note 8: Other expenses

EURm	2008	2007	2006
Information technology[1]	(576)	(538)	(456)
Marketing	(102)	(104)	(104)
Postage, telephone and office expenses	(203)	(197)	(188)
Rents, premises and real estate	(369)	(351)	(338)
Divestment of shares	—	(3)	—
Other[2]	(396)	(382)	(399)
Total	**(1,646)**	**(1,575)**	**(1,485)**

[1] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc, but excluding IT expenses in insurance operations, were EUR -666m (2007: EUR -654m, 2006: EUR -628m).

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

Auditors' fees

EURm	2008	2007	2006
KPMG			
Auditing assignments	(5)	(4)	(4)
Other assignments incl audit-related services	(2)	(2)	(2)
Ernst & Young			
Auditing assignments	—	—	0
Other assignments incl audit-related services	(1)	(1)	(1)
Deloitte			
Auditing assignments	0	0	0
Other assignments incl audit-related services	(1)	0	0
PriceWaterhouseCoopers			
Auditing assignments	(1)	0	0
Other assignments incl audit-related services	0	(1)	0
Other	0	(1)	0
Total	**(10)**	**(9)**	**(7)**

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

Depreciation/amortisation

EURm	2008	2007	2006
Property and equipment (Note 23)			
Equipment	(81)	(72)	(87)
Buildings	(1)	(2)	(2)
Intangible assets (Note 22)			
Internally developed software	(18)	(17)	—
Other intangible assets	(14)	(12)	(10)
Total	**(114)**	**(103)**	**(99)**

Impairment charges/Reversed impairment charges

Property and equipment (Note 23)			
Equipment	(3)	—	4
Buildings	—	—	10
Intangible assets (Note 22)			
Goodwill	(1)	—	—
Internally developed software	(6)	—	—
Other intangible assets	—	—	(1)
Total	**(10)**	**—**	**13**
Total	**(124)**	**(103)**	**(86)**

Note 10: Loan losses

EURm	2008	2007	2006
Loan losses divided by class, net			
Loans and receivables to credit institutions	(14)	9	(4)
—of which write-offs and provisions	(16)	(1)	(4)
—of which reversals and recoveries	2	10	0
Loans and receivables to the public	(401)	(2)	266
—of which write-offs and provisions	(815)	(451)	(516)
—of which reversals and recoveries	414	449	782
Off-balance sheet items[1]	(51)	53	(5)
—of which write-offs and provisions	(58)	(22)	(13)
—of which reversals and recoveries	7	75	8
Total	**(466)**	**60**	**257**
Specification of Loan losses			
Changes of allowance accounts in the balance sheet	(442)	30	223
—of which Loans and receivables[2]	(391)	(23)	228
—of which Off-balance sheet items[1]	(51)	53	(5)
Changes directly recognised in the income statement	(24)	30	34
—of which realised loan losses	(89)	(55)	(55)
—of which realised recoveries	65	85	89
Total	**(466)**	**60**	**257**

1 Included in Note 34 Provisions.
2 Included in Note 14 Loans and receivables and their impairment.

Note 11: Taxes

Income tax expense

EURm	2008	2007	2006
Current tax[1]	(430)	(473)	(566)
Deferred tax	(294)	(280)	(89)
Total	**(724)**	**(753)**	**(655)**

1 Of which relating to prior years (see below)	9	(8)	(5)

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

	Group		
EURm	2008	2007	2006
Profit before tax	3,396	3,883	3,808
Tax calculated at a tax rate of 28%	(951)	(1,087)	(1,066)
Effect of different tax rates in other countries	66	64	16
Tax charges not related to profit	(33)	(52)	(72)
Income from associated undertakings	6	11	8
Other direct taxes	0	1	0
Tax-exempt income	29	83	130
Non-deductible expenses	(68)	(17)	(12)
Adjustments relating to prior years	9	(8)	(5)
Income tax due to tax assets previously not recognised	212	236	347
Change of tax rate	16	17	—
Not creditable foreign taxes	(10)	(1)	(1)
Tax charge	**(724)**	**(753)**	**(655)**
Average effective tax rate	21%	19%	17%[1]

1 Tax rate not adjusted for tax free gain from sale of International Moscow Bank.

Deferred tax

EURm	2008	2007	2006
Deferred tax expense (-)/income (+)			
Deferred tax due to temporary differences, including tax losses carry-forward	(522)	(469)	(436)
Deferred tax due to change of tax rate	16	17	—
Deferred tax due to tax assets previously not recognised	212	172	347
Income tax expense, net	**(294)**	**(280)**	**(89)**
Deferred tax assets			
Deferred tax assets due to tax losses carry-forward	100	10	223
Deferred tax assets due to temporary differences	80	181	159
Offset against tax liabilities	(116)	—	—
Total	**64**	**191**	**382**
—of which expected to be settled after more than 1 year	53		
Deferred tax liabilities			
Deferred tax liabilities due to untaxed reserves	105	72	14
Deferred tax liabilities due to temporary differences	1,064	631	594
Offset against tax assets	(116)	—	—
Total	**1,053**	**703**	**608**
—of which expected to be settled after more than 1 year	759		
Deferred tax assets (+)/liabilities (-), net			
Deferred tax assets due to tax losses carry-forward	100	10	223
Deferred tax liabilities due to untaxed reserves	(105)	(72)	(14)
Deferred tax assets/liabilities in loans and advances to the public	(300)	(320)	(322)
Deferred tax assets/liabilities in derivatives	(193)	69	(11)
Deferred tax assets/liabilities in intangible assets	(43)	(18)	(13)
Deferred tax assets/liabilities in property and equipment	1	6	(6)
Deferred tax assets/liabilities in investment property	(50)	(58)	(73)
Deferred tax assets/liabilities in retirement benefit obligations	11	54	73
Deferred tax liability due to hedge of net investments in foreign subsidiaries	(175)	—	—
Deferred tax assets/liabilities in liabilities/provisions	(235)	(183)	(83)
Deferred tax assets/liabilities, net	**(989)**	**(512)**	**(226)**

Movements in deferred tax assets/liabilities, net are as follows:

EURm	2008	2007	2006
Deferred tax relating to items recognised directly in equity	(173)	0	1
Reclassification	—	—	(34)
Translation differences	(10)	8	(24)
Acquisitions and others	0	(14)	(9)
Deferred tax in the income statement	(294)	(280)	(89)
At end of year	**(477)**	**(286)**	**(155)**

Current and deferred tax recognised directly in equity

Deferred tax liability due to hedge of net investments in foreign subsidiaries	(175)	—	—
Deferred tax relating to available-for-sale investments	0	0	1
Deferred tax relating to cash flow hedges	2	—	—
Total	**(173)**	**0**	**1**
Current tax assets	**344**	**142**	**68**
—of which expected to be settled after more than 1 year	—		
Current tax liabilities	**458**	**300**	**263**
—of which expected to be settled after more than 1 year	55		

Unrecognised deferred tax assets

Unused tax losses carry-forward	3	9	235
Unused tax credits	50	167	137
Other deductible temporary differences	—	21	32
Total	**53**	**197**	**404**
Expire date 2009	1	3	—
Expire date 2010	0	10	—
Expire date 2011	1	28	27
Expire date 2012	1	4	3
Expire date 2013	28	40	275
Expire date 2014	19	88	63
Expire date later than 2014	3	24	36
Total	**53**	**197**	**404**

Note 12: Earnings per share

	31 Dec 2008	31 Dec 2007	31 Dec 2006
Profit attributable to shareholders of Nordea Bank AB (publ) (EURm)	2,671	3,121	3,145
Basic weighted average number of shares outstanding (in millions)	2,593	2,591	2,592
Diluted weighted average number of shares outstanding (in millions)	2,594	2,592	2,592
Basic earnings per share, EUR	1.03	1.20	1.21
Diluted earnings per share, EUR	1.03	1.20	1.21
Basic weighted average number of shares outstanding (in millions):			
Number of shares outstanding at beginning of year	2,597	2,594	2,594
Adjustment for average own shares referring to Nordea Bank AB (publ)'s repurchase of own shares	3	2	—
Adjustment for average own shares in trading portfolio	(7)	(5)	(2)
Basic weighted average number of shares outstanding	**2,593**	**2,591**	**2,592**
Adjustment for diluted weighted average number of additional ordinary shares outstanding (related to Long-Term incentive Programmes)[1]	1	1	—
Diluted weighted average number of shares outstanding	**2,594**	**2,592**	**2,592**

[1] Contingently issuable shares not included, that can potentially dilute basic earnings per share, exist in the Long-Term incentive Programmes.

Note 13: Treasury bills

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
State and sovereigns	6,377	5,263	6,192
Municipalities and other public bodies	168	100	88
Total	**6,545**	**5,363**	**6,280**

All bills are subject to variable interest rate risk.

Maturity information			
Remaining maturity (carrying amount)			
Maximum 1 year	1,989	1,274	2,645
More than 1 year	4,556	4,089	3,635
Total	**6,545**	**5,363**	**6,280**
—of which Financial instruments pledged as collateral (Note 16)	—	170	0
Total	**6,545**	**5,193**	**6,280**

Note 14: Loans and receivables and their impairment

EURm	Credit institutions 31 Dec 2008	Credit institutions 31 Dec 2007	Credit institutions 31 Dec 2006	The public[1] 31 Dec 2008	The public[1] 31 Dec 2007	The public[1] 31 Dec 2006	Total 31 Dec 2008	Total 31 Dec 2007	Total 31 Dec 2006
Loans and receivables, not impaired	23,893	24,264	26,804	264,056	244,205	213,358	287,949	268,469	240,162
Impaired loans and receivables	33	8	8	2,191	1,424	1,725	2,224	1,432	1,733
—Performing	32	7	6	1,357	917	1,052	1,389	924	1,058
—Non-performing	1	1	2	834	507	673	835	508	675
Loans and receivables before allowances	**23,926**	**24,272**	**26,812**	**266,247**	**245,629**	**215,083**	**290,173**	**269,901**	**241,895**
Allowances for individually assessed impaired loans	(20)	(8)	(7)	(742)	(595)	(757)	(762)	(603)	(764)
—Performing	(19)	(7)	(6)	(437)	(300)	(398)	(456)	(307)	(404)
—Non-performing	(1)	(1)	(1)	(305)	(295)	(359)	(306)	(296)	(360)
Allowances for collectively assessed impaired loans	(3)	(2)	(13)	(405)	(352)	(341)	(408)	(354)	(354)
Allowances	**(23)**	**(10)**	**(20)**	**(1,147)**	**(947)**	**(1,098)**	**(1,170)**	**(957)**	**(1,118)**
Loans and receivables, carrying amount	**23,903**	**24,262**	**26,792**	**265,100**	**244,682**	**213,985**	**289,003**	**268,944**	**240,777**
Maturity information Remaining maturity (carrying amount)									
Payable on demand	1,537	2,077	2,546	34,872	31,223	20,657	36,409	33,300	23,203
Maximum 3 months	20,528	21,115	22,598	66,239	56,953	51,660	86,767	78,068	74,258
3-12 months	820	670	936	18,091	18,867	16,962	18,911	19,537	17,898
1-5 years	670	284	544	53,621	49,391	48,006	54,291	49,675	48,550
More than 5 years	348	116	168	92,277	88,248	76,700	92,625	88,364	76,868
Total	**23,903**	**24,262**	**26,792**	**265,100**	**244,682**	**213,985**	**289,003**	**268,944**	**240,777**

[1] Finance leases, where Nordea Group is a lessor, are included in Loans and receivables to the public, see Note 24 Leasing.

