Annual Report 2008
Nordea Bank Finland

Nordea Bank Finland Plc is part of the Nordea Group. Nordea's vision is to be the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 10 million customers, approximately 1,400 branch offices and a leading netbanking position with 5.2 million e-customers. The Nordea share is listed on the Nasdaq OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Finland Group

Five-year overview of the Directors' Report

Income statement

EURm	2008	2007	2006	2005	2004
Net interest income	1,812	1,531	1,393	1,210	1,121
Net fee and commission income	215	315	308	271	293
Net gains/losses on items at fair value	770	586	430	301	205
Equity method	-4	2	31	20	18
Other income	29	169	292	60	53
Total operating income	**2,822**	**2,603**	**2,454**	**1,862**	**1,690**
General administrative expenses:					
Staff costs	-537	-515	-504	-483	-417
Other expenses	-397	-375	-359	-371	-358
Depreciation, amortisation and impairment charges of tangible and intangible assets	-33	-29	-18	-48	-56
Total operating expenses	**-967**	**-919**	**-881**	**-902**	**-831**
Loan losses	-133	20	63	-46	-18
Impairment of securities held as financial non-current assets	-	0	-2	1	-1
Disposals of tangible and intangible assets	0	0	5	0	34
Operating profit	**1,722**	**1,704**	**1,639**	**915**	**874**
Income tax expense	-389	-339	-358	191	24
Net profit for the year	**1,333**	**1,365**	**1,281**	**1,106**	**898**

Balance sheet

EURm	2008	2007	2006	2005	2004
Treasury bills and interest-bearing securities	5,620	4,364	4,038	3,953	3,746
Loans and receivables to credit institutions	47,447	45,549	47,031	39,758	36,029
Loans and receivables to the public	68,293	60,597	52,463	46,264	39,819
Derivatives	85,662	30,731	23,692	28,165	26,427
Other assets	12,939	6,013	4,122	5,571	4,896
Total assets	**219,961**	**147,254**	**131,346**	**123,711**	**110,917**
Deposits by credit institutions	37,713	26,789	29,233	21,219	17,976
Deposits and borrowings from the public	45,279	41,709	35,689	35,092	31,675
Debt securities in issue	31,263	29,635	22,680	21,430	18,575
Derivatives	87,291	32,012	24,057	28,069	26,594
Subordinated liabilities	1,238	1,270	1,665	1,904	1,821
Other liabilities	5,902	5,046	4,543	3,793	3,121
Equity	11,275	10,793	13,479	12,204	11,155
Total liabilities and equity	**219,961**	**147,254**	**131,346**	**123,711**	**110,917**

Ratios and key figures

	2008	2007	2006	2005	2004
Return on equity, %	12.1	11.2	10.0	5.6	5.5
Cost/income ratio, %	34	35	36	48	49
Tier 1 capital ratio, %	12.0	13.7	13.8	17.8	19.9
Total capital ratio, %	13.3	15.3	16.0	20.2	22.9
Tier 1 capital, EURm	9,807	9,725	8,998	11,426	11,136
Risk-weighted assets, EURm	81,720	71,044	65,270	64,058	55,839
Number of employees (full-time equivalents)	9,634	9,347	9,060	8,910	9,012
Average number of employees	10,412	10,010	9,843	9,717	10,000
Salaries and remuneration, EURm	-429	-392	-372	-366	-362
Return on total assets, %	0.7	1.0	1.0	0.6	0.6
Equity to total assets, %	5.1	7.3	10.3	9.9	10.1

Business definitions and exchange rates

These definitions apply to the descriptions in the Annual Report.

Capital base
The capital base includes the sum of the Tier 1 capital and the supplementary capital consisting of subordinated loans and the deduction for expected shortfall (the difference between expected losses and provisions, IRB).

Tier 1 capital
The proportion of the capital base, which includes consolidated shareholders' equity excluding proposed dividend, tax assets as well as goodwill in the banking operations and half of the expected shortfall deduction.

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

Risk-weighted amounts
Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as the operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding book value of shares which have been deducted from the capital base and goodwill.

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

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

Return on equity (ROE)
Operating profit less taxes as a percentage of shareholders' equity including minority interests. Average equity is the mean of equity at the beginning and end of the year.

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

Return on total assets (ROA)
Operating profit less taxes as a percentage of average total assets. Average total assets are calculated as the mean of total assets at the beginning and end of the year.

Equity to total assets
Total shareholders' equity including minority interests as a percentage of total assets at year-end.

Exchange rates applied (end of year rates as at 31 December 2008)

EUR	1.0000	**USD**	1.3917	**DKK**	7.4506	**EEK**	15.6466
GBP	0.9525	**CHF**	1.4850	**LTL**	3.4528	**LVL**	0.7083
NOK	9.7500	**PLN**	4.1535	**SEK**	10.8700	**SGD**	2.0040

Rating, Nordea Bank Finland

31 Dec 2008	Short	Long
Moody's	P-1	Aa1
S&P	A-1+	AA-
Fitch	F1+	AA-
DBRS	R-1 (high)	AA

Nordea Bank Finland Directors' report

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

Nordea Bank Finland Plc is domiciled in Helsinki and its business identity code is 1680235-8.

New Group organisation from 1 June 2008

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

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

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

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

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

Legal structure

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

Among other things, the conversion is conditional on Nordea obtaining necessary approvals from the relevant authorities. The 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 yet to be seen and to be evaluated. Nordea is following up on and analysing the changes in process.

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

Subsidiaries and foreign branches

NBF has subsidiaries in Finland and abroad. The most significant subsidiary is Nordea Finance Finland Ltd, which is responsible for the Group's finance company operations in Finland. The Nordea Finance Finland Group comprises one Finnish financial institution and several real estate companies, five associated companies as well as four subsidiaries operating in Poland and in the Baltic market: Nordea Finance Polska S.A., Nordea Finance Estonia Ltd, Nordea Finance Latvia Ltd and Nordea Finance Lithuania Ltd.

NBF has foreign branches in Frankfurt, London, New York, Riga, Singapore, Tallinn and Vilnius and on Grand Cayman. NBF has no foreign representative offices.

Changes in the group structure

Nordea Bank Finland Plc increased its ownership in Realia Holding Oy during 2008. NBF's share of the total capital invested is thereafter 36.8%.

Nordea Bank Finland participated together with two Finnish banks in an arrangement where the payback of deposits in the Finnish branch of the Icelandic Kaupthing Bank was secured. An associated company, Arfin Oy, was grounded for this purpose and Nordea Bank Finland has a holding of 33.4% in the company. At end-January 2009 Kaupthing Bank paid back the loan granted by Arfin and the company will de dissolved.

PMA-Invest Oy was merged to Nordea Bank Finland Plc in September 2008. In addition, one small subsidiary was merged to Nordea Bank Finland Plc during the year.

Lines of business, results for the financial period and total assets of the above companies are shown in the Notes to the financial statements (note 47).

Kirkas Northern Lights Ltd (Kirkas) has been established during 2008 enabling additional ECB collateral within the liquidity portfolio. NBF bears the majority of the residual or ownership risks in the company and that is why it is consolidated into the NBF Group. For further information, see note 20.

Business development in 2008

The year 2008 was characterised by the extreme turbulence in the markets, financial crisis and global recession. Despite the difficult market conditions NBF has managed to deliver yet another year with a solid result, even though loan losses have started to increase.

The rapid macroeconomic slowdown has started to affect the Nordic countries and this is likely to continue in 2009. Nordea is therefore preparing for challenging times ahead. In adapting to the new market conditions, the speed in organic growth is reduced and the firm attention on costs, risk and capital management is further emphasised. In addition to the cost efficiency measures and new capital targets, Nordea will focus on doing more business with existing customers and will also selectively capture business opportunities with new customers with solid credit profile.

The organic growth strategy continued to deliver results during 2008. Total income increased by 8% driven by strong growth in net interest income and the customer-driven markets operations. Staff costs increased somewhat as well as other expenses and depreciations. Loan losses were positive in 2007 but turned to net losses in 2008. Profit before tax was EUR 1,722m (2007: 1,704), and return on equity was 12.1% (11.2).

Comments on the income statement

Operating income

Total operating income increased by 8% to EUR 2,822m (2,603), which was mainly the result of favourable development in net interest income and strong growth in net gains and losses on items at fair value.

Net interest income increased by 18% to EUR 1,812m (1,531), driven by higher margins in corporate lending and household mortgages, and continued volume growth, although at a lower pace towards the end of the year. Margins have increased reflecting re-pricing of credit risk and to compensate for higher liquidity premiums. Total lending to the public increased by 13% to EUR 68bn.

Deposit volumes increased by 9% to EUR 45bn, driven by an increase in both household and corporate deposit volumes. NBF continued to attract high volumes into household savings accounts and corporate deposits. Significant rate cuts from central banks during the last months of 2008 lowered margins in transaction accounts.

Net fee and commission income decreased by 32% to EUR 215m (315). Commission income increased by 2% to EUR 545 (532). Savings-related commissions were negatively affected by the weak equity markets and decreased by 21%. Lending-related commissions increased by 15% reflecting the strong growth in lending as well as increased guarantee fees as a consequence of the centralisation of Trade Finance operations to Finland. Commission expenses increased by 52% to EUR 330m (217) mainly as a result of higher transaction fees.

Net gains/losses on items at fair value increased by 31% to EUR 770m (586). The customer-driven capital markets activities have performed very strongly in 2008, despite the turbulent financial markets. A record result was achieved, especially driven by high activity within risk management products in the interest rate and foreign exchange areas. This more than compensated for specific down valuations following the credit market turmoil. Income from interest rate related items increased to 377m (287). Foreign exchange gains grew markedly to EUR 296m (207) whereas equity-related products suffered from the difficult market conditions and the income decreased slightly to 85m (89). Income from other financial instruments stayed on a relatively low level and amounted to 13m (3).

Profit from companies accounted for under the equity method was EUR 4m negative compared to income of EUR 2m last year.

Other operating income decreased to EUR 29m (169) mainly due to one-off items in 2007. The refund from the Finnish deposit guarantee system increased other income by approximately EUR 120m in 2007.

Operating expenses

Total operating expenses increased by 5% to EUR 967m (919).

Staff costs increased by 4% to EUR 537m (515). The increase reflects general increases in wages and higher costs for variable salaries. In 2008 the number of employees, measured by full-time equivalents, increased by 287 mainly as a result of the expansion of the branch network in the Baltics. The number of full-time equivalent positions was 9,634 (9,347).

Other expenses amounted to EUR 397m (375), up by 6% compared with the preceding year. Higher business volumes and investments in growth areas mainly explain the increase in IT and other operating expenses.

Depreciation of tangible and intangible assets increased slightly to EUR 33m (29).

Loan losses
Net loan losses amounted to 133m compared to EUR 20m positive loan losses in 2007. Provisions for both collectively and individually assessed loans were increased. Lower reversals and recoveries affected net losses as well. The increases in provisions, from very low levels, are due to the economic slowdown in Finland as well as in the three Baltic countries. Net loan losses in 2008 correspond to a loan loss ratio of 19 basis points.

Taxes
Income tax expenses were EUR 389m (339). The effective tax rate amounted to 23% compared to the tax rate of 20% in 2007. The tax rate in 2008 is lower than the Finnish legal tax rate of 26% mainly because of the recognition of previously unrecognised tax assets, which lowered tax expenses. In total, deferred tax assets amounted to EUR 15m at the end of 2008.

Net profit
Net profit for the year amounted to EUR 1,333m (1,365). Return on equity was 12.1% (11.2).

Comments on the balance sheet

Total assets increased by EUR 73bn, or approximately 49%, during 2008. All balance sheet items in foreign currencies are translated into euros at the actual year-end currency exchange rates. See Note 1 for more information regarding accounting policies.

The increase in total assets mainly reflects increased fair values for derivatives following higher customer activity as well as large movements in foreign currencies and interest rates. NBF benefits from the well recognised AA-rated bank position of Nordea, and NBF was able to continue with its short-term funding normally.

Assets
Consolidated *total assets* amounted to EUR 220bn at year-end, showing an increase of EUR 73bn compared to the previous year-end.

Loans and receivables to credit institutions increased slightly to EUR 47bn (46).

Loans and receivables to the public increased by approximately EUR 7bn to EUR 68bn (61). Despite the subdued housing market in Finland traditional domestic mortgage lending to household customers still increased by 8%.

Growth in mortgage lending has been strong in the Baltic countries, thus increasing the total growth rate in mortgage lending to 10% year-on-year. NBF kept the leading position in corporate lending which increased by 18% compared to the previous year totalling EUR 37bn (31). Consumer lending to households also continued to show growth and it increased by 7% to EUR 7bn.

Treasury bills and interest-bearing securities increased by EUR 2bn and totalled EUR 6bn at year-end (4), reflecting a somewhat higher liquidity buffer compared to the end of 2007.

Other assets increased by approximately EUR 63bn, mainly reflecting the strong growth in derivatives volumes and changes in exchange and interest rates.

Liabilities
Total liabilities amounted to EUR 209bn (136), showing an increase of approximately EUR 72bn.

Deposits by credit institutions increased by approximately EUR 11bn to EUR 38bn (27) reflecting increased intra-group transactions.

Deposits and borrowings from the public increased by approximately EUR 3bn to EUR 45bn (42). Deposits from the public constitute the Bank Group’s primary source of funding. Balances especially on savings accounts increased significantly during the year due to the outflow from funds and equity markets.

Debt securities in issue increased by approximately EUR 1bn to EUR 31bn. The issued securities mainly comprise short-term debt instruments with maturity under one year.

Other liabilities including subordinated liabilities increased by approximately EUR 56bn mainly reflecting the increased fair values of derivatives.

Equity
Shareholders’ equity amounted to EUR 10,793m at the beginning of 2008. Net profit for the year was EUR 1,331m. Total equity amounted to EUR 11,275m at the end of 2008.

Appropriation of distributable funds

The parent company’s distributable funds on 31 December 2008 were EUR 8,050m of which the profit for the year is EUR 1,233m. It is proposed that:

- a dividend of EUR 1,300m be paid and
- EUR 0.7m be reserved for public good purposes
- whereafter the distributable funds will total EUR 6,750m

Off-balance sheet commitments

The bank's business operations include a considerable proportion of off-balance sheet items such as guarantees, documentary credits and credit commitments. Credit commitments and unutilised credit lines amounted to EUR 16.1bn (16.3), while guarantees and granted but not utilised documentary credits as well as other off-balance sheet commitments, excluding nominal values of derivative contracts, totalled EUR 17.6bn (13.6). The continued centralisation of trade finance and guarantee operations to Finland has increased the volume of guarantees and documentary credits.

The nominal values of derivatives increased to EUR 3,781bn (3,017).

Risk, liquidity and capital management

Risk, liquidity and capital management are key success factors in the financial services industry. Exposure to risk is inherent in providing financial services, and Nordea assumes a variety of risks in its ordinary business activities, the most significant being credit risk related to loans and receivables.

Maintaining risk awareness in the organisation is a key component of Nordea's business strategies.

Nordea has clearly defined risk, liquidity and capital management frameworks, including policies and instructions for different risk types and for the capital structure.

Management principles and control

Board of Directors
The Board of Directors of Nordea has ultimate responsibility for limiting and monitoring the Group's risk exposure.

The Board of Directors also has ultimate responsibility for setting the targets for the capital ratios. Risk in Nordea is measured and reported according to common principles and policies approved by the Board of Directors. The Board of Directors decides on policies for credit, market, liquidity, operational risk management and the internal capital adequacy assessment process. All policies are reviewed at least annually.

In the credit instructions, the Board of Directors decides on powers-to-act for credit committees at different levels within the customer areas in Nordea. Authorisations may also vary depending on the internal rating of customers.

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

Board Credit Committee
The Board Credit Committee monitors the development of the credit portfolio on the whole as well as with respect to industry and major customer exposures. The Board Credit Committee confirms industry policies approved by the Executive Credit Committee (ECC).

CEO and GEM
The Chief Executive Officer (CEO) has overall responsibility for developing and maintaining effective principles for risk, liquidity and capital management as well as internal principles and control in Nordea.

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

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

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

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

CRO and CFO

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

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

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

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

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

Each customer area and product area is primarily responsible for managing the risks arising from its operations.This responsibility entails identification, control and reporting, while Group Credit and Risk Control consolidates and monitors the risks on Group level and relevant sub-levels.

Monitoring and reporting

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

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

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

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

Risk, Liquidity and Capital Management governance structure

Nordea – Board of Directors Board Credit Committee			
Chief Executive Officer (CEO) / Group Executive Management (GEM)			
Asset and Liability Committee, ALCO (Chairman: CFO)	Capital Planning Forum (Chairman: CFO)	Risk Committee (Chairman: CRO)	Executive and Group Credit Committees, ECC and GCC (Chairman: CRO)

Risk, Liquidity and Capital Management responsibilities

Chief Financial Officer (CFO)	Chief Risk Officer (CRO)
Group Corporate Centre (Head: CFO) Liquidity management framework Capital management framework Balance sheet management framework	Group Credit and Risk Control (Head: CRO) Risk management framework Monitoring and reporting

Risk management

Credit risk management

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

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

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

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

Credit risk definition and identification

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

Credit risk stems mainly from various forms of lending to the public (corporates and household customers), but also from guarantees and documentary credits, such as letters of credit.

The credit risk from guarantees and documentary credits arises from the potential claims on customers to which Nordea has issued guarantees or documentary credits.

Credit risk may also include counterparty credit risk, transfer risk and settlement risk. Counterparty risk is the risk that a counterparty in an FX, interest, commodity, equity or credit derivatives contract defaults prior to the maturity of the contract and that Nordea at that time has a claim on the counterpart.

Settlement risk is the risk of losing the principal on a financial contract, due to a counterpart's default during the settlement process. Transfer risk is a credit risk attributable to the transfer of money from another country where a borrower is domiciled, and is affected by changes in the economic and political situation of the countries concerned.

Risks in specific industries are followed by industry monitoring groups and managed through industry policies, which establish requirements and limits on the overall industry exposure. Corporate customers' environmental risks are taken also into account in the overall risk assessment through the Environmental Risk Assessment Tool (ERAT). This tool is currently being extended to also include assessment of social and political risk.

For larger project finance transactions, the bank has adopted the Equator Principles, which are a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. The Equator Principles are based on the policies and guidelines of the World Bank and International Finance Corporation (IFC).

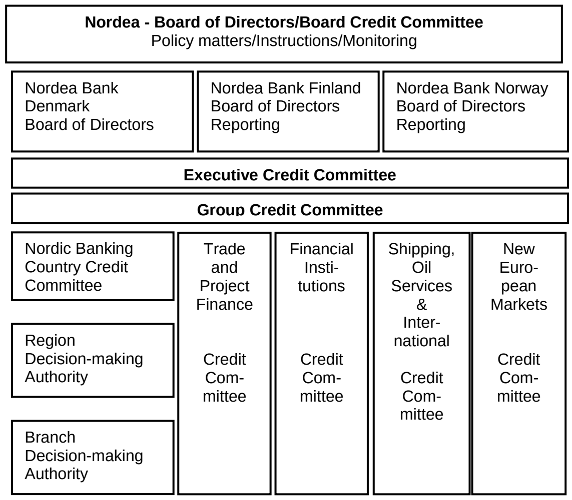
Decisions and monitoring of credit risk

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

The responsibility for credit risk lies with the customer responsible unit, which on an ongoing basis assesses customers' ability to fulfil their obligations and 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.

Credit decision-making structure



If new information indicates a change in the customer's financial position, the customer responsible unit must evaluate and, if necessary, reassess the rating to reflect whether the credit is impaired or 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, 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 given special attention in terms of review of the risk. In addition to the continuous monitoring, an action plan is established outlining how to minimise a potential credit loss. If necessary, a special team is set up to support the customer responsible unit.

Individual and collective assessment of impairment
Throughout the process of identifying and mitigating credit impairments, Nordea works continuously to review the quality of the credit exposures.

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

An exposure is impaired, and a provision is recognised, if there is objective evidence based on loss events or observable data that the customer's future cash flow is impacted to the extent that full repayment is unlikely, collateral included. The size of the provision is equal to the estimated loss considering the discounted value of the future cash flow and the value of pledged collateral.

Impaired exposures can be either performing or non-performing. Impaired exposures are treated as in default when determining default probability.

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

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

Measurement methods

The primary quantitative tools for assessing credit risk are the rating and scoring models, which lay the foundation for the Probability of Default (PD) estimation. In addition there are models used to assess such prudential indicators as Loss Given Default (LGD) and Exposure at Default (EAD). Following the rollout of risk classification methods under the Capital Requirements Directive, the internal quantification of credit risk is now being aligned with external supervisory requirements.

For Regulatory Capital purposes Nordea uses the Internal Rating Based (IRB) approach for the retail segment, i.e. for household and small business customers, and the IRB Foundation approach for the corporate and bank segments.

Rating and scoring

The common element in both rating and scoring is the ability to classify and rank customers according to their default risk. Rating and scoring are used as integrated parts of the risk management and decision-making process including:

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

While ratings are assigned to corporate customers, bank counterparts and sovereigns, scoring is used for households and small business customers.

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

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

Ratings are assigned in conjunction with credit proposals and the annual review of the customers, and approved by the credit committees. However, a customer is downgraded as soon as new information indicates deterioration in the customer's repayment capacity. The consistency and transparency of the ratings are ensured by the use of rating models.

A rating model is a set of specified and distinct criteria which, given a set of customer characteristics, produces a rating that ranks the customer based on its repayment capacity. Rating models are based on the principle that it is possible to derive a prediction of future customer performance from the default history of past customers on the basis of their characteristics.

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

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

Loss Given Default
Loss Given Default (LGD) is measured taking into account the collateral type, the 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 banks segments, Nordea uses the IRB Foundation approach in the calculation of the Regulatory Capital. The Loss Given Default for an exposure is then defined by regulatory requirements.

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

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

Validation
Nordea has established an internal validation process in accordance with the Capital Requirements Directive with the purpose of ensuring and improving the performance of Nordea’s models, procedures and systems as well as ensuring 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 composes, for example, statistical tests of the models' discriminatory power, i.e. the ability of the model to distinguish default risk on a relative basis, as well as cardinal accuracy, i.e. the ability to predict the level of defaults.

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

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

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

Credit risk analysis

Credit risk exposure is measured and presented as the principle amount (at amortised cost) of on-balance sheet claims, i.e. loans and receivables to credit institutions and the public, or off-balance sheet potential claims on customers and counterparts, net after allowances. Exposure also indicates the risk related to derivatives contracts and securities financing. Further information on the definition of exposure, as well as a more detailed analysis of NBF's credit risk can be found in the Pillar 3 report for 2008, available at www.nordea.com.

NBF's total credit risk exposure has increased by 12% to EUR 181bn during 2008 (162).

The largest credit risk exposure is loans and receivables to the public, which in 2008 increased by 13% to EUR 68bn (61).