Reconciliation of allowance accounts for impaired loans[2]

EURm	Credit institutions Individually assessed	Credit institutions Collectively assessed	Credit institutions Total	The public Individually assessed	The public Collectively assessed	The public Total	Total Individually assessed	Total Collectively assessed	Total Total
Opening balance at 1 Jan 2008	**(8)**	**(2)**	**(10)**	**(595)**	**(352)**	**(947)**	**(603)**	**(354)**	**(957)**
Provisions	(14)	(3)	(17)	(541)	(185)	(726)	(555)	(188)	(743)
Reversals	1	2	3	228	121	349	229	123	352
Changes through the income statement	**(13)**	**(1)**	**(14)**	**(313)**	**(64)**	**(377)**	**(326)**	**(65)**	**(391)**
Allowances used to cover write-offs	0	0	0	129	0	129	129	0	129
Reclassification	—	—	—	4	—	4	4	—	4
Currency translation differences	1	0	1	33	11	44	34	11	45
Closing balance at 31 Dec 2008	**(20)**	**(3)**	**(23)**	**(742)**	**(405)**	**(1,147)**	**(762)**	**(408)**	**(1,170)**
Opening balance at 1 Jan 2007	**(7)**	**(13)**	**(20)**	**(757)**	**(341)**	**(1,098)**	**(764)**	**(354)**	**(1,118)**
Provisions	0	(1)	(1)	(230)	(166)	(396)	(230)	(167)	(397)
Reversals	0	10	10	238	126	364	238	136	374
Changes through the income statement	**0**	**9**	**9**	**8**	**(40)**	**(32)**	**8**	**(31)**	**(23)**
Allowances used to cover write-offs	0	0	0	150	0	150	150	0	150
Reclassification	—	(1)	(1)	—	33	33	—	32	32
Currency translation differences	(1)	3	2	4	(4)	0	3	(1)	2
Closing balance at 31 Dec 2007	**(8)**	**(2)**	**(10)**	**(595)**	**(352)**	**(947)**	**(603)**	**(354)**	**(957)**
Opening balance at 1 Jan 2006	**(7)**	**(11)**	**(18)**	**(1,057)**	**(406)**	**(1,463)**	**(1,064)**	**(417)**	**(1,481)**
Provisions	—	(4)	(4)	(276)	(187)	(463)	(276)	(191)	(467)
Reversals	—	1	1	463	231	694	463	232	695
Changes through the income statement	**—**	**(3)**	**(3)**	**187**	**44**	**231**	**187**	**41**	**228**
Allowances used to cover write-offs	0	0	0	134	—	134	134	0	134
Currency translation differences	0	1	1	(21)	21	0	(21)	22	1
Closing balance at 31 Dec 2006	**(7)**	**(13)**	**(20)**	**(757)**	**(341)**	**(1,098)**	**(764)**	**(354)**	**(1,118)**

2 See Note 10 Loan losses.

Allowances and provisions

EURm	Credit institutions 31 Dec 2008	Credit institutions 31 Dec 2007	Credit institutions 31 Dec 2006	The public 31 Dec 2008	The public 31 Dec 2007	The public 31 Dec 2006	Total 31 Dec 2008	Total 31 Dec 2007	Total 31 Dec 2006
Allowances for items in the balance sheet	(23)	(10)	(20)	(1,147)	(947)	(1,098)	(1,170)	(957)	(1,118)
Provisions for off balance sheet items	(54)	(36)	(13)	(46)	(19)	(46)	(100)	(55)	(59)
Total allowances and provisions	**(77)**	**(46)**	**(33)**	**(1,193)**	**(966)**	**(1,144)**	**(1,270)**	**(1,012)**	**(1,177)**

Key ratios

	Total		
	31 Dec 2008	31 Dec 2007	31 Dec 2006
Impairment rate, gross[1], %	0.8	0.5	0.7
Impairment rate, net[2], %	0.5	0.3	0.4
Total allowance rate[3], %	0.4	0.4	0.5
Allowance rate, impaired loans[4], %	34.3	42.1	44.1
Non-performing loans and receivables, not impaired[5], EURm	142	98	95

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

Note 15: Interest-bearing securities

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Issued by public bodies	3,120	2,945	7,043
Issued by other borrowers	49,626	40,354	32,917
Total	**52,746**	**43,299**	**39,960**
Listed securities	48,829	35,125	33,220
Unlisted securities	3,917	8,174	6,740
Total	**52,746**	**43,299**	**39,960**
Maturity information			
Remaining maturity (carrying amount)			
Maximum 1 year	16,509	13,036	9,847
More than 1 year	36,237	30,263	30,113
Total including portfolio schemes	**52,746**	**43,299**	**39,960**
—of which Financial instruments pledged as collateral (Note 16)	7,916	4,517	10,496
Total	**44,830**	**38,782**	**29,464**

Note 16: Financial instruments pledged as collateral

Financial instruments pledged as collateral

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

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Repurchase agreements	7,917	4,688	10,496
Securities lending agreements	20	102	—
Total	**7,937**	**4,790**	**10,496**

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. Therefore, these assets and its associated liabilities are included in the tables below.

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Repurchase agreements			
Treasury bills	—	170	0
Interest-bearing securities	7,916	4,517	10,496
Shares	1	1	—
Securities lending agreements			
Shares	20	102	—
Total	**7,937**	**4,790**	**10,496**

Liabilities associated with the assets

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Repurchase agreements			
Deposits by credit institutions	6,578	3,776	8,033
Deposits and borrowings from the public	1,370	862	2,515
Other	4	139	—
Total	**7,952**	**4,777**	**10,548**

Note 17: Shares

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Shares held for trading	3,766	5,655	3,701
Shares designated at fair value through profit or loss	6,917	12,076	10,873
—of which shares taken over for protection of claims	13	0	0
Shares available for sale	7	16	11
Total	**10,690**	**17,747**	**14,585**
Listed shares	7,742	15,766	11,715
Unlisted shares	2,948	1,981	2,870
Total	**10,690**	**17,747**	**14,585**
—of which Financial instruments pledged as collateral (Note 16)	21	103	—
Total	**10,669**	**17,644**	**14,585**
—of which expected to be settled after more than 1 year	313	262	140

Note 18: Derivatives and Hedge accounting

31 Dec 2008, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	43,992	43,264	1,899,652
FRAs	2,159	2,066	802,160
Futures and forwards	13	395	65,345
Options	6,258	6,375	171,877
Other	3	0	25
Total	**52,425**	**52,100**	**2,939,059**
Equity derivatives			
Equity swaps	85	64	718
Futures and forwards	322	60	12,632
Options	516	581	14,035
Total	**923**	**705**	**27,385**
Foreign exchange derivatives			
Currency and interest rate swaps	8,002	6,542	192,133
Currency forwards	18,123	17,195	453,227
Options	908	866	33,622
Other	4	2	7,907
Total	**27,037**	**24,605**	**686,889**
Credit derivatives			
Credit default swaps	4,631	4,584	99,208
Total	**4,631**	**4,584**	**99,208**
Other derivatives			
Swaps	1,125	1,033	10,007
Futures and forwards	294	100	4,463
Options	85	87	1,450
Other	—	63	1,626
Total	**1,504**	**1,283**	**17,546**
Total derivatives held for trading	**86,520**	**83,277**	**3,770,087**

	Fair value Positive	Fair value Negative	Total nom amount
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	280	202	13,940
Total	**280**	**202**	**13,940**
Equity derivatives			
Options	1	7	69
Total	**1**	**7**	**69**
Foreign exchange derivatives			
Currency and interest rate swaps	37	2,052	18,005
Total	**37**	**2,052**	**18,005**
Total derivatives used for hedge accounting	**318**	**2,261**	**32,014**
—of which fair value hedges	288	2,114	30,403
—of which cash flow hedges	30	147	1,611
Total derivatives	**86,838**	**85,538**	**3,802,101**

Periods when hedged cashflows are expected to occur and when they are expected to affect the income statement

31 Dec 2008, EURm	<1 year	1-3 years	3-5 years	5-10 years	over 10 years
Cash inflows (assets)	436	936	164	35	235
Cash outflows (liabilities)	(432)	(857)	(82)	(24)	(240)
Net cash flows	**4**	**79**	**82**	**11**	**(5)**

31 Dec 2007, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	16,391	16,889	1,387,471
FRAs	196	190	642,258
Futures and forwards	337	405	167,641
Options	2,913	2,963	370,078
Other	23	15	3,908
Total	**19,860**	**20,462**	**2,571,356**
Equity derivatives			
Swaps	57	119	1,379
Futures and forwards	75	137	9,427
Options	1,178	1,584	16,528
Total	**1,310**	**1,840**	**27,334**
Foreign exchange derivatives			
Currency and interest rate swaps	2,257	2,305	170,131
Currency forwards	4,826	5,012	465,014
Options	282	282	32,834
Total	**7,365**	**7,599**	**667,979**
Credit derivatives			
Credit default swaps	1,163	1,115	90,476
Total	**1,163**	**1,115**	**90,476**
Other derivatives			
Swaps	1,183	1,142	9,169
Futures and forwards	103	48	769
Options	99	118	697
Total	**1,385**	**1,308**	**10,635**
Total derivatives held for trading	**31,083**	**32,324**	**3,367,780**

	Fair value Positive	Fair value Negative	Total nom amount
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	252	124	32,918
Total	**252**	**124**	**32,918**
Equity derivatives			
Options	55	73	253
Total	**55**	**73**	**253**
Foreign exchange derivatives			
Currency and interest rate swaps	97	502	4,381
Currency forwards	11	—	—
Total	**108**	**502**	**4,381**
Total derivatives used for hedge accounting	**415**	**699**	**37,552**
—of which fair value hedges	415	699	37,552
Total derivatives	**31,498**	**33,023**	**3,405,332**

31 Dec 2006, EURm	Fair value Positive	Fair value Negative	Total nom amount
Derivatives held for trading			
Interest rate derivatives			
Interest rate swaps	12,164	12,344	1,160,716
FRAs	207	198	389,877
Futures and forwards	85	102	67,138
Options	3,419	3,341	259,675
Other	0	0	8
Total	**15,875**	**15,985**	**1,877,414**
Equity derivatives			
Futures and forwards	32	75	2,124
Options	948	1,035	14,588
Other	10	50	853
Total	**990**	**1,160**	**17,565**
Foreign exchange derivatives			
Currency and interest rate swaps	1,892	1,725	121,247
Currency forwards	3,101	3,417	327,280
Options	165	178	28,054
Other	0	0	110
Total	**5,158**	**5,320**	**476,691**
Credit derivatives			
Credit default swaps	635	625	78,697
Total	**635**	**625**	**78,697**
Other derivatives			
Futures and forwards	83	67	683
Options	69	85	1,499
Other	842	820	10,063
Total	**994**	**972**	**12,245**
Total derivatives held for trading	**23,652**	**24,062**	**2,462,612**

	Fair value Positive	Fair value Negative	Total nom amount
Derivatives used for hedge accounting			
Interest rate derivatives			
Interest rate swaps	402	385	64,296
Total	**402**	**385**	**64,296**
Equity derivatives			
Options	72	102	556
Total	**72**	**102**	**556**
Foreign exchange derivatives			
Currency and interest rate swaps	81	385	10,970
Currency forwards	—	5	55
Total	**81**	**390**	**11,025**
Total derivatives used for hedge accounting	**555**	**877**	**75,877**
Total derivatives	**24,207**	**24,939**	**2,538,489**

31 Dec 2008, EURm	Positive	Negative
Maturity information		
Remaining maturity (carrying amount)		
Maximum 3 months	13,844	14,584
3-12 months	11,079	11,017
1-5 years	27,686	26,607
More than 5 years	34,229	33,330
Total	**86,838**	**85,538**

31 Dec 2007, EURm	Positive	Negative
Maturity information		
Remaining maturity (carrying amount)		
Maximum 3 months	4,587	5,185
3-12 months	2,978	3,426
1-5 years	9,770	9,907
More than 5 years	14,163	14,505
Total	**31,498**	**33,023**

31 Dec 2006, EURm	Positive	Negative
Maturity information		
Remaining maturity (carrying amount)		
Maximum 3 months	3,274	3,568
3-12 months	2,917	2,932
1-5 years	6,865	7,264
More than 5 years	11,151	11,175
Total	**24,207**	**24,939**

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

Assets

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Carrying amount at beginning of year	(105)	(37)	282
Changes during the year			
Revaluation of hedged items[1]	547	(71)	(319)
Translation differences	(29)	3	—
Carrying amount at end of year	**413**	**(105)**	**(37)**
—of which expected to be settled after more than 1 year	329		

[1] A part of the portfolio hedge designation was revoked during 2007. The amortisation of the carrying amount related to the dissolved hedges is included in this line. The amortisation is based on the expected relevant repricing time period.

Liabilities

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Carrying amount at beginning of year	(323)	(401)	58
Changes during the year			
Revaluation of hedged items[1]	919	71	(459)
Translation differences	(64)	7	—
Carrying amount at end of year	**532**	**(323)**	**(401)**
—of which expected to be settled after more than 1 year	461		

[1] A part of the portfolio hedge designation was revoked during 2007. The amortisation of the carrying amount related to the dissolved hedges is included in this line. The amortisation is based on the relevant repricing time period.