Loans and receivables to corporate customers stood at EUR 37bn (31), showing an increase of 18%, while lending to household customers was EUR 31bn (28), showing an increase of 10%. The portion of total lending to corporate customers was 54% (52) and to household customers 45% (46).

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

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
To credit institutions	**47,447**	**45,549**	**52,629**	**50,400**
- of which banks	47,282	45,421	47,280	45,418
- of which other credit institutions	165	128	5,349	4,982
To the public	**68,293**	**60,597**	**62,479**	**55,101**
- of which corporate	36,972	31,342	33,874	28,420
Energy (oil, gas etc)	413	364	411	256
Metals and mining materials	848	564	802	312
Paper and forest materials	1,241	1,023	1,130	944
Other materials (building materials etc)	1,929	1,136	1,428	995
Industrial capital goods	1,203	815	1,039	749
Industrial commercial services etc	1,867	1,688	1,615	1,362
Construction and civil engineering	1,245	889	923	647
Shipping and offshore	3,353	2,428	3,345	2,428
Transportation	1,128	1,132	577	651
Consumer durables (cars, appliances etc)	593	638	509	568
Media and leisure	1,002	1,002	848	767
Retail trade	3,093	2,429	2,701	1,989
Consumer staples (food, agriculture etc)	1,990	1,567	1,737	1,421
Health care and pharmaceuticals	402	461	336	341
Financial institutions	1,691	1,127	1,669	1,127
Real estate management	8,802	8,427	8,785	8,427
IT software, hardware and services	477	395	442	313
Telecommunication equipment	518	486	487	544
Telecommunication operators	263	304	243	259
Utilities (distribution and production)	1,414	1,003	1,368	975
Other	3,500	3,464	3,478	3,342
- of which household	30,732	28,065	28,016	25,492
Mortgage financing	24,018	21,771	24,018	21,771
Consumer financing	6,714	6,294	3,998	3,721
- of which public sector	589	1,190	589	1,189
Total loans and receivables	**115,740**	**106,146**	**115,108**	**105,501**
Unutilised credit commitments etc.	16,548	16,787	13,599	14,449
Guarantees and documentary credits	17,119	13,201	17,377	13,456
Counterparty risk exposure[1)]	26,383	21,002	26,383	21,002
Treasury bills / interest-bearing securities	5,620	4,365	5,620	4,365
Total credit risk exposure in the banking operations	**181,410**	**161,501**	**178,087**	**158,773**

[1)] After close-out netting and collateral agreements, including current market value exposure as well as potential future exposure.

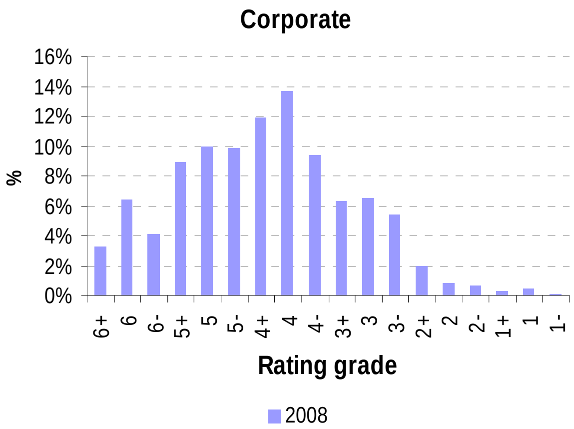
Provisions for off balance items

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
To credit institutions	43	26	43	26
To the public	4	7	4	7
Total	47	33	47	33

Loans and receivables to credit institutions, mainly in the form of interbank deposits, remained steady at EUR 47bn at the end of 2008 (46).

Rating distribution
One way to assess credit quality is through the distribution of non-impaired exposures across rating grades for rated corporate customers and institutions, as well as risk grades for scored household and small business customers, i.e. retail exposures. The graphs show the distribution by exposure, excluding impaired exposures. About 77% of the corporate exposure is rated 4– or higher. However, the portion of institutional exposure rated 5- or higher has remained at 95%.

About 88% of the retail exposures are scored C- or higher.



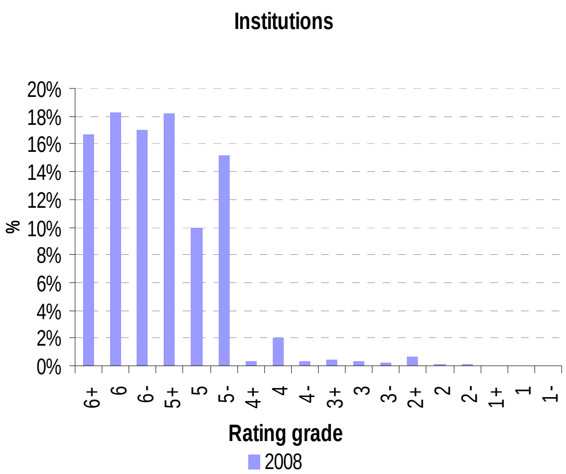
Loans and receivables to corporate customers
The main increases in the lending portfolio were in the sectors: “Shipping and Offshore”, “Other materials”, “Retail trade” and “Financial Institutions”.

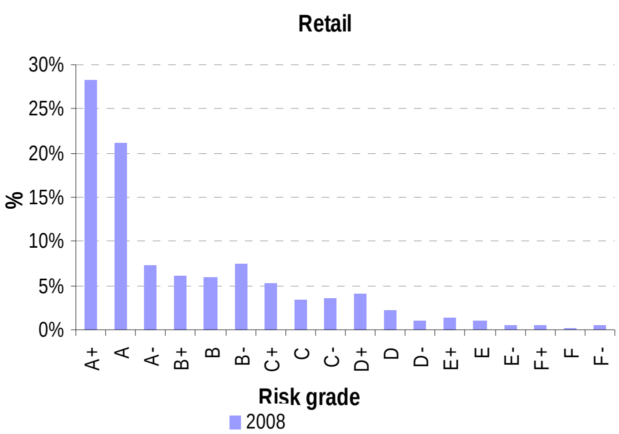
Real estate management remains the largest sector in NBF’s lending portfolio, at EUR 8.8bn (8.4). The portfolio is predominantly comprised of relatively large and financially strong companies. There is a high level of collateral coverage, especially for exposures which are assigned lower rating grades (3+ or lower).

The distribution of loans and receivables to corporates by size of loans shows a high degree of diversification where approx. 76% of the corporate volume is for loans on a scale of up to EUR 50m.

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

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 corporate customers, by size of loan

	Group				Parent company			
EURm	31 Dec 2008	%	31 Dec 2007	%	31 Dec 2008	%	31 Dec 2007	%
0-10	18,491	50.0	17,008	54.2	16,942	50.0	15,423	54.2
10-50	9,619	26.0	8,552	27.3	8,813	26.0	7,754	27.3
50-100	4,057	11.0	2,878	9.2	3,717	11.0	2,610	9.2
100-250	3,825	10.3	1,947	6.2	3,504	10.3	1,765	6.2
250-500	980	2.7	957	3.1	898	2.7	868	3.1
500-	0	0.0	0	0.0	0	0.0	0	0.0
Total	**36,972**	**100.0**	**31,342**	**100.0**	**33,874**	**100.0**	**28,420**	**100.0**

Real estate management industry, loans and receivables, by country

	Group				Parent company			
EURm	31 Dec 2008	%	31 Dec 2007	%	31 Dec 2008	%	31 Dec 2007	%
Finland	7,095	80.6	6,962	82.7	7,093	80.7	6,962	82.7
Baltic countries	1,164	13.2	972	11.5	1,149	13.1	972	11.5
Other	543	6.2	493	5.8	543	6.2	493	5.8
Total	**8,802**	**100.0**	**8,427**	**100.0**	**8,785**	**100.0**	**8,427**	**100.0**

Mortgage loans to household customers, by country

	Group				Parent company			
EURm	31 Dec 2008	%	31 Dec 2007	%	31 Dec 2008	%	31 Dec 2007	%
Finland[1)]	21,321	88.8	19,678	90.4	21,321	88.8	19,678	90.4
Baltic countries	2,697	11.2	2,093	9.6	2,697	11.2	2,093	9.6
Total	**24,018**	**100.0**	**21,771**	**100.0**	**24,018**	**100.0**	**21,771**	**100.0**

[1)] Including loans for holiday houses. According to ECB definition mortgage loans in Finland totalled EUR 20,625m (19,141).

Past due loans, non-impaired loans

	Group				Parent company			
	31 Dec 2008		31 Dec 2007		31 Dec 2008		31 Dec 2007	
EURm	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers	Corporate customers	Household customers
6-30 days	124	200	49	56	57	169	26	25
31-60 days	131	157	46	35	78	104	34	17
61-90 days	83	59	27	17	72	35	30	6
>90 days	13	-	6	-	13	-	6	-
Total	**351**	**416**	**128**	**108**	**220**	**308**	**96**	**48**
Past due not impaired/ lending, %	0.95	1.35	0.41	0.38	0.65	1.10	0.34	0.19

Loans and receivables to household customers
In 2008, mortgage loans have increased 10% to EUR 24bn and consumer loans have increased 7% to EUR 7bn. The portion of total household loans consisting of mortgage loans was stable 78% (78).

Collateral coverage is high for mortgage loans to household customers, whereas consumer loans to this segment have a lower degree of collateral coverage.

Geographical distribution
Lending distributed by borrower domicile shows that the Nordic market accounts for 76% (79). Other EU countries represent the main part of the lending outside the Nordic countries.

Though the exposure to New European Markets is relatively small, lending has increased in the region by 39%. At the end of 2008 the exposure of NBF's banking operations in the Baltic countries was EUR 8.2bn (5.9).

Loans and receivables, impaired loans and allowances, by geography

Group

31 Dec 2008, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	% of not impaired	Individually impaired loans and receivables gross: Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
Nordic countries	52,280	51,484	-75	0.14	796	1.52	-210	26.4 %
of which Denmark	395	395		0.00		0.00		0.0 %
of which Finland	51,089	50,293	-75	0.15	796	1.56	-210	26.4 %
of which Norway	365	365		0.00		0.00		0.0 %
of which Sweden	431	431		0.00		0.00		0.0 %
Estonia	2,612	2,568	-31	1.20	44	1.69	-2	4.8 %
Latvia	3,188	3,124	-52	1.63	64	2.01	-10	16.0 %
Lithuania	2,468	2,435	-15	0.61	33	1.34	-17	50.2 %
Poland	56	53		0.00	3	5.20	-3	100.0 %
Russia	85	85		0.00		0.00		0.0 %
EU countries other	3,987	3,984		0.00	3	0.08	-1	30.1 %
USA	1,108	1,108		0.00	0	0.00	0	100.0 %
Asia	1,593	1,592		0.00	1	0.03	-1	198.4 %
Latin America	215	215		0.00		0.00		0.0 %
OECD other	859	859		0.00		0.00		0.0 %
Non-OECD other	258	258		0.00	0	0.00		0.0 %
Total	**68,710**	**67,766**	**-173**	**0.25**	**944**	**1.37**	**-244**	**25.9 %**

31 Dec 2007, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	% of not impaired	Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
Nordic countries	47,819	47,236	-57	0.12	583	1.22	-176	30.2 %
of which Denmark	553	553		0.00		0.00		0.0 %
of which Finland	46,691	46,108	-57	0.12	583	1.25	-176	30.2 %
of which Norway	168	168		0.00		0.00		0.0 %
of which Sweden	407	407		0.00		0.00		0.0 %
Estonia	2,020	2,010	-25	1.24	10	0.48	0	2.3 %
Latvia	2,376	2,366	-44	1.83	10	0.42	-1	7.0 %
Lithuania	1,566	1,558	-12	0.79	8	0.51	-6	80.7 %
Poland	56	54		0.00	2	2.69	-2	100.7 %
Russia	-	-		0.00		0.00		0.0 %
EU countries other	3,562	3,559		0.00	3	0.09	-1	17.8 %
USA	1,011	1,011		0.00	0	0.01	0	100.0 %
Asia	1,114	1,113		0.00	0	0.04	0	100.0 %
Latin America	186	186		0.00		0.00		0.0 %
OECD other	675	675		0.00		0.00		0.0 %
Non-OECD other	537	537		0.00		0.00		0.0 %
Total	**60,921**	**60,305**	**-138**	**0.23**	**616**	**1.01**	**-186**	**30.2 %**

Loans and receivables, impaired loans and allowances, by geography

Parent company

31 Dec 2008, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	%s of not impaired	Individually impaired loans and receivables gross: Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
Nordic countries	47,459	46,772	-67	0.14	687	1.45	-180	26.3 %
of which Denmark	395	395		0.00		0.00		0.0 %
of which Finland	46,286	45,599	-67	0.14	687	1.48	-180	26.3 %
of which Norway	365	365		0.00		0.00		0.0 %
of which Sweden	413	413		0.00		0.00		0.0 %
Estonia	2,150	2,124	-31	1.46	27	1.24	-1	4.4 %
Latvia	2,927	2,868	-52	1.78	59	2.02	-10	16.8 %
Lithuania	2,211	2,182	-15	0.68	29	1.31	-16	56.1 %
Poland	3	3		0.00		0.00		0.0 %
Russia	85	85		0.00		0.00		0.0 %
EU countries other	3,984	3,981		0.00	3	0.08	-1	15.5 %
USA	1,108	1,108		0.00	0	0.00	0	100.0 %
Asia	1,593	1,592		0.00	1	0.03	-1	100.0 %
Latin America	215	215		0.00		0.00		0.0 %
OECD other	859	859		0.00		0.00		0.0 %
Non-OECD other	258	258		0.00		0.00		0.0 %
Total	**62,853**	**62,047**	**-165**	**0.26**	**806**	**1.28**	**-209**	**25.9 %**

31 Dec 2007, EURm								
Nordic countries	43,034	42,536	-57	0.13	498	1.16	-145	29.0 %
of which Denmark	553	553		0.00		0.00		0.0 %
of which Finland	41,930	41,432	-57	0.14	498	1.19	-145	29.0 %
of which Norway	168	168		0.00		0.00		0.0 %
of which Sweden	383	383		0.00		0.00		0.0 %
Estonia	1,650	1,643	-25	1.52	7	0.41	0	1.2 %
Latvia	2,208	2,199	-44	1.97	9	0.41	0	3.3 %
Lithuania	1,416	1,409	-12	0.87	8	0.55	-7	83.8 %
Poland	0	0		0.00		0.00		0.0 %
Russia	-	-		0.00		0.00		0.0 %
EU countries other	3,561	3,558		0.00	3	0.09	-1	17.8 %
USA	1,011	1,011		0.00	0	0.01	0	0.0 %
Asia	1,114	1,113		0.00	0	0.04	0	100.0 %
Latin America	186	186		0.00		0.00		0.0 %
OECD other	675	675		0.00		0.00		0.0 %
Non-OECD other	537	537		0.00		0.00		0.0 %
Total	**55,392**	**54,867**	**-138**	**0.25**	**525**	**0.95**	**-153**	**29.1%**

Transfer risk
The transfer risk exposure is dominated by a few countries and is primarily short-term and trade-related. The largest exposure is to China, a country of great importance to Nordea's Nordic corporate customers. To recognise the risk related to lending to developing countries, Nordea carries transfer risk allowance and provisions for non-investment grade rated countries.

Transfer risk exposure[1)]

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Asia	1,114	513	1,114	513
Eastern Europe & CIS	126	63	126	63
Latin America	59	109	59	109
Middle East	367	263	367	263
Africa	124	109	124	109

1) The total transfer risk allowance and provisions at the end of 2008 was EUR 45m (29).

Securitisation
NBF 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. This SPE is consolidated into the NBF and the bonds issued by the SPE are held in full by NBF. Consequently there has been no transfer of risk and the transaction is eliminated in the Group. More information on Kirkas can be found in note 20.

Impaired loans
Impaired loans, gross, have increased to EUR 971m during 2008 from EUR 616m. As the current downturn continues, worsened economic conditions for many customers have led to a substantial increase in impaired loans, especially during the latter half of 2008. Allowances for individually assessed loans increased to EUR 258m from EUR 186m. The ratio of allowances to cover impaired loans, gross, was 27% (30). Allowances for collectively assessed exposures were EUR 174m (140).

The main increases in impaired loans were in the sectors: "Real estate management", "Consumer durables", "Construction and civil engineering" and "Shipping and offshore".

Past due loans to corporate customers that are not considered impaired increased to EUR 351m (128). The volume of past due loans to household customers increased to EUR 416m (108) in 2008.

Loan losses
The net effect in the profit and loss account from credit risk impairments was in 2008 negative net loan losses of EUR 133m (positive by EUR 20m), of which EUR 107m (positive by EUR 17m) relates to corporate customers and EUR 26m (positive by EUR 3m) to household customers. NBF realised net impairment losses of EUR 6m (3) and recognised new allowances of EUR 190m (125) and reversals of allowances of EUR 51m (122). Recoveries on realised losses from previous years were EUR 12m (26).

The main loan losses were in the corporate sectors "Consumer durables" and "Construction and civil engineering" as well as household "Consumer financing".

Restructured loans and receivables for 2008 stand at EUR 1m before and after restructuring. Assets taken over for protection of claims consist mostly of "Other assets".

Settlement risk
Settlement risk is a type of credit risk arising during the process of settling a contract or execution of a payment.

The risk amount is the principal of the transaction, and a loss could occur if a counterparty were to default after Nordea has given irrevocable instructions for a transfer of a principal amount or security, but before receipt of the corresponding payment or security has been finally confirmed.

The settlement risk on individual counterparts is restricted by settlement risk limits. Each 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 FX clearing system CLS (Continuous Linked Settlement), which eliminates the settlement risk of FX trades in those currencies and with those counterparts that are eligible for CLS clearing. As a result, Nordea's settlement risk exposure against major trading counterparts has decreased considerably in recent years.

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

Group					Individually impaired loans and receivables gross			
31 Dec 2008, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	% of not impaired	Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
To credit institutions	**47,462**	**47,435**	**-1**	**0.00**	**27**	**0.06**	**-14**	**52.1%**
- of which banks	47,297	47,270	-1	0.00	27	0.06	-14	52.1%
- of which other credit institutions	165	165	0	0.00	0	0.00	0	0.0%
To the public	**68,710**	**67,766**	**-173**	**0.25**	**944**	**1.37**	**-244**	**25.9%**
- of which corporate	37,325	36,697	-146	0.39	627	1.68	-206	32.9%
Energy (oil, gas etc)	413	413	0	0.00	0	0.00	0	0.0%
Metals and mining materials	848	847	0	0.00	1	0.11	0	23.4%
Paper and forest materials	1,245	1,228	0	0.00	17	1.33	-4	23.8%
Other materials (building materials etc)	1,971	1,900	-25	1.27	71	3.62	-17	23.5%
Industrial capital goods	1,207	1,193	0	0.00	14	1.20	-4	29.0%
Industrial commercial services etc	1,890	1,835	0	0.00	55	2.91	-23	41.3%
Construction and civil engineering	1,255	1,223	-5	0.40	32	2.55	-5	14.3%
Shipping and offshore	3,353	3,353	0	0.00	0	0.00	0	0.0%
Transportation	1,144	1,124	-3	0.26	20	1.72	-13	66.4%
Consumer durables (cars, appliances etc)	608	569	-2	0.33	39	6.43	-13	34.3%
Media and leisure	1,012	969	-2	0.20	43	4.27	-9	20.5%
Retail trade	3,118	3,022	0	0.00	96	3.08	-24	25.4%
Consumer staples (food, agriculture etc)	2,002	1,970	-3	0.15	32	1.61	-9	28.9%
Health care and pharmaceuticals	407	372	0	0.00	35	8.51	-4	12.9%
Financial institutions	1,704	1,659	0	0.00	46	2.68	-14	30.0%
Real estate management	8,939	8,851	-97	1.09	88	0.98	-40	45.3%
IT software, hardware and services	478	474	0	0.00	5	0.94	-1	23.0%
Telecommunication equipment	527	494	0	0.00	33	6.32	-10	28.7%
Telecommunication operators	263	263	0	0.00	0	0.00	0	0.0%
Utilities (distribution and production)	1,414	1,414	0	0.00	0	0.02	0	7.5%
Other	3,525	3,525	-9	0.25	1	0.01	-17	3222.7%
- of which household	30,796	30,480	-27	0.09	317	1.03	-38	11.9%
Mortgage financing	24,035	23,893	-11	0.05	142	0.59	-6	4.1%
Consumer financing	6,761	6,587	-16	0.23	175	2.58	-32	18.3%
- of which public sector	589	589	0	0.00	0	0.00	0	0.0%
Total credit risk exposure in the banking operations	**116,172**	**115,201**	**-174**	**0.15**	**971**	**0.84**	**-258**	**26.6%**

Restructured loans and receivables

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Loans and receivables before restructuring, carrying amount	1	3	1	3
Loans and receivables after restructuring, carrying amount	1	2	1	2

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

Group					Individually impaired loans and receivables gross			
31 Dec 2007, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	% of not impaired	Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
To credit institutions	**45,551**	**45,551**	**-2**	**0.00**	**0**	**0.00**	**0**	**0.0%**
- of which banks	45,423	45,423	-2	0.00	0	0.00	0	0.0%
- of which other credit institutions	128	128	0	0.00	0	0.00	0	0.0%
To the public	**60,921**	**60,305**	**-138**	**0.23**	**616**	**1.01**	**-186**	**30.2%**
- of which corporate	31,614	31,210	-128	0.40	405	1.28	-145	35.8%
Energy (oil, gas etc)	364	364	0	0.00	0	0.01	0	0.0%
Metals and mining materials	565	563	0	0.00	2	0.34	-1	28.4%
Paper and forest materials	1,024	1,019	0	0.00	5	0.46	-1	16.7%
Other materials (building materials etc)	1,160	1,123	-19	1.64	37	3.23	-5	14.0%
Industrial capital goods	821	805	0	0.00	15	1.86	-6	37.7%
Industrial commercial services etc	1,702	1,653	0	0.00	49	2.90	-14	28.6%
Construction and civil engineering	893	874	0	0.00	19	2.15	-4	22.4%
Shipping and offshore	2,428	2,428	0	0.00	0	0.00	0	0.0%
Transportation	1,141	1,126	-5	0.44	15	1.32	-4	26.7%
Consumer durables (cars, appliances etc)	662	630	-2	0.30	32	4.89	-22	69.1%
Media and leisure	1,012	984	-2	0.20	28	2.74	-8	28.2%
Retail trade	2,446	2,390	0	0.00	56	2.27	-17	29.9%
Consumer staples (food, agriculture etc)	1,580	1,552	-3	0.19	28	1.77	-10	35.6%
Health care and pharmaceuticals	462	459	0	0.00	3	0.64	-1	30.8%
Financial institutions	1,133	1,101	0	0.00	32	2.78	-6	18.4%
Real estate management	8,530	8,487	-91	1.07	43	0.50	-11	26.8%
IT software, hardware and services	395	392	0	0.00	3	0.72	-1	22.8%
Telecommunication equipment	498	462	0	0.00	37	7.37	-12	33.9%
Telecommunication operators	304	303	0	0.00	0	0.07	0	0.0%
Utilities (distribution and production)	1,003	1,003	0	0.00	0	0.02	0	11.0%
Other	3,493	3,492	-7	0.19	0	0.01	-22	5723.6%
- of which household	28,117	27,905	-10	0.04	211	0.75	-41	19.5%
Mortgage financing	21,778	21,703	0	0.00	74	0.34	-6	8.7%
Consumer financing	6,339	6,202	-10	0.16	137	2.16	-35	25.3%
- of which public sector	1,190	1,190	0	0.00	0	0.00	0	0.0%
Total credit risk exposure in the banking operations	**106,472**	**105,856**	**-140**	**0.13**	**616**	**0.58**	**-186**	**30.2%**