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

Note 20: Investments in associated undertakings

	31 Dec 2008	31 Dec 2007	31 Dec 2006
Acquisition value at beginning of year	376	411	577
Acquisitions during the year	41	9	14
Sales during the year	(53)	(33)	(176)
Share in earnings[1]	112	58	99
Dividend received	(14)	(48)	(56)
Reclassifications	17	(23)	(51)
Translation differences	(38)	2	4
Acquisition value at end of year	**441**	**376**	**411**
Accumulated impairment charges at beginning of year	(10)	(13)	(11)
Accumulated impairment charges on sales during the year	—	3	—
Reversed impairment charges during the year	—	—	1
Impairment charges during the year	—	0	(3)
Translation differences	—	0	0
Accumulated impairment charges at end of year	**(10)**	**(10)**	**(13)**
Total	**431**	**366**	**398**
—of which, listed shares	—	—	—

1 Share in earnings

EURm	2008	2007	2006
Profit from companies accounted for under the equity method	24	41	68
Portfolio hedge, Eksportfinans ASA	53	—	—
Associated undertakings in Life, reported as Net gains/losses on items at fair value	35	17	31
Share in earnings	**112**	**58**	**99**

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

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

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Total assets	8,499	7,603	5,730
Total liabilities	7,994	7,182	5,226
Operating income	195	211	160
Operating profit	148	43	40

Nordeas' share of contingent liabilities in favour in associated undertakings amounts to EUR 249m (2007: EUR 368m, 2006: EUR 0m), and on behalf of associated undertaking EUR 0m (2007: EUR 0m, 2006: EUR 0m).

31 Dec 2008	Registration number	Domicile	Carrying amount 2008, EURm	Carrying amount 2007, EURm	Carrying amount 2006, EURm	Voting power of holding %
Eksportfinans ASA	816521432	Oslo	112	77	79	23
Ejendomspartnerskabet af 1/7 2003	27134971	Ballerup	166	152	151	49
Luottokunta	0201646-0	Helsinki	41	37	36	24
LR Realkredit A/S	26045304	Copenhagen	1	9	10	39
Oy Realinvest Ab	0680035-9	Helsinki	3	25	32	49
NCSD Holding AB	556709-1763	Stockholm	—	27	27	—
Nymøllevej I/S	24247961	Ballerup	24	—	—	50
E-nettet Holding A/S	21270776	Copenhagen	2	2	—	20
Hovedbanens Forretningscenter K/S	16301671	Ballerup	14	—	—	50
Ejendomsselskabet Axelborg I/S	79334413	Copenhagen	9	9	8	33
Axel IKU Invest A/S	24981800	Billund	1	2	5	33
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	7	7	6	33
KIFU-AX II A/S	25893662	Frederiksberg	2	2	3	26
KFU-AX II A/S	25894286	Frederiksberg	2	2	3	34
Multidata Holding A/S	27226027	Ballerup	12	4	3	28
Lautruphøj 1-3 I/S	26640172	Ballerup	6	—	—	50
Profita Fund II Ky	1596354-7	Helsinki	—	5	8	—
Profita Fund III Ky	2114721-2	Helsinki	—	2	—	—
PBS Holding A/S	67007719	Ballerup	7	0	23	28
Visa Sweden	801020-5097	Stockholm	17	—	—	23
Other			5	4	4	—
Total			**431**	**366**	**398**	

Note 21: Investments in joint venture

The Group has a 50% interest in two companies, DNP Ejendomme P/S and Ejendomselskabet af 1. marts 2006 P/S, which are real estate companies. These companies are, as from 2007, consolidated into the Nordea Group, as the current assessment is that Nordea has significant influence over these companies.

The following amounts represent the Group's share of the assets, liabilities, income, expenses and result of the joint ventures:

EURm	2008	2007	2006
Total assets	—	—	93
Total liabilities	—	—	2
Operating income	—	—	9
Operating expenses	—	—	2
Operating profit	—	—	7
Net profit	—	—	7
Proportionate interest in joint ventures' commitments	—	—	—
Proportionate interest in joint ventures' contingent liabilities	—	—	—

Note 22: Intangible assets

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Goodwill[1]			
Nordea Bank Danmark A/S	439	439	439
Nordea Bank Norge ASA	847	1,034	1,003
Nordea Bank Sverige AB (publ)	150	173	182
Nordea Bank Polska S.A.	65	74	70
JSB Orgresbank	243	290	—
Life insurance companies	309	321	318
Other goodwill	90	77	71
Goodwill, total	**2,143**	**2,408**	**2,083**
Internally developed software	303	236	129
Other intangible assets	89	81	35
Total	**2,535**	**2,725**	**2,247**

1 Excluding goodwill in associated undertakings.

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Goodwill			
Acquisition value at beginning of year	2,408	2,083	2,100
Acquisitions during the year	12[2]	303	5
Translation differences	(276)	22	(22)
Acquisition value at end of year	**2,144**	**2,408**	**2,083**
Accumulated impairment charges at beginning of year	—	—	—
Impairment charges during the year	(1)	—	—
Translation differences	0	—	—
Accumulated impairment charges at end of year	**(1)**	**—**	**—**
Total	**2,143**	**2,408**	**2,083**

2 Of which EUR 18m related to the acquisition of nine branch offices from Roskilde Bank. The offsetting decrease is related to an update of the purchase price allocation covering Vestcon made (preliminary) in Q4 2007.

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Internally developed software			
Acquisition value at beginning of year	296	146	74
Acquisitions during the year	127	88	100
Sales/disposals during the year	(2)	(10)	—
Reclassifications	(26)	71	(28)
Translation differences	(16)	1	0
Acquisition value at end of year	**379**	**296**	**146**
Accumulated amortisation at beginning of year	(59)	(16)	(3)
Amortisation according to plan for the year	(18)	(17)	0
Accumulated amortisation on sales/disposals during the year	1	10	—
Reclassifications	6	(34)	(13)
Translation differences	(1)	(2)	0
Accumulated amortisation at end of year	**(71)**	**(59)**	**(16)**
Accumulated impairment charges at beginning of year	(1)	(1)	—
Impairment charges during the year	(6)	—	(1)
Translation differences	2	—	—
Accumulated impairment charges at end of year	**(5)**	**(1)**	**(1)**
Total	**303**	**236**	**129**

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Other intangible assets			
Acquisition value at beginning of year	147	88	138
Acquisitions during the year[1]	25	56	10
Sales/disposals during the year	(4)	0	(34)
Reclassifications	(2)	2	(26)
Translation differences	(9)	1	0
Acquisition value at end of year	**157**	**147**	**88**
Accumulated amortisation at beginning of year	(66)	(53)	(88)
Amortisation according to plan for the year	(14)	(12)	(10)
Accumulated amortisation on sales/disposals during the year	0	0	24
Reclassifications	8	0	21
Translation differences	4	(1)	0
Accumulated amortisation at end of year	**(68)**	**(66)**	**(53)**
Total	**89**	**81**	**35**

1 Of which acquisitions through business combinations EUR 13m (2007: EUR 21m, 2006: EUR -m).

The total amount is expected to be settled after more than 1 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, while a growth rate of 5% for Poland & Baltic countries and 6% for Orgresbank has been used. Growth rates are based on historical data, updated to reflect the current situation.

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), except for operations in Poland and the Baltics where an additional risk premium of 150 basis points has been applied.

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

Note 23: Property and equipment

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Property and equipment	375	342	307
—of which buildings for own use	20	36	34
Total	**375**	**342**	**307**

Equipment

Acquisition value at beginning of year	770	1,031	922
Acquisitions during the year[1]	161	149	112
Sales/disposals during the year	(24)	(312)	(109)
Reclassifications	(5)	(95)	119
Translation differences	(36)	(3)	(13)
Acquisition value at end of year	**866**	**770**	**1,031**
Accumulated depreciation at beginning of year	(453)	(746)	(652)
Accumulated depreciation on sales/disposals during the year	13	303	69
Reclassifications	5	63	(82)
Depreciations according to plan for the year	(81)	(72)	(87)
Translation differences	18	(1)	6
Accumulated depreciation at end of year	**(498)**	**(453)**	**(746)**
Accumulated impairment charges at beginning of year	(11)	(12)	(21)
Accumulated impairment charges on sales/disposals during the year	0	0	9
Reversed impairment charges during the year	0	0	4
Reclassifications	—	—	(6)
Impairment charges during the year	(3)	—	—
Translation differences	1	1	2
Accumulated impairment charges at end of year	**(13)**	**(11)**	**(12)**
Total	**355**	**306**	**273**

[1] Of which acquisitions through business combinations EUR 1m (2007: EUR 3m, 2006: EUR -m).

Land and buildings

Acquisition value at beginning of year	45	47	90
Acquisitions during the year	1	10	2
Sales/disposals during the year	—	(8)	(9)
Reclassifications	(17)	(5)	(36)
Translation differences	(2)	1	0
Acquisition value at end of year	**27**	**45**	**47**
Accumulated depreciation at beginning of year	(9)	(13)	(18)
Accumulated depreciation on sales/disposals during the year	—	2	1
Reclassifications	2	4	6
Depreciation according to plan for the year	(1)	(2)	(2)
Translation differences	1	0	0
Accumulated depreciation at end of year	**(7)**	**(9)**	**(13)**
Accumulated impairment charges at beginning of year	0	0	(18)
Accumulated impairment charges on sales/disposals during the year	—	—	6
Reversed impairment charges during the year	—	—	10
Reclassifications	0	—	2
Translation differences	0	0	0
Accumulated impairment charges at end of year	**0**	**0**	**0**
Total	**20**	**36**	**34**

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

Note 24: Leasing

Nordea as a lessor

Finance leases

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

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

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Gross investments	6,465	5,974	5,372
Less unearned finance income	(594)	(454)	(409)
Net investments in finance leases	**5,871**	**5,520**	**4,963**
Less unguaranteed residual values accruing to the benefit of the lessor	(75)	(49)	(123)
Present value of future minimum lease payments receivable	**5,796**	**5,471**	**4,840**
Accumulated allowance for uncollectible minimum lease payments receivable	3	6	29

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

EURm	31 Dec 2008
2009	1,384
2010	1,272
2011	1,113
2012	759
2013	675
Later years	1,262
Total gross investment	**6,465**
Less unearned future finance income on finance leases	(594)
Net investment in finance leases	**5,871**

Operating leases

Assets subject to operating leases mainly comprise vehicles, aeroplanes and other equipment. In the balance sheet they are reported as tangible assets.

Carrying amount of leased assets, EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Acquisition value	178	155	128
Accumulated depreciations	(54)	(43)	(40)
Accumulated impairment charges	(13)	(10)	(13)
Carrying amount at end of year	**111**	**102**	**75**
—of which repossessed leased property, carrying amount	1	1	—

Carrying amount distributed on groups of assets, EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Equipment	111	102	75
Land and buildings	—	—	—
Carrying amount at end of year	**111**	**102**	**75**

Depreciation for 2008 amounted to EUR 17m (2007: EUR 13m, 2006: EUR 9m).

Under non-cancellable operating leases, the future minimum lease payments receivable are distributed as follows:

EURm	31 Dec 2008
2009	19
2010	14
2011	9
2012	4
2013	1
Later years	1
Total	**48**

Nordea as a lessee

Finance leases

Nordea has only to a minor extent entered into finance lease agreements. The book value of assets subject to finance leases amounts to EUR 1m (2007: EUR 1m, 2006: EUR 1m).

Operating leases

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

Leasing expenses during the year, EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Leasing expenses during the year	253	243	240
—of which minimum lease payments	250	241	238
—of which contingent rents	3	2	2
Leasing income during the year regarding sublease payments	7	6	7

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

EURm	31 Dec 2008
2009	304
2010	230
2011	251
2012	100
2013	84
Later years	466
Total	**1,435**

Total sublease payments expected to be received under non-cancellable subleases amounts to EUR 20m.

Note 25: Investment property

Movement in the balance sheet

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Carrying amount at beginning of year	3,492	3,230	2,750
Acquisitions during the year	109	253	222
Acquisitions through business combinations	—	—	70
Capitalised subsequent expenditure	—	1	—
Sales/disposals during the year	(19)	(114)	(137)
Net gains or losses from fair value adjustments	18	209	325
Transfers/reclassifications during the year	0	(96)	0
Translation differences	(266)	9	0
Carrying amount at end of year	**3,334**	**3,492**	**3,230**

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

Amounts recognised in the income statement[1]

EURm	2008	2007	2006
Rental income	233	234	213
Direct operating expenses that generate rental income	(86)	(62)	(63)
Direct operating expenses that did not generate rental income	(1)	(9)	(4)

1 Together with fair value adjustments included in Net/gains losses on items at fair value.

Note 26: Other assets

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Claims on securities settlement proceeds	4,063	5,293	8,159
Reinsurance recoverables	9	4	4
Other	10,532	2,427	2,563
Total	**14,604**	**7,724**	**10,726**
—of which expected to be settled after more than 1 year	31		

Note 27: Prepaid expenses and accrued income

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Accrued interest income	1,964	1,563	1,199
Other accrued income	425	360	207
Prepaid expenses	438	260	166
Total	**2,827**	**2,183**	**1,572**
—of which expected to be settled after more than 1 year	360		

Note 28: Deposits by credit institutions

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Central banks	26,341	5,882	7,463
Other banks	22,544	21,789	22,590
Other credit institutions	3,047	2,406	2,235
Total	**51,932**	**30,077**	**32,288**
Maturity information			
Remaining maturity (carrying amount)			
Payable on demand	14,133	6,315	7,124
Maximum 3 months	35,208	19,026	22,341
3-12 months	1,847	3,751	2,519
1-5 years	448	639	103
More than 5 years	296	346	201
Total	**51,932**	**30,077**	**32,288**

Note 29: Deposits and borrowings from the public

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Deposits from the public	145,131	138,273	122,935
Borrowings from the public	3,460	4,056	3,517
Total	**148,591**	**142,329**	**126,452**

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 EUR 3,070m (2007: EUR 3,981m, 2006: EUR 4,207m) are also included in Deposits.