Assets taken over for protection of claims

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Current assets, carrying amount:				
Land and buildings	0	-	0	-
Shares and other participations	-	-	-	-
Other assets	3	2	-	-
Total	3	2	0	-

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

Parent company					Individually impaired loans and receivables gross			
31 Dec 2008, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	% of not impaired	Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
To credit institutions	**52,644**	**52,617**	**-1**	**0.00**	**27**	**0.05**	**-14**	**52.1%**
- of which banks	47,295	47,268	-1	0.00	27	0.06	-14	52.1%
- of which other credit institutions	5,349	5,349	0	0.00	0	0.00	0	0.0%
To the public	**62,853**	**62,047**	**-165**	**0.26**	**806**	**1.28**	**-209**	**26.0%**
- of which corporate	34,208	33,643	-144	0.42	565	1.65	-190	33.7%
Energy (oil, gas etc)	411	411	0	0.00	0	0.00	0	0.0%
Metals and mining materials	802	801	0	0.00	1	0.11	0	25.5%
Paper and forest materials	1,134	1,119	0	0.00	15	1.35	-4	25.7%
Other materials (building materials etc)	1,470	1,402	-25	1.70	68	4.63	-17	24.6%
Industrial capital goods	1,043	1,030	0	0.00	13	1.27	-4	31.8%
Industrial commercial services etc	1,638	1,587	0	0.00	51	3.12	-23	44.4%
Construction and civil engineering	932	905	-5	0.54	27	2.90	-5	17.0%
Shipping and offshore	3,345	3,345	0	0.00	0	0.00	0	0.0%
Transportation	593	576	-3	0.51	18	2.95	-13	74.7%
Consumer durables (cars, appliances etc)	525	489	-2	0.38	36	6.90	-13	37.0%
Media and leisure	859	820	-2	0.23	39	4.52	-9	22.9%
Retail trade	2,726	2,636	0	0.00	90	3.29	-24	27.3%
Consumer staples (food, agriculture etc)	1,749	1,720	-3	0.17	29	1.67	-9	31.7%
Health care and pharmaceuticals	341	316	0	0.00	25	7.38	-4	17.7%
Financial institutions	1,683	1,642	0	0.00	41	2.42	-14	33.6%
Real estate management	8,922	8,847	-97	1.09	74	0.83	-40	53.5%
IT software, hardware and services	443	438	0	0.00	4	0.93	-1	25.0%
Telecommunication equipment	496	464	0	0.00	32	6.50	-10	29.6%
Telecommunication operators	243	243	0	0.00	0	0.00	0	0.0%
Utilities (distribution and production)	1,368	1,368	0	0.00	0	0.01	0	9.5%
Other	3,485	3,484	-6	0.17	0	0.01	0	58.9%
- of which household	28,056	27,815	-21	0.08	241	0.86	-19	7.9%
Mortgage financing	24,035	23,893	-11	0.05	142	0.59	-6	4.1%
Consumer financing	4,021	3,922	-10	0.25	99	2.45	-13	13.5%
- of which public sector	589	589	0	0.00	0	0.00	0	0.0%
Total credit risk exposure in the banking operations	**115,497**	**114,664**	**-166**	**0.14**	**833**	**0.72**	**-223**	**26.8%**

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

Parent company					Individually impaired loans and receivables gross			
31 Dec 2007, EURm	Loans and receivables before allowances	of which not impaired	Allowances for collectively assessed loans	% of not impaired	Impaired loans before allowances	% of Loans and receivables before allowances	Specific allowances	% of Impaired loans before allowances
To credit institutions	**50,402**	**50,402**	**-2**	**0.00**	**0**	**0.00**	**0**	**0.0%**
- of which banks	45,420	45,420	-2	0.00	0	0.00	0	0.0%
- of which other credit institutions	4,982	4,982	0	0.00	0	0.00	0	0.0%
To the public	**55,392**	**54,867**	**-138**	**0.25**	**525**	**0.95**	**-153**	**29.1%**
- of which corporate	28,681	28,306	-128	0.45	375	1.31	-134	35.5%
Energy (oil, gas etc)	256	256	0	0.00	0	0.01	0	0.0%
Metals and mining materials	313	311	0	0.00	2	0.58	-1	30.4%
Paper and forest materials	945	941	0	0.00	4	0.43	-1	19.5%
Other materials (building materials etc)	1,020	985	-19	1.86	34	3.38	-5	15.2%
Industrial capital goods	755	740	0	0.00	15	1.93	-6	39.4%
Industrial commercial services etc	1,377	1,330	0	0.00	46	3.35	-14	30.6%
Construction and civil engineering	651	634	0	0.00	17	2.64	-4	25.0%
Shipping and offshore	2,428	2,428	0	0.00	0	0.00	0	0.0%
Transportation	660	647	-5	0.76	13	2.04	-4	29.9%
Consumer durables (cars, appliances etc)	593	563	-2	0.34	30	5.07	-22	74.5%
Media and leisure	777	751	-2	0.26	26	3.34	-8	30.1%
Retail trade	2,006	1,953	0	0.00	53	2.62	-17	31.7%
Consumer staples (food, agriculture etc)	1,434	1,407	-3	0.21	27	1.86	-10	37.2%
Health care and pharmaceuticals	342	339	0	0.00	3	0.74	-1	35.8%
Financial institutions	1,133	1,106	0	0.00	27	2.42	-6	21.2%
Real estate management	8,530	8,490	-91	1.07	40	0.46	-11	29.0%
IT software, hardware and services	313	311	0	0.00	3	0.82	-1	25.4%
Telecommunication equipment	557	521	0	0.00	36	6.42	-12	34.8%
Telecommunication operators	259	258	0	0.00	0	0.07	0	0.0%
Utilities (distribution and production)	975	974	0	0.00	0	0.02	0	13.6%
Other	3,360	3,359	-7	0.20	0	0.01	-10	3414.2%
- of which household	25,521	25,371	-10	0.04	150	0.59	-19	12.9%
Mortgage financing	21,778	21,703	0	0.00	74	0.34	-6	8.7%
Consumer financing	3,743	3,668	-10	0.27	76	2.02	-13	17.1%
- of which public sector	1,190	1,190	0	0.00	0	0.00	0	0.0%
Total credit risk exposure in the banking operations	**105,794**	**105,269**	**-140**	**0.13**	**525**	**0.50**	**-153**	**29.1%**

Risk in derivatives

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

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

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

Counterparty risk

Counterparty credit risk is the risk that Nordea's counterparty in a derivatives contract defaults prior to the 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 such as other credit exposures and is thus treated accordingly. Counterparty credit risk arises mainly in the trading book, but also in the banking book as a result of active asset and liability management.

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

The total counterparty credit risk exposure at the end of 2008 was EUR 26.4bn, of which the current exposure represents EUR 11.1bn. 45% of the total exposure and 31% of the current exposure was towards Financial Institutions.

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 counterparts by an increasing use of collateral management arrangements, where collateral on a regular – typically daily – basis is placed or received to cover the current exposure. The collateral is largely cash, but also government bonds and to a lesser extent mortgage bonds. The effects of closeout-netting and collateral agreements are considerable, as 86% of the current exposure (gross) was eliminated by the use of these risk mitigation techniques.

Finally, Nordea also uses a risk mitigation technique based upon a condition in some of the long-term derivatives contracts that give Nordea 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. Nordea does not actively use credit derivatives in connection with its own credit portfolio.

Counterparty risk exposure (after closeout netting and collateral agreements)

	31 Dec 2008			31 Dec 2007		
EURm	Current exposure	Potential future exposure	Total credit risk	Current exposure	Potential future exposure	Total credit risk
Total	11,075	22,355	26,383	3,123	21,002	20,258

Market risk

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

The customer-driven trading activity of Nordea Markets and the investment and liquidity portfolios of Group Treasury are the key contributors to market risk in Nordea. For all other banking activities, the basic principle is that market risks are eliminated by matching assets, liabilities and off-balance-sheet items. This is achieved by transactions in Group Treasury.

Structural foreign exchange risk arises primarily from investments in subsidiaries and associated enterprises denominated in foreign currencies. The general principle is to hedge this by matched funding. Payments made to parent companies from subsidiaries as dividends are exchanged to the functional currency of the parent company. Furthermore, earnings and cost streams generated in foreign currencies or from foreign branches generate a foreign exchange exposure, which for the individual Nordea companies is handled in each company's foreign exchange position.

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

Reporting and control processes

A Nordea group-wide framework establishes common management principles and standards for the market risk management. This implies that the same reporting and control processes are applied to the market risk exposures in Nordea Markets (the Trading Book) and Group Treasury. Moreover, the same Value-at-Risk (VaR) model is used to measure and manage the consolidated risk and the risk divided into Trading Book and Banking Book risk.

However, certain risk exposures have special characteristics and they are monitored and limited separately. For example, this is the case with commodity risk, structured equity options and fund linked derivatives in Markets and private equity funds and investments in hedge funds in Group Treasury, which are measured using scenario simulation.

The scenarios are based on the sensitivity to changes in the underlying prices and their volatility. These risk figures are limited and monitored in the daily reporting and control process, but not included in the VaR numbers. CDO's and CDS's are included in the VaR figures through their sensitivities to changes in interest spreads, in complete analogy with corporate bonds. In addition, jump-to-default exposures and correlation risk are limited and monitored in the daily control process.

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

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

Measurement methods

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

Normal market conditions

Nordea's universal VaR model is a 10-day, 99% confidence model, which uses the expected shortfall approach and is based on historical simulation on up to two years' historical changes in market prices and rates. This implies that Nordea's historical simulation VaR model uses the average of a number of the most adverse simulation results as an estimate of VaR. The sample of historical market changes in the model is updated daily. The "square root of ten" rule is applied to scale 1-day VaR figures to 10-day figures. The model is used to limit and measure market risk at all levels both for the Trading Book and in Group Treasury.

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

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

In the summer of 2007 volatility in the financial markets increased markedly and in the spring of 2008, Nordea's backtesting indicated a need for making the model more responsive to changes in market volatility. As a result, in June 2008, the model was adjusted by reducing the lookback period, to one year, and the number of the most adverse simulation results in the estimate of the VaR.

Stress testing

Stress tests are used to estimate the possible losses that may occur under extreme market conditions. Nordea performs daily stress tests based on the current portfolio and using data on daily financial market developments since the beginning of 1993. In addition, Nordea's portfolios are stress tested for subjective scenarios, which are most often based on selected historical events prior to 1993 or adverse scenarios relevant at the current state of the economic cycle or geopolitical situation. While these stress tests measure the risk over a shorter time horizon, market risk is also a part of Nordea's comprehensive ICAAP stress testing, which measures the risk over 3-year horizon.

Market risk analysis

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

Total VaR

The total VaR was EUR 38m (23) at the end of 2008 demonstrating a considerable diversification effect between interest rate, equity, foreign exchange and credit spread risk, as the total VaR is lower than the sum of the risk in the four categories.

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

Interest rate risk

The total interest rate VaR ended 2008 at EUR 26m (21). The total gross sensitivity to a 1 percentage point parallel shift, which measures the development in the market value of Nordea Bank Finland's interest rate sensitive positions if all interest rates were to move adversely for Nordea Bank Finland, was EUR 157m at the end of 2008 (212).

The largest part of Nordea Bank Finland's interest rate sensitivity stemmed from interest rate positions in Euro, Danish Kroner, Swedish Kronor, US Dollars and Norwegian Kroner.

Equity risk
At the end of 2008, NBF's equity VaR stood at EUR 1m (1). Structured equity option risk was down to EUR 16m at year-end (28).

Credit spread risk
Credit spread VaR increased over 2008, 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 VaR ended 2008 at EUR 13m (5).

Credit spread risk is to a large extent concentrated on Nordic names and European financial names.

Foreign exchange risk
Nordea Bank Finland's foreign exchange VaR was EUR 15 (3) at year-end. The largest foreign exchange exposures are to Swedish Kronor, Danish Kroner and Lithuanian Litas.

Private equity fund risk
The fair value of investments in private equity funds was EUR 6m (9). The investment is spread over a number of funds.

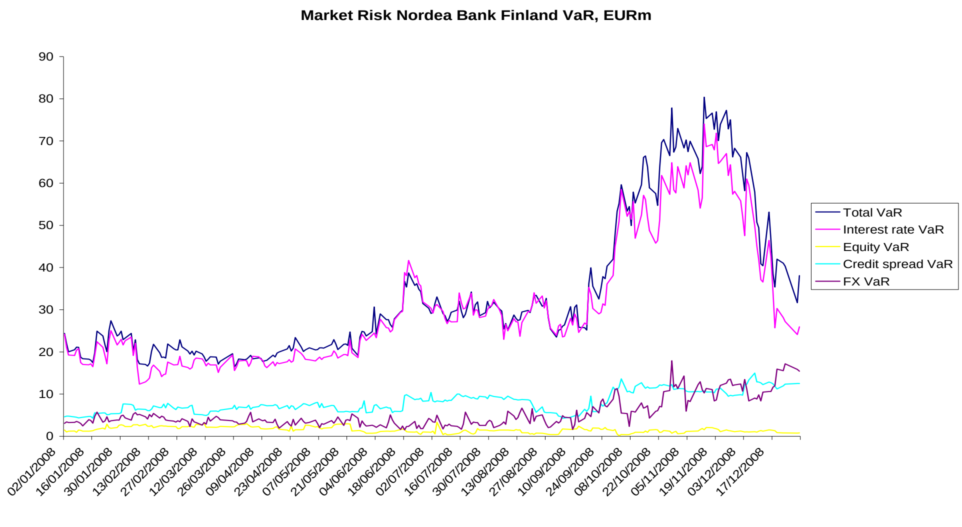
Commodity risk
Nordea Bank Finland's exposure to commodity risk, primarily pulp and paper, is solely related to customer-driven activities. The risk was EUR 4m at the end of 2008 (8).

Market risk

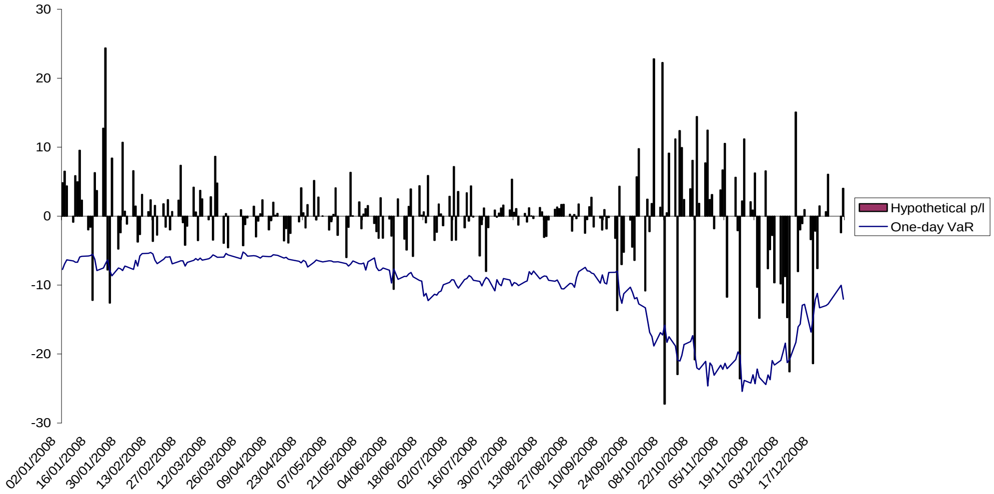
Group

EURm	Measure	31 Dec 2008	2008 high	2008 low	2008 average	31 Dec 2007
Total risk	VaR	38.1	80.4	16.5	33.8	22.5
Interest rate risk	VaR	25.9	74.0	12.4	30.8	21.3
Equity risk	VaR	0.8	3.3	0.2	1.6	1.3
Credit spread risk	VaR	12.5	15.0	4.3	8.1	4.8
Foreign exchange risk	VaR	15.4	17.9	1.5	5.4	2.7
Diversification effect		30%				26%
Structured Equity Option Risk	Simulation	15.9	29.6	12.8	23.3	27.7
Commodity risk	Simulation	4.1	11.4	3.8	6.7	8.2

EURm	Type of exposure	31 Dec 2008	2008 high	2008 low	2008 average	31 Dec 2007
Private Equity Funds	Fair Value	6.2	8.6	6.2	7.8	8.6



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



Operational risk

In the Group's Policy for Internal Control and Risk Management, operational risk is defined as the risk of direct or indirect loss, or damaged reputation resulting from inadequate or failed internal processes, from people and systems, or from external events. Compliance risk is defined as the risk of business not being conducted according to legal and regulatory requirements, market standards and business ethics, thereby jeopardising customers' best interest, other stakeholders' trust and increasing the risk of regulatory sanctions, financial loss or damage to the reputation and confidence in the Group. Operational risk also includes "Legal Risk", which means the risk that the Group suffers damage due to a deficient or incorrect legal assessment.

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

Solid internal control and quality management, consisting of a risk management framework, leadership and skilled personnel, is the key to successful operational risk management.

An annual report on the quality of Internal Control in the Group is submitted to the Board, incorporating all main issues on financial and operational risks.

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

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

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

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

The mitigating techniques consist of continuous improvement initiatives and business continuity plans together with crisis management preparedness and a broad insurance cover for handling major incidents. Mitigation efforts target reliability and continuity in the value chains rather than focusing on single units in the organisation.

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

Liquidity management

Management principles and control

The Board of Directors of Nordea Bank AB (publ) has the ultimate responsibility for Asset and Liability Management of the Group, i.e. limiting and monitoring the Group's structural risk exposures.

Risks in Nordea are measured and reported according to common principles and policies approved by the Board. The Board of Directors also decides on policies for liquidity risk management. These policies are reviewed at least annually.

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

The Asset and Liability Committee (ALCO), chaired by the CFO, prepares issues of major importance concerning the Group's financial operations and financial risks for decision by the CEO in GEM.

Group Treasury operationalises the targets and limits and develops the liquidity risk and SIIR management frameworks, which consists of policies, instructions and guidelines for the whole Group.

Liquidity risk management

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

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

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

The broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and the variety of funding programmes.

Special focus is given to the composition of the investor base in terms of geographical range and rating sensitivity.

Nordea publishes adequate information on the liquidity situation of the Group to remain trustworthy at all times.

Nordea's liquidity risk management includes stress testing and a business continuity plan for liquidity management.

Stress testing is defined as the evaluation of potential effects on a bank's liquidity situation under a set of exceptional but plausible events. The stress test should identify events or influences that could affect the funding need or the funding price and seek to quantify the potential effects. The purpose of stress tests is to supplement the normal liquidity risk measurement and confirm that the business continuity plan is adequate in stressful events, and that the business continuity plan properly describes procedures to handle a liquidity crisis with minimal damage to Nordea. Nordea stress scenarios are based on assessment of the particular events which Nordea is presumed to be most vulnerable to taking into account the current business structure and environment.

Stress tests focus on one hand on an increased funding need and on the other hand on an increased funding price.

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

Liquidity risk measurement methods

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

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

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

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. A limit is set by the Board of Directors for the minimum size of the liquidity buffer. The liquidity buffer is set to ensure a total positive cash flow defined by the funding risk measurement and consists of high-grade liquid securities that can be sold or used as collateral in funding operations.

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

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

Liquidity risk analysis

The short-term liquidity risk has been held at moderate levels throughout 2008 in NBF. 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 3.7bn (–0.7).

NBF's liquidity buffer has been in the range EUR 3.6–13.1bn (2.4–6.3) throughout 2008 with an average of EUR 6.0bn (4.5). NBF considers this a high level and it reflects the Group's conservative attitude towards liquidity risk in general and towards unexpected liquidity events in particular.

The yearly average for the net balance of stable funding was EUR –4.0bn (–1.5).

Structural Interest Income Risk

Structural Interest Income Risk (SIIR) is the amount NBF'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.

NBF's SIIR management is based on policy statements resulting in different SIIR measures, targets and organisational procedures.

Policy statements focus on the optimising financial structure, balanced risk taking and reliable earnings growth, identification of all significant sources of SIIR, measurement under stressful market conditions and adequate public information.

Group Treasury has the responsibility for the operational management of SIIR and for complying with Group-wide targets.

Liquidity risk, contractual maturity analysis for financial liabilities

Contractual cash flows

Group

EURm	31 Dec 2008				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 year	>5 year	Total
Liabilities	30,671	79,316	5,337	3,834	119,158

EURm	31 Dec 2007				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 year	>5 year	Total
Liabilities	27,120	65,708	6,853	1,049	100,730

Parent company

EURm	31 Dec 2008				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 year	>5 year	Total
Liabilities	30,672	79,525	5,338	3,834	119,369

EURm	31 Dec 2007				
Remaining contractual maturity	Payable on demand	Other within 1 year	1-5 year	>5 year	Total
Liabilities	27,120	65,735	6,856	1,049	100,761

SIIR measurement methods

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

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

At the end of the year, the SIIR for decreasing market rates was EUR –171m (–188) and the SIIR for increasing rates was EUR 81m (172). These figures imply that net interest income would decrease if interest rates fall and increase if interest rates rise.