	31 Dec 2008	31 Dec 2007	31 Dec 2006
Maturity information, Deposits			
Remaining maturity (carrying amount)			
Payable on demand	101,880	107,415	95,868
Maximum 3 months	30,764	20,438	16,620
3-12 months	6,510	3,706	2,604
1-5 years	436	599	1,858
More than 5 years	5,541	6,115	5,985
Total	**145,131**	**138,273**	**122,935**
Maturity information, Borrowings			
Remaining maturity (carrying amount)			
Payable on demand	12	243	6
Maximum 3 months	3,273	3,700	3,342
3-12 months	121	34	46
1-5 years	41	64	93
More than 5 years	13	15	30
Total	**3,460**	**4,056**	**3,517**

Note 30: Liabilities to policyholders

Liabilities to policyholders are obligations related to insurance contracts. These contracts are divided into contracts containing insurance risk and contracts without insurance risk. The latter are pure investments contracts.

Insurance contracts consists of Life insurance provisions and other insurance related items.

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Traditional life insurance provisions	20,286	20,515	21,517
Unit-linked insurance provisions	3,611	4,796	4,571
Insurance claims provision	363	353	303
Provisions, Health & personal accident	173	161	153
Total insurance contracts	**24,433**	**25,825**	**26,544**
Investment contracts	4,022	4,224	2,220
Collective bonus potential	783	2,231	2,277
Total	**29,238**	**32,280**	**31,041**
—of which expected to be settled after more than 1 year	28,802		

Life insurance contracts are measured and recognised in accordance with IFRS 4, i.e. the measurement and recognition principle under previous GAAP has been maintained consequently resulting in non-uniform accounting policies method on consolidation. Each market represented by Nordic and European entities measure and recognises insurance contracts using local accounting policies.

31 Dec 2008, EURm	**Traditional life insurance provisions**	**Unit-linked insurance provisions**	**Insurance claims provisions**	**Provisions, Health & personal accident**	**Investment contracts provisions**	**Collective bonus potentials**	**Total**
Provisions/ bonus potentials, beginning of year	**20,515**	**4,796**	**353**	**161**	**4,224**	**2,231**	**32,280**
Accumulated value adjustments, beginning of year	—	—	1	0	—	617	618
Retrospective provisions/ bonus potentials, beginning of year	**20,515**	**4,796**	**354**	**161**	**4,224**	**2,848**	**32,898**
Gross premiums written	1,790	586	—	5	1,315	—	3,696
Transfers	(336)	(530)	—	—	(299)	—	(1,165)
Addition of interest/ Investment return	1,007	(1,037)	—	—	(560)	—	(590)
Claims and benefits	(1,166)	(191)	20	8	(318)	—	(1,647)
Expense loading inclusive addition of expense bonus	(124)	(45)	—	—	(37)	—	(206)
Change in provisions/ bonus potential	—	—	—	—	—	(1,983)	(1,983)
Other	(641)	119	(11)	(1)	91	(82)	(525)
Translation differences	(759)	(87)	0	0	(394)	0	(1,240)
Provisions/ bonus potentials, end of year	**20,286**	**3,611**	**363**	**173**	**4,022**	**783**	**29,238**
Accumulated value adjustments, end of year	—	—	—	—	—	—	—
Total	**20,286**	**3,611**	**363**	**173**	**4,022**	**783**	**29,238**
Provision relating to bonus schemes/discretionary participation feature:	98%				41%		

31 Dec 2007, EURm	**Traditional life insurance provisions**	**Unit-linked insurance provisions**	**Insurance claims provisions**	**Provisions, Health & personal accident**	**Investment contracts provisions**	**Collective bonus potentials**	**Total**
Retrospective provisions/ bonus potentials, beginning of year	**21,517**	**4,571**	**303**	**153**	**2,220**	**2,277**	**31,041**
Gross premiums written	1,866	763	—	—	874	—	3,503
Transfers	(1,733)	(60)	—	—	1,793	—	0
Addition of interest/ Investment return	947	82	—	—	75	—	1,104
Claims and benefits	(1,734)	(524)	—	—	(585)	—	(2,843)
Expense loading inclusive addition of expense bonus	(137)	(44)	—	—	(37)	—	(218)
Change in provisions/ bonus potential	—	—	49	8	(93)	(44)	(80)
Other	117	8	1	0	(23)	(2)	101
Provisions/ bonus potentials, end of year	**20,843**	**4,796**	**353**	**161**	**4,224**	**2,231**	**32,608**
Accumulated value adjustments, end of year	(328)	—	—	—	—	—	(328)
Total	**20,515**	**4,796**	**353**	**161**	**4,224**	**2,231**	**32,280**
Provision relating to bonus schemes/discretionary participation feature:	95%				40%		

31 Dec 2006, EURm	Traditional life insurance provisions	Unit-linked insurance provisions	Insurance claims provisions	Provisions, Health & personal accident	Investment contracts provisions	Collective bonus potentials	Total
Provisions/ bonus potentials, beginning of year	**19,509**	**3,730**	**252**	**124**	**1,584**	**1,631**	**26,830**
Acquisition through a business combination	1,681	—	—	—	—	24	1,705
Accumulated value adjustments, beginning of year	(970)	(1)	—	—	—	—	(971)
Retrospective provisions/ bonus potentials, beginning of year	**20,220**	**3,729**	**252**	**124**	**1,584**	**1,655**	**27,564**
Gross premiums written	2,043	773	—	—	699	—	3,515
Transfers	(277)	140	—	—	137	—	0
Addition of interest/ Investment return	647	359	—	—	162	—	1,168
Claims and benefits	(1,519)	(396)	—	—	(346)	—	(2,261)
Expense loading inclusive addition of expense bonus	(144)	(39)	—	—	(14)	—	(197)
Change in provisions/ bonus potential	—	—	51	29	—	622	702
Other	(16)	5	—	—	(2)	—	(13)
Provisions/ bonus potentials, end of year	**20,954**	**4,571**	**303**	**153**	**2,220**	**2,277**	**30,478**
Accumulated value adjustments, end of year	563	—	—	—	—	—	563
Total	**21,517**	**4,571**	**303**	**153**	**2,220**	**2,277**	**31,041**
Provision relating to bonus schemes/discretionary participation feature:	99%				5%		

Note 31: Debt securities in issue

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Certificates of deposit	33,667	31,926	23,841
Commercial papers	10,440	5,865	3,411
Bond loans	64,753	61,780	55,854
Other	129	221	311
Total	**108,989**	**99,792**	**83,417**
Maturity information, Debt securities in issue			
Remaining maturity (carrying amount)			
Maximum 1 year	56,158	48,875	39,746
More than 1 year	52,702	50,696	43,360
Total	**108,860**	**99,571**	**83,106**
Maturity information, Other			
Remaining maturity (carrying amount)			
Payable on demand	126	221	311
Maximum 3 months	3	—	—
Total	**129**	**221**	**311**

Note 32: Other liabilities

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Liabilities on securities settlement proceeds	6,110	4,970	6,100
Sold, not held, securities	4,057	9,650	3,935
Accounts payable	217	217	356
Other	7,586	8,023	11,786
Total	**17,970**	**22,860**	**22,177**
—of which expected to be settled after more than 1 year	107		

Note 33: Accrued expenses and prepaid income

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Accrued interest	2,174	1,941	1,440
Other accrued expenses	901	787	549
Prepaid income	203	34	19
Total	**3,278**	**2,762**	**2,008**
—of which expected to be settled after more than 1 year	12		

Note 34: Provisions

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Reserve for restructuring costs	28	0	1
Transfer risk, off-balance	55	37	39
Individually assessed, off-balance sheet	45	18	20
Other	15	18	44
Total	**143**	**73**	**104**

Movement in the balance sheet

31 Dec 2008, EURm	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	0	37	18	18	73
New provisions made	29	22	36	2	89
Provisions utilised	(1)	—	—	(4)	(5)
Reversals	—	(3)	(4)	0	(7)
Reclassifications	—	—	(4)	(1)	(5)
Discounting effect	—	—	—	0	0
Translation differences	0	(1)	(1)	0	(2)
At end of year	**28**	**55**	**45**	**15**	**143**
—of which expected to be settled after more than 1 year	—	55	38	10	103

Restructuring activities, which should increase efficiency during coming years, have been initiated. This is mainly related to Roskilde Bank, but also to other areas. This has resulted in restructuring provisions of EUR 29m.

Provision for Transfer risk reserve is related to off-balance sheet items. Transfer risk reserve relating to loans and receivables is included in the item Allowances for collectively assessed impaired loans in Note 14. Provision for transfer risk is depending on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (ie Gurantees and L/C's) amounted to EUR 45m.

Other provision refers to the following provisions: redundancy packages EUR 1m (of which EUR 1m expected to be settled during 2009), provision for disputes and pending law suites EUR 4m (of which EUR 2m expected to be settled during 2009), rent provision EUR 2m (of which Eur 1m expected to be settled during 2009), provision for environmental and property-related obligations of EUR 5m (not expected to be settled during 2009) and other provisions amounting to EUR 3m (of which EUR 1m expected to be settled during 2009).

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

31 Dec 2007, EURm	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	1	39	20	44	104
New provisions made	0	19	7	2	28
Provisions utilised	(1)	—	0	(5)	(6)
Reversals	0	(57)	(21)	(9)	(87)
Reclassifications	—	36	12	(14)	34
At end of year	**0**	**37**	**18**	**18**	**73**

31 Dec 2006, EURm	Restructuring	Transfer risk	Off-balance sheet	Other	Total
At beginning of year	4	23	26	47	100
New provisions made	—	27	12	10	49
Provisions utilised	(2)	—	(12)	(19)	(33)
Reversals	(1)	(6)	(7)	(1)	(15)
Reclassifications	—	—	1	7	8
Translation differences	0	(5)	0	0	(5)
At end of year	**1**	**39**	**20**	**44**	**104**

Note 35: Retirement benefit obligations

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Defined benefit plans, net	172	339	411
Total	**172**	**339**	**411**

Nordea has pension obligations from defined benefit plans in all Nordic countries with the predominant share in Sweden, Norway and Finland. The plans in Finland are closed to new employees and pensions for new employees are instead based on defined contribution arrangements as is also the case in Denmark. Defined contribution plans are not reflected on the balance sheet. Furthermore, Nordea also contributes to public pension plans.

IAS 19 secures that the market based value of pension obligations net of plan assets backing these obligations will be reflected on the Group's balance sheet. The major plans in each country are funded schemes covered by assets in pension funds/foundations.

Funded schemes	Swe	Nor	Fin	Den
2008				
Members	21,545	6,061	19,873	60
Average member age	54	55	59	71
2007				
Members	20,980	5,857	20,124	62
Average member age	54	55	58	71
2006				
Members	20,288	5,763	20,268	64
Average member age	54	55	58	70

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	Swe	Nor	Fin	Den
2008				
Discount rate	4.0%	4.5%	4.5%	4.5%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.5%	5.5%	5.5%
2007				
Discount rate	5.0%	5.0%	5.0%	5.0%
Salary increase	3.5%	3.5%	3.5%	3.5%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	6.0%	6.0%	6.0%	6.0%
2006				
Discount rate	4.0%	4.0%	4.0%	4.0%
Salary increase	3.0%	3.0%	3.0%	3.0%
Inflation	2.0%	2.0%	2.0%	2.0%
Expected return on assets before taxes	5.0%	5.0%	5.0%	5.0%

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

The discount rate has the most significant impact on the obligation and pension cost. If the discount rate is reduced the pension obligation will increase and vice versa. A 1 percentage point increase in the discount rate would lead to a decrease in pension obligation of 14% and in service cost of 20%. A 1 percentage point decrease in the discount rate would lead to an increase in pension obligation of 17% and in service cost of 27%.