SIIR, Gap analysis 31 December 2008

Group

EURm Interest Rate Fixing Period	**Balance sheet**	Within 3 months	3-6 month	6-12 month	1-2 year	2-5 year	>5 year	Non repricing	Total
Assets									
Interest-bearing assets	**122,267**	94,530	14,447	6,879	1,426	1,968	2,233	784	122,267
Non interest-bearing assets	**97,694**	-	-	-	-	-	-	97,694	97,694
Total assets	**219,961**	**94,530**	**14,447**	**6,879**	**1,426**	**1,968**	**2,233**	**98,478**	**219,961**
Liabilities and equity									
Interest-bearing liabilities	**115,454**	91,453	13,481	6,172	1,422	2,158	768	-	115,454
Non interest-bearing liabilities	**104,507**	-	-	-	-	-	-	104,507	104,507
Total liabilities	**219,961**	**91,453**	**13,481**	**6,172**	**1,422**	**2,158**	**768**	**104,507**	**219,961**
Off-balance sheet items, net		6,012	-2,006	-1,504	-1,006	-1,682	186	0	
Exposure		**9,089**	**-1,040**	**-797**	**-1,002**	**-1,872**	**1,651**	**-6,029**	
Cumulative exposure			**8,049**	**7,252**	**6,250**	**4,378**	**6,029**	**0**	

Parent company

EURm, Interest Rate Fixing Period	**Balance sheet**	Within 3 months	3-6 month	6-12 month	1-2 year	2-5 year	>5 year	Non repricing	Total
Assets									
Interest-bearing assets	**122,267**	94,425	14,428	6,859	1,629	2,146	1,995	785	122,267
Non interest-bearing assets	**94,145**	-	-	-	-	-	-	94,145	94,145
Total assets	**216,412**	**94,425**	**14,428**	**6,859**	**1,629**	**2,146**	**1,995**	**94,930**	**216,412**
Liabilities and equity									
Interest-bearing liabilities	**115,454**	91,453	13,481	6,172	1,422	2,157	769	0	115,454
Non interest-bearing liabilities	**100,958**	-	-	-	-	-	-	100,958	100,958
Total liabilities	**216,412**	**91,453**	**13,481**	**6,172**	**1,422**	**2,157**	**769**	**100,958**	**216,412**
Off-balance sheet items, net		6,012	-2,006	-1,504	-1,006	-1,682	186	0	
Exposure		**8,984**	**-1,059**	**-817**	**-799**	**-1,693**	**1,412**	**-6,028**	
Cumulative exposure			**7,925**	**7,108**	**6,309**	**4,616**	**6,028**	**0**	

Capital management

Nordea strives to attain efficient use of capital through active management of the balance sheet with respect to different asset, liability and risk categories.

The goal is to enhance returns to the shareholder while maintaining a prudent risk and return relationship.

Capital governance

The Board of Directors decides ultimately on the targets for capital ratios in Nordea.

Nordea's ability to meet targets and to maintain minimum capital requirements is reviewed regularly within the ALCO and the Capital Planning Forum (CPF).

The CPF, headed by the CFO, is the forum responsible for coordinating capital planning activities within the Group, including regulatory, internal and available capital. Additionally, the CPF reviews future capital requirements in the assessment of annual dividends, share repurchases, external and internal debt and capital injection decisions.

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

With the approval in December 2008 to use internal ratings based approach for the major part of the retail customers, by the end of 2008 Nordea Bank Finland had 62% of the exposure covered by IRB approaches. Nordea will continue to implement the internal ratings based approach for some remaining portfolios.

Nordea is also approved to use its own internal Value-at-Risk (VaR) models to calculate capital requirements for the major part of the market risk in the trading books. For operational risk, the standardised approach is applied.

Capital structure policy and ICAAP

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

The capital structure policy is related to the Internal Capital Adequacy Assessment Process (ICAAP), which according to the CRD should for each bank have the purpose to review the management, mitigation and measurement of material risks to assess the adequacy of internal capital and to determine an internal capital requirement reflecting the risk appetite of the institution.

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

Nordea uses its internal capital models, Economic Capital (EC), when considering internal capital requirements with and without market stress. As a number of Pillar 2 risks exist within Nordea's current EC framework - interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's internal defined benefit plans, real estate risk, concentration risk and business risk – Nordea uses its existing internal capital measurements as the basis for any additional capital buffers, subject to the judgement of the aforementioned third parties.

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

The transition phase of Basel II creates a need to manage the bank using a variety of capital measurements and capital ratios. The table "Capital requirements and RWA" shows that the regulatory transition rules comprise a floor on Nordea's capital requirement when compared to Basel II (Pillar 1) minimum requirements.

This difference will fluctuate through the transition period as the floor gradually decreases and Nordea receives approval for internal ratings based models for other portfolios. At present, this difference is EUR 8.7bn expressed as RWA and EUR 0.7bn expressed as regulatory capital requirement.

At the end of 2008 NBF's tier 1 capital ratio was 12.0%, compared to 13.7% at the end of 2007. The total capital ratio was 13.3% at the end of 2008 and 15.3% at the end of 2007.

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

Capital requirements – Pillar 1

The table "Capital requirements and RWA" shows an overview of the Pillar 1 capital requirements at the end of 2008 divided by risk type. The credit risk comprises more than 90% (93) of the Pillar 1 requirement in NBF. Out of the total Pillar 1 requirement for credit risk 54% (37) relates to IRB exposures and 46% (63) to standardised exposures.

In the IRB approach, 69% (80) relates to the corporate exposure class, which under the foundation approach has an RWA average of 54% (55) compared with 100% under Basel I.

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

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

Capital requirements and RWA

Group	31 Dec 2008	31 Dec 2008	31 Dec 2007	31 Dec 2007
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**5,235**	**65,439**	**4,923**	**61,539**
IRB	2,829	35,357	1,838	22,971
- of which corporate	1,940	24,246	1,468	18,341
- of which institutions	540	6,752	352	4,403
- of which retail	307	3,841	-	-
- of which residential real estate	141	1,757	-	-
- of which other	167	2,084	-	-
- of which other	41	518	18	227
Standardised	2,407	30,083	3,085	38,568
- of which sovereign	45	567	6	77
- of which retail	358	4,472	1,187	14,838
- of which residential real estate	-	-	578	7,233
- of which qualifying revolving	-	-	62	772
- of which other	358	4,472	547	6,833
- of which other	2,004	25,044	1,892	23,653
Market risk	**291**	**3,636**	**95**	**1,189**
- of which trading book, VaR	240	3,004	78	982
- of which trading book, non-VaR	51	631	17	207
- of which FX, non-VaR	0	0	0	0
Operational risk	**318**	**3,975**	**272**	**3,403**
Standardised	318	3,975	272	3,403
Sub total	**5,844**	**73,050**	**5,290**	**66,131**
Adjustment for transition rules				
Additional capital requirement according to transition rules	694	8,670	394	4,913
Total	**6,538**	**81,720**	**5,684**	**71,044**

Capital ratio	31 Dec 2008	31 Dec 2007
Tier 1 ratio, %, incl. profit	12.0	13.7
Capital ratio, %, incl. profit	13.3	15.3

Capital requirements and RWA

Parent company	31 Dec 2008	31 Dec 2008	31 Dec 2007	31 Dec 2007
EURm	Capital requirement	RWA	Capital requirement	RWA
Credit risk	**4,889**	**61,117**	**4,595**	**57,436**
IRB	2,712	33,901	1,729	21,611
- of which corporate	1,832	22,904	1,362	17,027
- of which institutions	540	6,750	352	4,402
- of which retail	302	3,775	-	-
- of which residential real estate	141	1,757	-	-
- of which other	161	2,018	-	-
- of which other	38	472	15	182
Standardised	2,177	27,216	2,866	35,825
- of which sovereign	46	576	6	78
- of which retail	170	2,129	1,006	12,571
- of which residential real estate	0	0	579	7,233
- of which qualifying revolving	-	-	5	57
- of which other	170	2,129	422	5,281
- of which other	1,961	24,511	1,854	23,176
Market risk	**291**	**3,636**	**95**	**1,189**
- of which trading book, VaR	240	3,004	79	983
- of which trading book, non-VaR	51	631	16	206
- of which FX, non-VaR	0	0	0	0
Operational risk	**295**	**3,690**	**252**	**3,153**
Standardised	295	3,690	252	3,153
Sub total	**5,475**	**68,443**	**4,942**	**61,778**
Adjustment for transition rules				
Additional capital requirement according to transition rules	631	7,883	381	4,758
Total	**6,106**	**76,326**	**5,323**	**66,536**

Capital ratio	31 Dec 2008	31 Dec 2007
Tier I ratio, %, incl. profit	12.5	14.4
Capital ratio, %, incl. profit	13.9	16.1

Capital requirements for credit risk

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

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

The table "Capital requirements for credit risk" shows the exposure, Exposure at Default (EAD), average risk weight percent, RWA and capital requirement calculated using the IRB or standardised approach.

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

Capital requirements for market risks (risks in trading book)

The table "Capital requirements for market risk" shows the required capital for market risk in NBF.

The market risk RWA, approx. EUR 3.6bn (1.2) covers the trading book in Markets. Trading book VaR figures comprise general and specific interest rate risk, equity risk and foreign exchange risk for positions in those portfolios approved by the financial supervisors, for which Nordea is allowed to use its own internal Value-at-Risk (VaR) models.

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

Capital requirements for credit risk, 31 December 2008

Group Exposure class, EURm	Original exposure	EAD	Average risk weight	RWA	Capital requirement
IRB exposure classes					
Institutions	27,525	26,003	26%	6,752	540
Corporate	76,777	44,579	54%	24,246	1,940
Retail	30,084	28,326	14%	3,841	307
- of which mortgage	22,024	21,658	8%	1,757	141
- of which other retail	8,060	6,668	31%	2,084	167
Other non-credit obligation assets	547	518	100%	518	41
Total IRB approach	**134,933**	**99,425**	**36%**	**35,357**	**2,829**
Standardised exposure classes					
Central government and central banks	9,575	10,446	5%	567	45
Institution	46,732	45,432	25%	11,392	911
Corporate	18,003	13,514	100%	13,545	1,084
Retail	8,913	5,653	79%	4,472	358
Other[1)]	131	126	86%	107	9
Total standardised approach	**83,354**	**75,170**	**40%**	**30,083**	**2,407**
Total	**218,287**	**174,595**	**37%**	**65,439**	**5,235**

[1)] Administrative bodies and non-commercial undertakings, multilateral developments banks, past due items, short term claims, covered bonds and other items.

Capital requirements for market risk, 31 December 2008

	Trading book, VaR		Trading book, non-VaR		Banking book, non-VaR		Total	
EURm	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement	RWA	Capital requirement
Interest rate risk	3,186	255	103	8			3,289	263
Equity risk	71	6	481	38			551	44
Foreign exchange risk	561	45			0	0	561	45
Commodity risk			48	4			48	4
Diversification effect	-814	-65					-814	-65
Total	**3,004**	**240**	**631**	**51**	**0**	**0**	**3,636**	**291**

Capital requirements for operational risk

The capital requirement for operational risk is EUR 0.3bn (0.3) and is calculated using the standardised approach, in which all of the bank's activities are divided into eight business lines: corporate finance, trading & sales, retail banking, commercial banking, payment & settlement, agency services, asset management and retail brokerage.

The total capital requirement for operational risk is calculated as the simple sum of the capital requirements for each of the business lines within each group and legal entity.

The risk for each business line is the beta coefficient times gross income.

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

Capital requirements – Pillar 2

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

Economic Capital (EC) at 31 December 2008 is calculated at EUR 3.5bn (2.4). The pie chart shows EC divided by risk type and demonstrates that a majority of NBF's risk is held in the form of credit risk capital.

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

Nordea calculates EC for the following major risk types: credit risk, market risk, operational risk, business risk and life insurance risk. Additionally, the EC models explicitly account for interest rate risk in the banking book, market risk in the investment portfolios, risk in Nordea's internal defined benefit plans, real estate risk and concentration risk.

Quantitative models are used to estimate the unexpected losses for each of the risk types compiled into EC. Credit risk is calculated using a set of capital factors. The capital factors are developed for different products, customer segments and credit quality categories. The factors used for the corporate and 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 EC is the foundation for the Basel II framework for IRB models for Nordea's credit exposures.