Asset composition

The combined return on assets in 2008 was (3.9)% (2007: 3.1%, 2006: 5.0%) mainly reflecting the general market turmoil during 2008. At the end of 2008, the equity exposure in pension funds/foundations represented 13% (2007: 21%, 2006: 22%) of total assets.

Asset composition in funded schemes	Swe 2008	Nor 2008	Fin 2008	Den 2008	Total 2008	Total 2007	Total 2006
Equity	15%	10%	14%	6%	13%	21%	22%
Bonds	84%	70%	77%	70%	78%	71%	70%
Real estate	—	20%	6%	—	6%	6%	6%
Other plan assets	1%	—	3%	24%	3%	2%	3%
Of which:							
—Nordea shares	—	—	—	—	—	—	—
—Nordea real estate	—	—	—	—	—	1%	1%

Amounts recognised in the balance sheet

EURm	Swe 2008	Nor 2008	Fin 2008	Den 2008	Total 2008	Total 2007	Total 2006
PBO	1,253	691	777	109	2,830	2,775	3,004
Plan assets	816	402	770	111	2,099	2,407	2,367
Total surplus/deficit(-)	**(437)**	**(289)**	**(7)**	**2**	**(731)**	**(368)**	**(637)**
of which unrecognised actuarial gains/losses(-)	(390)	(101)	(59)	(9)	(559)	(29)	(226)
Of which recognised in the balance sheet	**(47)**	**(188)**	**52**	**11**	**(172)**	**(339)**	**(411)**
Of which:							
—retirement benefit assets	67	—	83	18	168	123	84
—retirement benefit obligations	114	188	31	7	340	462	495
—related to unfunded plans (PBO)	110	133	23	7	273	302	315

Overview of surplus or deficit in the plans

EURm	Total 2008	Total 2007	Total 2006	Total 2005	Total 2004
PBO	2,830	2,775	3,004	2,910	2,675
Plan Assets	2,099	2,407	2,367	2,256	2,065
Funded status—surplus/deficit(-)	**(731)**	**(368)**	**(637)**	**(654)**	**(610)**

Changes in the PBO

EURm	Swe 2008	Nor 2008	Fin 2008	Den 2008	Total 2008	Total 2007	Total 2006
PBO at 1 Jan	1,152	759	762	102	2,775	3,004	2,916
Service cost	28	28	3	2	61	58	72
Interest cost	55	34	37	4	130	115	110
Pensions paid	(50)	(41)	(41)	(8)	(140)	(137)	(130)
Curtailments and settlements	—	2	—	—	2	2	4
Past service cost	—	—	0	—	0	(1)	—
Actuarial gains(-)/losses	266	74	32	8	380	(223)	14
Effect of exchange rate changes	(193)	(153)	(16)	1	(361)	(36)	23
Change in provision for SWT/SSC[1]	(5)	(12)	—	0	(17)	(7)	(5)
PBO at 31 Dec	**1,253**	**691**	**777**	**109**	**2,830**	**2,775**	**3,004**

[1] Provision on difference to GAAP for the Swedish special wage tax (SWT) and the social security contribution (SSC) in Norway and Denmark on recognised amounts.

Changes in the fair value of plan assets

EURm	Swe 2008	Nor 2008	Fin 2008	Den 2008	Total 2008	Total 2007	Total 2006
Assets at 1 Jan	968	473	856	110	2,407	2,367	2,259
Expected return on assets	51	28	48	5	132	108	105
Pensions paid	4	(25)	(40)	(6)	(67)	(63)	(63)
Contributions	(3)	61	27	1	86	60	32
Actuarial gains/losses(-)	(76)	(41)	(109)	1	(225)	(34)	9
Effect of exchange rate changes	(128)	(94)	(12)	0	(234)	(31)	25
Plan assets at 31 Dec	**816**	**402**	**770**	**111**	**2,099**	**2,407**	**2,367**
Actual return on plan assets	**(25)**	**(13)**	**(61)**	**6**	**(93)**	**74**	**114**

Overview of actuarial gains/losses

EURm	Total 2008	Total 2007	Total 2006
Effects of changes in actuarial assumptions	(337)	230	(15)
Experience adjustments	(268)	(41)	10
Of which:			
—on plan assets	(225)	(34)	9
—on plan liabilities	(43)	(7)	1
Actuarial gains/losses	**(605)**	**189**	**(5)**

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 2008 is EUR 69m (2007: EUR 83m, 2006: EUR 97m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in Note 7.)

Recognised net defined benefit cost, EURm	Swe 2008	Nor 2008	Fin 2008	Den 2008	Total 2008	Total 2007	Total 2006
Service cost	28	28	3	2	61	58	72
Interest cost	55	34	37	4	130	115	110
Expected return on assets	(51)	(28)	(48)	(5)	(132)	(108)	(105)
Curtailments and settlements	—	2	—	—	2	2	—
Recognised past service cost	—	—	0	—	0	(1)	2
Recognised actuarial gains(-)/losses	0	—	(1)	0	(1)	3	4
SWT/SSC[1]	8	1	—	0	9	14	14
Pension cost on defined benefit plans	**40**	**37**	**(9)**	**1**	**69**	**83**	**97**

[1] Cost related to the Swedish special wage tax (SWT) and the social security contribution (SSC).

The pension cost in 2008 is lower than expected in the beginning of 2008, to a high degree reflecting changes in exchange rates. The net pension cost on defined benefit plans is expected to increase in 2009, mainly as a consequence of higher recognition of actuarial losses, lower discount rates and a lower expected return on assets.

The pension cost in 2007 was lower than expected in the beginning of 2007, mainly due to transfers from defined benefit plans to defined contribution plans.

The pension cost in 2006 was in line with what was expected at the start of 2006.

The Group expects to contribute EUR 48m to its defined benefit plans in 2009.

Key management personnel

The Group's total pension obligations regarding key management personnel amounted to EUR 35m (2007: EUR 43m, 2006: EUR 40m) at the end of 2008. These obligations are to a high degree covered by plan assets. Defined benefit pension costs related to key management personnel in 2008 were EUR 1m (2007: EUR 3m, 2006: EUR 1m). Complete information concerning key management personnel is disclosed in Note 7.

Note 36: Subordinated liabilities

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Dated subordinated debenture loans	6,267	5,626	5,989
Undated subordinated debenture loans	536	604	775
Hybrid capital loans	1,406	1,326	1,413
Total	**8,209**	**7,556**	**8,177**
—of which expected to be settled within 1 year	7,339		

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

At 31 December no separate loan exceeds 10% of the total outstanding volume.

Note 37: Equity

EURm	Share capital[1]	Share premium account	Available-for-sale investments	Cash flow hedges	Currency translation differences	Retained earnings	Total	Minority interests	Total equity
	Attributable to the share holders of Nordea Bank AB (publ)[3]								
			Other reserves:						
Balance at 1 Jan 2008	**2,597**	**—**	**6**	**—**	**(166)**	**14,645**	**17,082**	**78**	**17,160**
Available-for-sale investments:									
—Transfers to net profit			(6)				(6)		(6)
—Tax on transfers to net profit			0				0		0
Cash flow hedges:									
—Fair value gains				(7)			(7)		(7)
—Tax on fair value gains				2			2		2
Currency translation differences					(717)		(717)		(717)
Net income recognised directly in equity			*(6)*	*(5)*	*(717)*		*(728)*		*(728)*
Net profit for the year						2,671	2,671	1	2,672
Total recognised income and expense			*(6)*	*(5)*	*(717)*	*2,671*	*1,943*	*1*	*1,944*
Issued C shares[4]	3						3		3
Repurchase of C shares[4]						(3)	(3)		(3)
Share-based payments[4]						7	7		7
Dividend for 2007						(1,297)	(1,297)		(1,297)
Purchases of own shares[2]						(10)	(10)		(10)
Other changes								(1)	(1)
Balance at 31 Dec 2008	**2,600**	**—**	**0**	**(5)**	**(883)**	**16,013**	**17,725**	**78**	**17,803**
Balance at 1 Jan 2007	**2,594**	**—**	**5**	**—**	**(116)**	**12,793**	**15,276**	**46**	**15,322**
Available-for-sale investments:									
—Fair value gains			1				1		1
—Tax on fair value gains			0				0		0
Currency translation differences					(50)		(50)		(50)
Net income recognised directly in equity			*1*	—	*(50)*		*(49)*		*(49)*
Net profit for the year						3,121	3,121	9	3,130
Total recognised income and expense			*1*	—	*(50)*	*3,121*	*3,072*	*9*	*3,081*
Issued C shares[5]	3						3		3
Repurchase of C shares[5]						(3)	(3)		(3)
Share-based payments[5]						4	4		4
Dividend for 2006						(1,271)	(1,271)		(1,271)
Divestment of own shares[2]						11	11		11
Other changes						(10)	(10)	23	13
Balance at 31 Dec 2007	**2,597**	**—**	**6**	**—**	**(166)**	**14,645**	**17,082**	**78**	**17,160**

EURm	Attributable to the share holders of Nordea Bank AB (publ)[3] Share capital[1]	Share premium account	Other reserves: Available-for-sale investments	Cash flow hedges	Currency translation differences	Retained earnings	Total	Minority interests	Total equity
Balance at 1 Jan 2006	**1,072**	**4,284**	**1**	**—**	**(229)**	**7,791**	**12,919**	**41**	**12,960**
Available-for-sale investments:									
—Fair value gains			3				3		3
—Tax on fair value gains			1				1		1
Currency translation differences					113		113		113
Net income recognised directly in equity			*4*	—	*113*		*117*		*117*
Net profit for the year						3,145	3,145	8	3,153
Total recognised income and expense			*4*	—	*113*	*3,145*	*3,262*	*8*	*3,270*
Dividend for 2005						(908)	(908)		(908)
Bonus issue	1,566	(1,566)					0		0
Reduction of statutory reserve		(2,718)				2,718	0		0
Reduction of share capital	(44)					44	0		0
Divestment of own shares[2]						3	3		3
Other changes								(3)	(3)
Balance at 31 Dec 2006	**2,594**	**—**	**5**	**—**	**(116)**	**12,793**	**15,276**	**46**	**15,322**

1 Total shares registered were 2,600 million (2007: 2,597 million, 2006: 2,594 million).

2 Refers to the change in the trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares in the trading portfolio and in the portfolio schemes at 31 Dec 2008 was 3.8 million (2007: 1.6 million, 2006: 2.7 million).

3 Restricted capital was at 31 Dec 2008 EUR 2,600m (2007: EUR 2,603m, 2006: EUR 2,599m). Unrestricted capital was 31 Dec 2008 EUR 15,125m (2007: EUR 14,479m, 2006: EUR 12,677m).

4 Refers to the Long-Term Incentive Programme (LTIP 2008). The programme was hedged by issuing 2,880,000 C shares, the shares have been bought back and converted to ordinary shares.

5 Refers to the Long-Term Incentive Programme (LTIP 2007). The programme was hedged by issuing 3,120,000 C shares, the shares have been bought back and converted to ordinary shares.

Note 38: Assets pledged as security for own liabilities

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Assets pledged for own liabilities			
Lease agreements[1]	120	158	188
Securities etc	32,228	12,284	15,792
Loans to the public	60,809	61,867	56,195
Other pledged assets	2,350	5,399	2,156
Total	**95,507**	**79,708**	**74,331**
The above pledges pertain to the following liability and commitment items			
Deposits by credit institutions	10,625	8,042	10,261
Deposits and borrowings from the public	6,590	4,141	3,223
Debt securities in issue	51,987	50,506	43,378
Other liabilities and commitments	16,027	4,830	3,575
Total	**85,229**	**67,519**	**60,437**

1 The agreements are financial lease agreements where Nordea is the lessor. The associated assets are Loans and advances to the public.

Assets pledged for own liabilities contain securities pledged as security in repurchase agreement 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. Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds. In the event of the company's insolvency, the holders of these bonds have prior rights to the assets registrered as collateral. Other relates to a certificate of deposits pledged by Nordea to comply with authority requirements and assets funded by finance lease agreements.

Note 39: Other assets pledged

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Other assets pledged[1]			
Lease agreements	1	0	0
Securities etc	10,686	6,293	2,093
Other assets pledged	120	11	960
Total	**10,807**	**6,304**	**3,053**
The above pledges[2] pertain to the following liability and commitment items			
Deposits by credit institutions	9,210	6,147	424
Other liabilities and commitments	15	146	2,333
Total	**9,225**	**6,293**	**2,757**

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.

Securities etc. includes interest-bearing securities pledged as security for payment settlements within the Central bank of Sweden. The terms and conditions require day to day security and relate to liquidity intraday/over night. Other pledged assets relate to pledged deposits.

Note 40: Contingent liabilities

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Guarantees			
Loan guarantees	6,920	4,965	4,221
Other guarantees	15,805	16,021	15,923
Documentary credits	3,203	3,052	2,245
Other contingent liabilities	359	216	106
Total	**26,287**	**24,254**	**22,495**

In the normal business of Nordea, the bank issues various forms of guarantees in favour of the banks customers. Loan guarantees are given for customers to guarantee obligations in other credit- and pension institutions. Other guarantees consist mainly of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. 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 banks 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.

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 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's share of the guarantee scheme is expected to be approximately 20%. The possible additional expense for the guarantee of maximum approx. EUR 500m has been recorded as a contingent liability. Nordea Bank AB (publ) has issued a guarantee covering all commitments in Nordea Investment Management AB, org no 556060-2301, in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (1995:1559) (ÅRKL) chapter 7 paragraph 5.

Nordea Bank AB (publ) has undertaken in relation to certain individuals and on certain conditions to be responsible for the potential payment liability against them in their capacity as managing director or board director in subsidiaries of Nordea Bank AB (publ).

The Swedish tax authorities have notified Nordea that the taxable income for Nordea's wholly owned subsidiary Nordea Fastigheter AB will be increased by SEK 225m and SEK 2,711m, for the years 2003 and 2004, respectively. The potential tax liability, including a surcharge, amounts to approx EUR 100m and is related to the sales gain in respect of the divestment of Nordea's owner occupied properties in Sweden.

Nordea is of the opinion that all tax rules and regulations have been complied with in the transactions, and that the previously reported gain is correctly treated from a tax perspective. Since this divestment structure was a well established practice for many real-estate companies divesting their portfolios, Nordea strongly contest both the ordinary tax claim and the tax surcharge and have taken the decisions to the Swedish courts.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further disclosure, see note 7.

Legal proceedings

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

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 41: Commitments

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Future payment obligations	1,313	2,867	1,689
Credit commitments[1]	85,416	81,607	76,776
Other commitments	1,705	2,532	2,136
Commitments excluding derivatives	**88,434**	**87,006**	**80,601**
Derivatives	**3,802,101**	**3,405,332**	**2,538,489**
Total	**3,890,535**	**3,492,338**	**2,619,090**

1 Including unutilised portion of approved overdraft facilities.

Note 42: Insurance activities[1]

Operating profit, insurance

EURm	2008	2007	2006
Fee and commission income	294	291	257
Fee and commission expense	(118)	(130)	(122)
Premium income, life insurance[2]	2,359	2,530	2,727
Investments, life insurance[2]	(2,338)	1,059	1,755
Change in technical provisions, life insurance[2]	541	(1,002)	(1,548)
Claims paid, life insurance[2]	(2,529)	(2,354)	(2,038)
Change in collective bonus potential, life insurance[2]	2,034	42	(606)
Operating income	**243**	**436**	**425**
Operating expenses			
Staff costs	(111)	(98)	(92)
Other expenses	(78)	(71)	(80)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(4)	(5)	(9)
Total operating expenses	**(193)**	**(174)**	**(181)**
Operating profit, insurance	**50**	**262**	**244**

1 Before allocations and elimination of intra-group transactions.
2 Included in "Net gains/losses on items at fair value" in the Group Income statement.

Balance sheet

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Assets			
Cash and balances with central banks	5	0	—
Treasury bills	3,224	2,143	—
Loans and advances to the public	1,824	857	767
Interest bearing securities	17,964	16,842	19,304
Shares and participations	6,794	11,794	10,737
Derivatives	256	36	69
Participating interests	211	153	151
Intangible assets	342	351	78
Tangible assets	14	16	16
Investment property	3,327	3,478	3,216
Deferred tax assets	6	6	13
Current tax assets	64	3	2
Other assets	495	454	279
Prepaid expenses and accrued income	411	357	348
Total assets	**34,937**	**36,490**	**34,980**
—of which intra-group transactions	(3,157)	(1,814)	(1,726)
Liabilities			
Deposits and borrowings from the public	3,341	2,645	1,768
Liabilities to Life insurance policyholders	29,238	32,280	31,041
Derivatives	91	10	4
Current tax liabilities	46	20	17
Other liabilities	318	781	553
Accrued expenses and deferred income	220	224	39
Deferred tax liabilities	255	110	157
Retirement benefit obligation	4	6	7
Subordinated liabilities	859	—	—
Total liabilities	**34,372**	**36,076**	**33,586**
Equity	**565**	**414**	**1,394**
Total liabilities and equity	**34,937**	**36,490**	**34,980**
—of which intra-group transactions	(4,077)	(2,757)	(685)

Note 43: Classification of financial instruments

31 Dec 2008, EURm	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	3,157							3,157
Treasury bills	9	183	6,353					6,545
Loans and receivables to credit institutions	18,731		5,172					23,903
Loans and receivables to the public	217,833		11,074	36,193				265,100
Interest-bearing securities		12,045	17,559	15,177		49		44,830
Financial instruments pledged as collateral			7,937					7,937
Shares			3,745	6,917		7		10,669
Derivatives			86,520		318			86,838
Fair value changes of the hedged items in portfolio hedge of interest rate risk	413							413
Investments in associated undertakings							431	431
Intangible assets							2,535	2,535
Property and equipment							375	375
Investment property							3,334	3,334
Deferred tax assets							64	64
Current tax assets							344	344
Retirement benefit assets							168	168
Other assets	5,738			8,829			37	14,604
Prepaid expenses and accrued income	2,090		312				425	2,827
Total	**247,971**	**12,228**	**138,672**	**67,116**	**318**	**56**	**7,713**	**474,074**

31 Dec 2008, EURm	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	8,133	23,202		20,597		51,932
Deposits and borrowings from the public	2,999	4,914		140,678		148,591
Liabilities to policyholders	4,021				25,217	29,238
Debt securities in issue	5,242	27,153		76,594		108,989
Derivatives	83,277		2,261			85,538
Fair value changes of the hedged items in portfolio hedge of interest rate risk				532		532
Current tax liabilities					458	458
Other liabilities	4,056	2,641		10,780	493	17,970
Accrued expenses and prepaid income	614			1,763	901	3,278
Deferred tax liabilities					1,053	1,053
Provisions					143	143
Retirement benefit obligations					340	340
Subordinated liabilities	1			8,208		8,209
Total	**108,343**	**57,910**	**2,261**	**259,152**	**28,605**	**456,271**

31 Dec 2007, EURm	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	5,020							5,020
Treasury bills	10		5,183					5,193
Loans and receivables to credit institutions	14,841		9,421					24,262
Loans and receivables to the public	205,054		7,424	32,204				244,682
Interest-bearing securities		1,632	20,674	16,426		50		38,782
Financial instruments pledged as collateral			4,790					4,790
Shares			5,552	12,076		16		17,644
Derivatives			31,083		415			31,498
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(105)							(105)
Investments in associated undertakings							366	366
Intangible assets							2,725	2,725
Property and equipment							342	342
Investment property							3,492	3,492
Deferred tax assets							191	191
Current tax assets							142	142
Retirement benefit assets							123	123
Other assets	5,345			2,342			37	7,724
Prepaid expenses and accrued income	1,443		375	5			360	2,183
Total	**231,608**	**1,632**	**84,502**	**63,053**	**415**	**66**	**7,778**	**389,054**

31 Dec 2007, EURm	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	4,029			26,048		30,077
Deposits and borrowings from the public	2,272	130		139,927		142,329
Liabilities to policyholders	4,224				28,056	32,280
Debt securities in issue	5,072	33,648		61,072		99,792
Derivatives	32,324		699			33,023
Fair value changes of the hedged items in portfolio hedge of interest rate risk				(323)		(323)
Current tax liabilities					300	300
Other liabilities	9,650	3,330		9,563	317	22,860
Accrued expenses and prepaid income	53	5		1,917	787	2,762
Deferred tax liabilities					703	703
Provisions					73	73
Retirement benefit obligations					462	462
Subordinated liabilities				7,556		7,556
Total	**57,624**	**37,113**	**699**	**245,760**	**30,698**	**371,894**

EURm, 31 Dec 2006	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	2,104							2,104
Treasury bills	10		2,889	3,381				6,280
Loans and receivables to credit institutions	15,718		11,074					26,792
Loans and receivables to the public	176,738		8,345	28,902				213,985
Interest-bearing securities		1,482	12,119	15,818		45		29,464
Financial instruments pledged as collateral			10,496					10,496
Shares			3,701	10,873		11		14,585
Derivatives			23,652		555			24,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(37)							(37)
Investments in associated undertakings							398	398
Intangible assets							2,247	2,247
Property and equipment							307	307
Investment property							3,230	3,230
Deferred tax assets							382	382
Current tax assets							68	68
Retirement benefit assets							84	84
Other assets	10,680						46	10,726
Prepaid expenses and accrued income	1,365						207	1,572
Total	**206,578**	**1,482**	**72,276**	**58,974**	**555**	**56**	**6,969**	**346,890**

EURm, 31 Dec 2006	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	5,939			26,349		32,288
Deposits and borrowings from the public	2,329			124,123		126,452
Liabilities to policyholders	2,220				28,821	31,041
Debt securities in issue	3,327	23,251		56,839		83,417
Derivatives	24,062		877			24,939
Fair value changes of the hedged items in portfolio hedge of interest rate risk				(401)		(401)
Current tax liabilities					263	263
Other liabilities	6,325			15,618	234	22,177
Accrued expenses and prepaid income				1,459	549	2,008
Deferred tax liabilities					608	608
Provisions					104	104
Retirement benefit obligations					495	495
Subordinated liabilities				8,177		8,177
Total	**44,202**	**23,251**	**877**	**232,164**	**31,074**	**331,568**

Loans and receivables designated at fair value through profit or loss

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Carrying amount	36,193	32,204	28,902
Maximum exposure to credit risk	36,193	32,204	28,902
Carrying amount of credit derivatives used to mitigate the credit risk	—	—	—

Financial liabilities designated at fair value through profit or loss

Changes in fair values attributable to changes in credit risk

Issued mortgage bonds in the fully owned Danish subsidiary Nordea Kredit Realkreditaktieselskab are measured at fair value. Deposits made by Markets as well as the funding of Markets operations are measured at fair value and classified into the category "Fair value through profit and loss".

The change in fair value attributable to credit risk of the liabilities are for 2008 EUR (51.2)m (2007: EUR 0.0m, 2006: EUR 0.0m). The cumulative change since designation are EUR (51.2)m (2007: EUR 0.0m, 2006: EUR 0.0m). 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.

The change in the fair value of loans attributable to changes in credit risk is for 2008 EUR (9.5)m (2007: EUR (0.1)m, 2006: EUR 0.7m). The cumulative change since designation is EUR (8.6)m (2007: EUR 0.9m, 2006: EUR 1.0m).

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

2008, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	57,910	61,777

2007, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	37,113	39,587

2006, EURm	Carrying amount	Amount to be paid at maturity
Financial liabilities at fair value through profit or loss	23,251	24,044

Note 44: Assets and liabilities at fair value

EURm	31 Dec 2008 Carrying amount	31 Dec 2008 Fair value	31 Dec 2007 Carrying amount	31 Dec 2007 Fair value	31 Dec 2006 Carrying amount	31 Dec 2006 Fair value
Assets						
Cash and balances with central banks	3,157	3,157	5,020	5,020	2,104	2,104
Treasury bills	6,545	6,545	5,193	5,189	6,280	6,280
Loans and receivables to credit institutions	23,903	23,952	24,262	24,263	26,792	26,787
Loans and receivables to the public	265,100	265,846	244,682	244,503	213,985	213,866
Interest-bearing securities	44,830	44,853	38,782	38,749	29,464	29,536
Financial instruments pledged as collateral	7,937	7,937	4,790	4,790	10,496	10,496
Shares	10,669	10,669	17,644	17,644	14,585	14,585
Derivatives	86,838	86,838	31,498	31,498	24,207	24,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk	413	413	(105)	(105)	(37)	(37)
Investments in associated undertakings	431	431	366	366	398	398
Intangible assets	2,535	2,535	2,725	2,725	2,247	2,247
Property and equipment	375	375	342	342	307	307
Investment property	3,334	3,334	3,492	3,492	3,230	3,230
Deferred tax assets	64	64	191	191	382	382
Current tax assets	344	344	142	142	68	68
Retirement benefit assets	168	168	123	123	84	84
Other assets	14,604	14,604	7,724	7,724	10,726	10,726
Prepaid expenses and accrued income	2,827	2,827	2,183	2,183	1,572	1,572
Total assets	**474,074**	**474,892**	**389,054**	**388,839**	**346,890**	**346,838**
Liabilities						
Deposits by credit institutions	51,932	51,918	30,077	30,083	32,288	32,285
Deposits and borrowings from the public	148,591	148,615	142,329	142,215	126,452	126,287
Liabilities to policyholders	29,238	29,238	32,280	32,280	31,041	31,041
Debt securities in issue	108,989	109,477	99,792	99,625	83,417	83,472
Derivatives	85,538	85,538	33,023	33,023	24,939	24,939
Fair value changes of the hedged items in portfolio hedge of interest rate risk	532	532	(323)	(323)	(401)	(401)
Current tax liabilities	458	458	300	300	263	263
Other liabilities	17,970	17,970	22,860	22,860	22,177	22,177
Accrued expenses and prepaid income	3,278	3,278	2,762	2,762	2,008	2,008
Deferred tax liabilities	1,053	1,053	703	703	608	608
Provisions	143	143	73	73	104	104
Retirement benefit obligations	340	340	462	462	495	495
Subordinated liabilities	8,209	8,249	7,556	7,556	8,177	8,165
Total liabilities	**456,271**	**456,809**	**371,894**	**371,619**	**331,568**	**331,443**

Estimation of fair value for assets and liabilities

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

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

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

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

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

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 EUR 117m (2007:EUR 35m, 2006: EUR 27m) in Nordea.

Deferred Day 1 profit or loss

In accordance with the accounting policies 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).

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Amount at beginning of year	105	58	28
Deferred profit/loss on new transactions	62	82	44
Recognised in the income statement during the year	(63)	(35)	(14)
Amount at end of year	**104**	**105**	**58**

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].

31 Dec 2008, EURm	Instruments with quoted prices in active markets (Level 1)[3]	-of which Life	Valuation technique using observable data (Level 2)[4]	-of which Life	Valuation technique using non-observable data (Level 3)[5]	-of which Life	Total
Assets							
Interest-bearing securities and Treasury bills[2]	32,362	16,360	6,760	2,011	16	9	39,138
—of which state and sovereigns	4,943	3,189	1,251	35	—	—	6,194
—of which municipalities and other public bodies	7,454	1,653	155	100	—	—	7,609
—of which mortgage institutions	10,883	6,897	608	156	—	—	11,491
—of which other credit institutions	4,879	821	2,192	291	—	—	7,071
—of which corporates	1,845	1,500	1,258	296	9	9	3,112
—of which corporates, sub-investment grade	142	142	711	706	—	—	853
—of which other	2,216	2,158	585	427	7	—	2,808
Financial instruments pledged as collateral	7,937	—	—	—	—	—	7,937
Shares	7,682	4,707	848	702	2,139	1,385	10,669
Derivatives	572	—	83,318	95	2,630	—	86,520
Liabilities							
Debt securities in issue	27,153	—	5,242	—	—	—	32,395
Derivatives	728	25	79,778	59	2,771	—	83,277

1 Except for mainly mortgage loans in the Danish subsidiary Nordea Kredit Realkreditselskab designated at fair value through profit and loss, overnight funding from credit institutions for Markets operation, and derivatives used for hedging.

2 Of which EUR 6,353m Treasury bills and EUR 32,785m Interest-bearing securities (the portion held at fair value in Note 43).

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

4 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.

5 Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments 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 in valuations remained broadly the same with liquidity being maintained in the majority of the markets.

31 Dec 2007, EURm	Instruments with quoted prices in active markets (Level 1)	-of which Life	Valuation technique using observable data (Level 2)	-of which Life	Valuation technique using non-observable data (Level 3)	-of which Life	Total
Assets							
Interest-bearing securities and Treasury bills[1]	33,285	13,120	8,977	2,489	71	64	42,333
—of which state and sovereigns	5,075	3,003	8	8	—	—	5,083
—of which municipalities and other public bodies	3,836	1,042	209	107	—	—	4,045
—of which mortgage institutions	13,888	5,619	192	144	—	—	14,080
—of which other credit institutions	6,763	493	2,546	241	—	—	9,309
—of which corporates	1,931	1,193	2,266	258	—	—	4,197
—of which corporates, sub-investment grade	1,094	1,094	20	—	—	—	1,114
—of which other	698	676	3,736	1,731	71	64	4,505
Financial instruments pledged as collateral	4,790	—	—	—	—	—	4,790
Shares	15,142	10,487	1,366	1,232	1,136	75	17,644
Derivatives	671	4	28,320	16	2,092	—	31,083
Liabilities							
Debt securities in issue	26,616	—	12,104	—	—	—	38,720
Derivatives	546	—	29,519	—	2,259	—	32,324

1 Of which EUR 5,183m Treasury bills and EUR 37,150m Interest-bearing securities (the portion held at fair value in Note 43).

Collaterised Debt Obligations (CDO)—Exposure[4]

Notionals, EURm	31 Dec 2008 Bought protection	31 Dec 2008 Sold protection	31 Dec 2007 Bought protection	31 Dec 2007 Sold protection
CDOs, gross	4,390	4,484	4,078	4,355
Hedged exposures	2,883	2,883	2,588	2,588
CDOs, net[1]	1,507[2]	1,601[3]	1,490[2]	1,767[3]
—of which equity	277	360	218	376
—of which mezzanine	337	245	373	414
—of which senior	893	996	899	977

1 Net exposure disregards exposure where tranches are completely identical in terms of reference pool attachment, detachment, maturity and currency.
2 Of which investment grade EUR 1,503m (EUR 1,486m) and sub investment grade EUR 4m (EUR 4m).
3 Of which investment grade EUR 1,401m (EUR 1,455m) and sub investment grade EUR 48m (EUR 73m) and not rated EUR 152m (EUR 239m).
4 These instruments are classified at fair value through profit and loss.

When Nordea sells protection in a CDO transaction, Nordea carries the risk of losses in the reference portfolio on the occurrence of a credit event. When Nordea buys protection in a CDO transaction, any losses in the reference portfolio, in which Nordea has not necessarily invested, triggered by a credit event is then carried by the seller of protection.

The risk from CDOs is hedged with a portfolio of CDSs. The risk positions are subject to various types of market risk limits, including VaR, and the CDO valuations are subject to fair value adjustments for model risk. These fair value adjustments are recognised in the income statement.

Credit Default Swaps (CDS)—Exposure

CDSs are used for hedging exposure in CDOs as well as Credit Bonds. The net position from bought protection amounts to EUR 1,333m the net position from sold protection amounts to EUR 2,144m.

Note 45: Special Purpose Entities (SPEs)—Consolidated

31 Dec 2008, EURm	Purpose	Duration	Nordea's investment	Total assets
Viking ABCP Conduit[1]	Factoring	<1 year	733	801
CMO Denmark A/S[2]	Collateralised Mortgage Obligation	>5 years	12	33
Kalmar Structured Finance A/S[3]	Credit Linked Note	>5 years	25	142
Kirkas Northern Lights Ltd[4]	Collateralised Mortgage Obligation	>5 years	8,096	8,096
Total			**8,866**	**9,072**

1 The Viking ABCP Conduit (Viking) has been established with the purpose of supporting trade receivable or accounts payable securitisations to core Nordic customers. The SPEs purchase trade receivables from the approved sellers and fund the purchases either by issuing Commercial Papers (CP) via the established Asset Backed Commercial Papers programme or by drawing funds on the liquidity facilities available. Nordea has provided liquidity facilities of maximum EUR 1,122m and at year end 2008 EUR 733m were utilised. There is no outstanding CP issue at year end 2008. These SPEs are consolidated as they are closely linked to the activities within Nordea. Also, Nordea is exposed to credit risk through the liquidity facility.

2 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 EUR 33m 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 EUR 12m as of year end 2008.

3 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 EUR 142m 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 EUR 25m at year end 2008.

4 Kirkas Northern Lights Ltd (Kirkas) has been established during 2008. Assets have been sold from Nordea's ordinary lending portfolio to Kirkas. Kirkas have used the assets as collateral for bonds issued. The total notional of bonds and subordinated loans was EUR 8,096m at year end 2008, which are held in full by Nordea. Nordea still holds the majority of the residual- and ownership risks in the SPE, why the SPE is consolidated into the Nordea Group.

31 Dec 2007, EURm	Purpose	Duration	Nordea's investment	Total assets
Viking ABCP Conduit	Factoring	<1 year	623	672
CMO Denmark A/S	Collateralised Mortgage Obligation	>5 years	15	35
Kalmar Structured Finance A/S	Credit Linked Note	>5 years	10	149
Total			**648**	**856**

Note 46: Assets and liabilities in foreign currencies

31 Dec 2008, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.3	2.7	0.0	0.4	0.1	0.0	6.5
Loans and receivables to credit institutions	5.8	7.8	5.8	0.9	3.1	0.5	23.9
Loans and receivables to the public	77.5	59.2	61.8	33.2	22.6	10.8	265.1
Interest-bearing securities	14.1	6.6	16.8	3.7	3.0	0.6	44.8
Other assets	83.0	16.8	9.4	9.9	9.0	5.7	133.8
Total assets	**183.7**	**93.1**	**93.8**	**48.1**	**37.8**	**17.6**	**474.1**
Liabilities and equity							
Deposits by credit institutions	17.8	4.7	5.6	1.7	19.5	2.6	51.9
Deposits and borrowings from the public	47.8	32.5	34.3	19.8	9.1	5.1	148.6
Debt securities in issue	30.2	17.8	25.2	1.5	27.4	6.9	109.0
Provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Subordinated liabilities	4.0	0.9	0.0	0.0	2.1	1.2	8.2
Other liabilities and equity	88.7	16.4	27.2	10.7	8.9	4.4	156.3
Total liabilities and equity	**188.6**	**72.3**	**92.3**	**33.7**	**67.0**	**20.2**	**474.1**
Position not reported in the balance sheet	**6.3**	**(20.4)**	**(1.8)**	**(14.0)**	**28.9**	**2.2**	**1.2**
Net position, currencies	**1.4**	**0.4**	**(0.3)**	**0.4**	**(0.3)**	**(0.4)**	**1.2**

31 Dec 2007, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	3.5	1.3	0.2	0.2	0.0	0.0	5.2
Loans and receivables to credit institutions	6.1	6.4	7.8	1.5	1.2	1.3	24.3
Loans and receivables to the public	65.8	61.1	56.6	37.1	14.8	9.3	244.7
Interest-bearing securities	9.6	4.9	16.3	5.5	2.0	0.5	38.8
Other assets	35.3	12.3	10.5	9.8	5.5	2.7	76.1
Total assets	**120.3**	**86.0**	**91.4**	**54.1**	**23.5**	**13.8**	**389.1**
Liabilities and equity							
Deposits by credit institutions	7.4	3.7	2.2	2.6	9.5	4.7	30.1
Deposits and borrowings from the public	40.5	32.6	30.6	23.2	9.9	5.5	142.3
Debt securities in issue	20.9	22.6	25.1	1.8	22.2	7.2	99.8
Provisions	0.1	0.0	0.0	0.0	—	0.0	0.1
Subordinated liabilities	3.3	0.8	0.0	0.0	2.1	1.4	7.6
Other liabilities and equity	50.3	15.9	24.4	10.3	5.4	2.9	109.2
Total liabilities and equity	**122.5**	**75.6**	**82.3**	**37.9**	**49.1**	**21.7**	**389.1**
Position not reported in the balance sheet	**(2.4)**	**(9.3)**	**(5.4)**	**(15.2)**	**24.5**	**8.3**	**0.5**
Net position, currencies	**(4.6)**	**1.1**	**3.7**	**1.0**	**(1.1)**	**0.4**	**0.5**

31 Dec 2006, EURbn	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills and other eligible bills	3.0	3.1	0.0	0.2	0.0	0.0	6.3
Loans and receivables to credit institutions	3.9	7.2	10.2	0.5	4.0	1.0	26.8
Loans and receivables to the public	55.0	59.2	49.8	29.5	12.6	7.9	214.0
Interest-bearing securities	14.0	8.5	0.9	4.2	1.6	0.3	29.5
Other assets	29.4	4.9	25.6	4.7	4.4	1.3	70.3
Total assets	**105.3**	**82.9**	**86.5**	**39.1**	**22.6**	**10.5**	**346.9**
Liabilities and equity							
Deposits by credit institutions	11.4	4.8	3.0	0.6	9.5	3.0	32.3
Deposits and borrowings from the public	37.3	30.9	28.2	19.1	7.0	4.0	126.5
Debt securities in issue	12.5	22.5	22.8	2.4	15.6	7.6	83.4
Provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Subordinated liabilities	3.6	0.7	0.0	0.0	2.5	1.4	8.2
Other liabilities and equity	43.5	12.2	24.5	9.0	4.4	2.8	96.4
Total liabilities and equity	**108.4**	**71.1**	**78.5**	**31.1**	**39.0**	**18.8**	**346.9**
Position not reported in the balance sheet	**3.6**	**(10.4)**	**(4.4)**	**(6.7)**	**15.9**	**8.3**	**6.3**
Net position, currencies	**0.5**	**1.4**	**3.6**	**1.3**	**(0.5)**	**0.0**	**6.3**

Note 47: Obtained collaterals which are permitted to be sold or repledged

Nordea obtains collaterals under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial markets participants.

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Reverse repurchase agreements			
Received collaterals which can be repledged or sold	20,118	23,485	17,053
—of which repledged or sold	3,377	9,191	7,278
Securities borrowing agreements			
Received collaterals which can be repledged or sold	1,192	1,539	575
—of which repledged or sold	1,192	1,539	—
Total	**21,310**	**25,024**	**17,628**

Note 48: Investments, customer bearing the risk

Life Group and Nordea Bank Danmark A/S have assets and liabilities included in their balance sheet where customers are bearing the risk. Since the assets and liabilities legally belong to the entities, these assets and liabilities are included in the Group's balance sheet. A breakdown is shown below:

EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006
Assets			
Loans and receivables to credit institutions	—	—	267
Interest-bearing securities	1,820	2,157	2,662
Shares	6,730	8,975	7,310
Other assets	165	212	807
Total assets	**8,715**	**11,344**	**11,046**
Liabilities			
Deposits and borrowings from the public	3,070	3,981	4,207
Insurance contracts	3,611	4,796	4,571
Investment contracts	2,000	2,503	2,096
Other liabilities	34	64	172
Total liabilities	**8,715**	**11,344**	**11,046**

Note 49 Maturity analysis for assets and liabilities

Remaining maturity

31 Dec 2008, EURm	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without fixed maturity	Total
Cash and balances with central banks		3,157						**3,157**
Treasury bills	13		102	1,887	2,610	1,946		**6,545**
Loans and receivables to credit institutions	14	1,537	20,528	820	670	348		**23,903**
Loans and receivables to the public	14	34,872	66,239	18,091	53,621	92,277		**265,100**
Interest-bearing securities	15	204	7,630	7,108	13,537	16,351		**44,830**
Financial instruments pledged as collateral	16		901	666	2,900	3,470		**7,937**
Derivatives	18		13,844	11,079	27,686	34,229		**86,838**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19		12	72	256	73		**413**
Total assets with fixed maturities		**39,770**	**109,256**	**39,723**	**101,280**	**148,694**		**438,723**
Other assets							35,351	**35,351**
Total assets		**39,770**	**109,256**	**39,723**	**101,280**	**148,694**	**35,351**	**474,074**
Deposits by credit institutions	28	14,133	35,208	1,847	448	296		**51,932**
Deposits and borrowings from the public	29	101,892	34,037	6,631	477	5,554		**148,591**
Liabilities to policyholders	30	352	15	69	1,257	27,545		**29,238**
Debt securities in issue	31	128	35,541	20,618	28,777	23,925		**108,989**
Derivatives	18		14,584	11,017	26,607	33,330		**85,538**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19			71	358	103		**532**
Subordinated liabilities	36		665	205	3,008	4,331		**8,209**
Total liabilities with fixed maturities		**116,505**	**120,050**	**40,458**	**60,932**	**95,084**		**433,029**
Other liabilities							23,242	**23,242**
Equity	37						17,803	**17,803**
Total liabilities and equity		**116,505**	**120,050**	**40,458**	**60,932**	**95,084**	**41,045**	**474,074**

Note 50: Related-party transactions

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

	Associated undertakings			Other related parties[1]		
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2006	31 Dec 2008	31 Dec 2007	31 Dec 2006
Assets						
Loans and receivables	181	159	201	—	—	—
Interest-bearing securities	119	—	0	—	—	—
Derivatives	—	107	121	—	—	—
Investments in associated undertakings	431	366	398	—	—	—
Total assets	**731**	**632**	**720**	**—**	**—**	**—**
Liabilities						
Deposits	172	106	16	74	56	192
Debt securities in issue	—	2	12	—	—	—
Derivatives	—	99	106	—	—	—
Total liabilities	**172**	**207**	**134**	**74**	**56**	**192**
Off balance	**6,113**	**6,042**	**6,649**	**—**	**—**	**—**

	Associated undertakings			Other related parties[1]		
EURm	2008	2007	2006	2008	2007	2006
Interest income and interest expense						
Interest income	5	6	5	—	—	—
Interest expense	(1)	(1)	(2)	(4)	0	(5)
Net interest income and expense	**4**	**5**	**3**	**(4)**	**0**	**(5)**

[1] 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 are considered to be related parties to Nordea. Included in this group of related parties are Schibsted ASA, Nokia Oyj, Posten AB, Sampo Abp, Danisco A/S, IK Investment Partners AB and TrygVesta A/S. Transactions with related companies are made in the ordinary course of business and on the same criteria and terms as those for comparable transactions with companies of similar standing. They did not involve more than normal risk-taking. The transactions are therefore not included in the table.

Compensation and loans and receivables to key management personnel

Compensation and loans and receivables to key management personnel are specified in Note 7.

Other related-party transactions

Starting in March 2008 Nordea takes part in a guarantee consortium to support Norwegian Eksportfinans ASA in relation to its securities portfolio. Nordea owns 23% of the company with other owners being the Norwegian state and other Nordic banks. Nordea's share of the fair value of the contract as of 31 December 2008 amounts to approx. EUR 61m. The agreement's expiring date corresponds with the maturity dates of the bonds included in the guarantee. The latest maturity is during year 2023, although the expected average maturity is below 3 years.

Note 51: Acquisitions

2008

On September 29 2008 Nordea Bank Danmark A/S signed an agreement to acquire nine branch offices from "Bankaktieselskabet 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 EUR 235m.

Nordea is entitled to return lending and guarantees, which are considered unattractive, to Roskilde Bank. Nordea has returned approximately EUR 225m of loans to corporate customers during Q4 and EUR 60m 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.

EURm	3 Nov 2008
Loans	476
Other assets	9
Deposits	(343)
Other liabilities	(10)
Acquired net assets in accordance with IFRS	132
Purchase price, settled in cash	85
Purchase price, to be settled in cash	78
Cost of combination	**163**
Surplus value	**31**
Allocation of surplus value:	
Customer related intangible asset	13
Goodwill	18

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.

2007

Nordea has made two acquisitions during the year; OOO Promyshlennaya Companiya Vestkon (Vestkon) and PRIVATmegleren AS (Privatmegleren). The following purchase price allocations (PPAs) have been established as of 31 March 2007 and 31 December 2007 respectively. The PPAs are prepared using the exchange rates on the dates when the transactions are performed.

EURm	Vestkon 31 Mar 2007	Privat-megleren 31 Dec 2007
Assets	846	1
Liabilities	(714)	(1)
Minority's share of net assets	—	0
Acquired net assets in accordance with IFRS	132	0
Purchase price, settled in cash	235	6
Purchase price, to be settled in cash	211	—
Transaction cost	5	—
Cost of combination	**451**	**6**
Surplus value	**319**	**6**
Allocation of surplus value:		
Customer related intangible asset, post tax	21	—
Goodwill	298	6

Vestkon

In the fourth quarter 2006 Nordea Bank AB (publ) signed an agreement to acquire an 85.72% holding in Vestkon. Vestkon's main operation is to act as a holding company in the Joint Stock Bank Orgresbank (Orgresbank). Vestkon's holding in Orgresbank is 87.50%. This leads to an indirect holding in Orgresbank of 75.01%.

The minority shareholders in Vestkon are three persons in the management of Orgresbank. The direct minority shareholder in Orgresbank is the European Bank for Reconstruction and Development (EBRD).

In addition to the 85.72% holding in Vestkon, Nordea and the minority shareholders have a binding shareholders' agreement, stating that Nordea shall purchase, and the minority shareholders shall sell, the minority shareholders' holdings in Vestkon and Orgresbank at a pre-agreed point in time. The purchase price will be based on Orgresbank's financial performance in the Annual report 2009. This will lead to a 100% holding in Vestkon and Orgresbank. The binding shareholders' agreement leads to that 100% of Vestkon and Orgresbank is consolidated into the Nordea Group already in 2007. The future purchase price was initially estimated using the relevant information available at the date of acquisition, and accounted for as an investment in shares and as a liability to the minority shareholders. The estimated future purchase price varies with the financial performance in Orgresbank and has been updated during the year.

The agreement in the fourth quarter 2006 was subject to necessary approvals. The transaction was therefore not closed until 27 March 2007, which is the date of acquisition. Vestkon is consolidated in the Nordea Group as from 31 March 2007.

Goodwill arises mainly due to the fact that Nordea acquires a functional organisation with all necessary resources, processes and licenses to conduct banking business in Russia. At the date of acquisition, Orgresbank had more than 35 branches and outlets. There is a significant value in the local business knowledge and network held by the key management personnel and other employees centrally and within these outlets. The number of employees amounted to around thousand on the date of acquisition. There are also significant values in the established processes used to run the day-to-day operations as well as in the current product portfolio. This is a platform, which will be of substantial value in the expected development in Russia. The value for Nordea lies in the possibility to generate future earnings. Orgresbank is operating within an emerging market and is furthermore a fairly young organisation (established 1994), why the expectations on the future development are high. The value of the platform is not possible to separate from goodwill.

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 Vestkon Group's impact on Nordea's net profit for the year amounts to EUR 15m. The impact on total operating income and net profit for the year would have been EUR 79m and EUR 18m respectively, if the Vestkon Group had been consolidated as from the beginning of 2007.

Privatmegleren

On 21 December 2007 Nordea Bank Norge ASA acquired 67% of the share capital of Privatmegleren. The company is a Norwegian real estate agency with a franchise concept. Privatmegleren is consolidated as from 31 December 2007 and has therefore had no impact on Nordea's income statement in 2007. Privatmegleren would not have had a material impact had the company been consolidated as from the beginning of 2007. The acquisition has no material impact on Nordea's balance sheet.

2006

From 1 January 2006 the demutualisation of Nordea Life Assurance 1 Sweden AB (publ) was effective. From this date the holding is fully consolidated into Nordea Group. If consolidated in 2005 the acquisition would have no material impact on the Group's balance sheet and income statement. Total assets amounted to EUR 2bn at 31 December 2005. For further details on acquired assets and liabilities see Comments on the cash flow statement.

In December 2005 Nordea acquired 100% of the share capital of Sampo PTE S.A., the Polish general pension company and 100 % of the share capital of Sampo T.U. Zycie S.A., the Polish Life insurance company. The acquired companies were consolidated for the first time 31 December 2005 based on a preliminary acquistion balance. During 2006 the final acquisition balance has been established. The effect is an increase of Goodwill of EUR 5m and a corresponding increase of EUR 5m in Other liabilities.

REGISTERED OFFICE OF NORDEA

Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

J.P. Morgan Securities Ltd.
125 London Wall
EC2Y 5AJ London
England

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
EC1A 1HQ London
England

Nordea Markets
Nordea Bank AB (publ)
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

LEGAL ADVISERS TO NORDEA

As to U.S. and English law

Latham & Watkins (London) LLP
99 Bishopsgate
EC2M 3XF London
United Kingdom

As to Swedish Law

Gernandt & Danielsson Advokatbyrå KB
Hamngatan 2
Box 5747
SE-114 87 Stockholm
Sweden

As to Danish law

Plesner Law Firm
Amerika Plads 37
2100 Copenhagen
Denmark

As to Finnish law

Merilampi Attorneys Ltd.
Eteläesplanadi 22 A
FI-00130 Helsinki
Finland

As to Norwegian law

Thommessen Krefting Greve Lund AS Advokatfirma
Haakon VII's gate 10
PO Box 1484 Vika
N-0116 Oslo
Norway

LEGAL ADVISERS TO UNDERWRITERS

As to U.S. and English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

As to Swedish Law

Linklaters Advokatbyrå AB
Regeringsgatan 67
Box 7833
SE-103 98 Stockholm
Sweden

INDEPENDENT AUDITORS

KPMG AB
Tegelbacken 4A
Box 16106
SE-103 23 Stockholm
Sweden

Printed by RR Donnelley 33701

Nordea