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

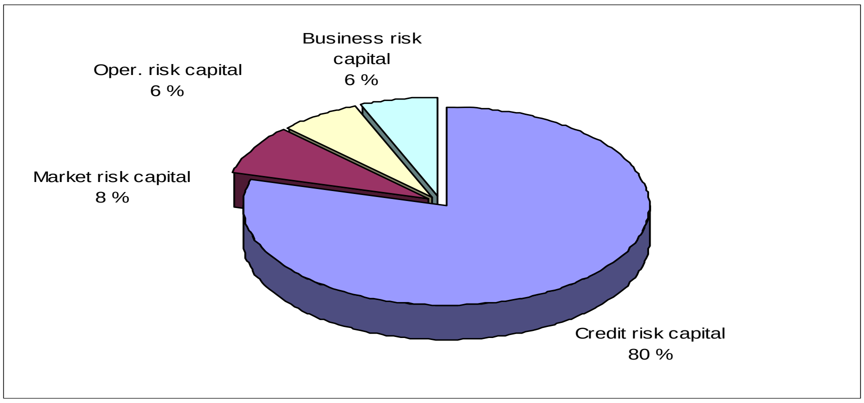
Operational risk reflects the risk of direct or indirect loss resulting from inadequate or failed internal processes. It is calculated according to the standardised approach within Basel II.

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

The main risk drivers are reputation risk, strategic risk, liquidity risk and indirect effects such as structural interest income risk. Business risk is calculated based on the residual volatility in historical profit and loss time series after adjustments for market, operational and credit risk.

In order to achieve consistent risk measurement throughout Nordea, the measurement period is set to

Economic Capital distributed by risk type, 31 December 2008



one year and the confidence level is 99.97% for all risk types. Nordea's total EC equals the amount needed to cover unexpected losses during one year in 99.97% of all possible cases.

The varied operations of Nordea give rise to considerable diversification benefits. However, when Nordea's EC risks are considered on a standalone basis, all unexpected losses are assumed to occur simultaneously.

Thus, Nordea uses a conservative correlation matrix approach to estimate the diversification benefits arising from its operations. For instance, credit risk and market risk are both highly correlated with the development of the general economy and thus highly correlated with each other, while life insurance risks and operational risks are not correlated at all. In the end, the diversification effects produce an EC that is lower than the sum of the EC for each risk type.

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

Economic Profit (EP)

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

Risk-adjusted profit and EP are measures for shareholder value creation.

In investment decisions and customer relationships, EP drives and supports the right behavior with a balanced focus on income, costs and risk. The EP model also captures both growth and return. EC and expected losses are used in the Economic Profit framework.

Expected losses

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

Capital base

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

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

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

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

The differences between expected loss (EL) and provision made for the related exposures are adjusted for in the capital base. The negative difference (EL is larger than provision) is 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 options of dividend and group contribution, subordinated and perpetual debt instruments and capital injections and issuance of shares.

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

Pillar 3 disclosure, Capital adequacy and risk management

The disclosure in accordance with the Pillar 3 requirements according to the CRD in the Basel II framework is presented on www.nordea.com.

Capital base

EURm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Original own funds				
Paid-up capital	2,319	2,319	2,319	2,319
Share premium	599	599	599	599
Eligible capital	**2,918**	**2,918**	**2,918**	**2,918**
Reserves	7,019	6,505	6,817	6,362
Minority interests	7	7	-	-
Income (positive/negative) from current year	1,331	1,363	1,233	1,305
Eligible reserves	**8,357**	**7,875**	**8,050**	**7,667**
Tier 1 capital (before hybrid capital and deductions)	**11,275**	**10,793**	**10,968**	**10,585**
Proposed/actual dividend	-1,300	-850	-1,300	-850
Deferred tax assets	-15	-136	-13	-134
Intangible assets	-59	-48	-53	-37
Deductions for investments in credit institutions	-21	-20	-4	-4
IRB provisions excess (+) / shortfall (-)[1)]	-73	-13	-60	-3
Other items, net	-	-1	-	-1
Deductions from original own funds	**-1,468**	**-1,068**	**-1,430**	**-1,029**
Tier 1 capital (net after deduction)	**9,807**	**9,725**	**9,538**	**9,556**
Additional own funds				
Securities of indeterminate duration and other instruments	547	529	547	529
Subordinated loan capital	600	652	600	652
Other additional own funds	0	1	0	1
Tier 2 capital (before deductions)	**1,147**	**1,182**	**1,147**	**1,182**
Deductions for investments in credit institutions	-21	-20	-4	-4
IRB provisions excess (+) / shortfall (-)[1)]	-73	-12	-60	-3
Deductions from original additional own funds	**-94**	**-32**	**-64**	**-7**
Tier 2 capital (net after deductions)	**1,053**	**1,150**	**1,083**	**1,175**
Total own funds for solvency purposes	**10,860**	**10,875**	**10,621**	**10,731**

[1)] The term provision is used in the CRD when defining the basis for shortfall/provision excess. In Nordea, the terminology allowances are used when referring to the same treatment.

NBF has received on 30 January 2009 permission from the FIN-FSA to call in the debenture issued on 26 March 2002 (nominal value EUR 600m).

Specification over group undertakings consolidated in the Nordea Bank Finland Group

31 Dec 2008	Number of shares	Carrying amount EURm	Voting power of holding %	Domicile	Consolidation method
Group undertakings included in the NBF Group					
Nordea Finance Finland Ltd	1,000,000	306	100	Espoo	purchase method
Other companies		3			
Total		**309**			
Over 10 % investments in credit institutions deducted from the capital base					
Luottokunta		41	24	Helsinki	
NF Fleet		0	20	Espoo	
Other		1			
Total investments in credit institutions deducted from the capital base		**42**			

Human resources

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

It’s all about people and Nordea’s People Strategy
While products and services easily can be copied, people are what ultimately distinguish us from our competitors. Consequently, our people are what will move Nordea from Good to Great. The People Strategy focuses on selected prioritised areas, namely:

- Building the foundation – HR Basics
- Being the employer of choice for those who will move us from Good to Great
- Staffing, ensuring we have the right person in the right place at the right time
- Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance
- Providing opportunities for our people to develop and grow
- Practising the leadership required to enable us to go from Good to Great

All of these priorities shall be guided by and reinforce Nordea’s three values; Great Customer Experiences, One Nordea Team and It’s All About People.

Building the foundation – HR Basics
Having a good understanding of the people resources and putting solid people processes in place is an integral part of the People Strategy. In 2008 an HR information system enabling this was implemented in all Nordic countries.

Being the employer of choice for those who will move us from Good to Great
Our ability to realise the vision requires that Nordea has the very best employees. This applies both to the ability to attract and to retain the very best. We have worked hard in 2008 to strengthen our brand among selected target groups and the work will continue in 2009.

Staffing, ensuring we have the right person in the right place at the right time
Much effort has been made to do just this in 2008 and we are looking at intensifying this work even further in 2009. This will be done by translating our business plans to people needs and by further strengthening the recruitment process.

Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance
Nordea has worked hard to improve Performance Management at Nordea in 2008. This work will continue in 2009 by further simplifying the process and tools and by continuing to build a culture where feedback and coaching is a natural part.

Providing opportunities for our people to develop and grow
We are proud of the improvements made in this area in 2008. In 2009, we must make sure to further strengthen the tie in-between the business needs and all that we do in terms of building competencies, ultimately measuring the value of our investment.

Practising the leadership required to enable us to go from Good to Great
An organisation’s success is to a large degree dependent on its current and future leadership. Hence, we must grow our current leaders while making sure we identify and develop those that are considered to have the potential to take on greater responsibilities in the future. The efforts to strengthen the leadership will continue in 2009.

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

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

Corporate Social Responsibility

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

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

Legal proceedings

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

Nordea shares

Nordea Bank Finland Plc does not possess its own shares. The information regarding bought and sold shares in the parent company Nordea Bank AB (publ) is presented in note 48.

Subsequent events

No events have occurred after the balance sheet date that might affect the assessment of the annual financial statements.

Outlook 2009

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

The macroeconomic development in the Nordic countries has during the latter part of the autumn shown a sharp slowdown and GDP growth is in 2009 expected to be negative. Nordea 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 profile 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. Nordea Bank Finland is expected to contribute to this growth.

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

The high speed at which the global and Nordic economies now are weakening clearly means that the credit portfolio will be affected. Based on the current macroeconomic outlook, Nordea Group anticipates net loan losses in 2009 broadly in line with the annualised rate of the fourth quarter 2008. The uncertainty regarding future loan loss levels is however significant.

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

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

Nordea Bank Finland Group and Nordea Bank Finland Plc

Income statement

		Group		Parent company	
EURm	Note	2008	2007	2008	2007
Operating income					
Interest income	3	5,694	4,909	5,486	4,724
Interest expense	3	-3,882	-3,378	-3,879	-3,376
Net interest income	3	1,812	1,531	1,607	1,348
Fee and commission income	4	545	532	507	499
Fee and commission expense	4	-330	-217	-308	-202
Net fee and commission income	4	215	315	199	297
Net gains/losses on items at fair value	5	770	586	769	585
Profit from companies accounted for under the equity method	21	-4	2	-	-
Dividends	6	-	-	2	136
Other operating income	7	29	169	34	167
Total operating income		**2,822**	**2,603**	**2,611**	**2,533**
Operating expenses					
General administrative expenses:					
Staff costs	8	-537	-515	-489	-470
Other expenses	9	-397	-375	-392	-371
Depreciation, amortisation and impairment charges of tangible and intangible assets	10, 22, 23	-33	-29	-20	-19
Total operating expenses		**-967**	**-919**	**-901**	**-860**
Loan losses	11	-133	20	-113	31
Impairment of securities held as financial non-current assets		-	0	-9	0
Disposals of tangible and intangible assets		0	0	0	0
Operating profit		**1,722**	**1,704**	**1,588**	**1,704**
Income tax expense	12	-389	-339	-355	-400
Net profit for the year		**1,333**	**1,365**	**1,233**	**1,304**
Attributable to:					
Shareholders of Nordea Bank Finland Plc		1,331	1,363	1,233	1,304
Minority interests		2	2	-	-
Total		**1,333**	**1,365**	**1,233**	**1,304**

Balance sheet

EURm	Note	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Assets					
Cash and balances with central banks		906	1,953	906	1,953
Treasury bills	13	691	719	691	719
Loans and receivables to credit institutions	14	47,447	45,549	52,629	50,400
Loans and receivables to the public	14	68,293	60,597	62,479	55,101
Interest-bearing securities	15	4,929	3,645	4,929	3,645
Financial instruments pledged as collateral	16	0	-	0	-
Shares	17	982	1,465	981	1,464
Derivatives	18	85,662	30,731	85,662	30,731
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	157	-45	157	-45
Investments in group undertakings	20	-	-	309	322
Investments in associated undertakings	21	51	76	16	45
Intangible assets	22	59	48	53	37
Property and equipment	23, 24	117	110	54	55
Investment property	25	3	4	3	3
Deferred tax assets	12	15	136	13	134
Current tax assets	12	133	21	124	-
Retirement benefit assets	34	82	59	75	54
Other assets	26	9,532	1,412	9,507	1,442
Prepaid expenses and accrued income	27	902	774	824	702
Total assets		**219,961**	**147,254**	**219,412**	**146,762**
Liabilities					
Deposits by credit institutions	28	37,713	26,789	37,664	26,737
Deposits and borrowings from the public	29	45,279	41,709	45,366	41,734
Debt securities in issue	30	31,263	29,635	31,266	29,638
Derivatives	18	87,291	32,012	87,291	32,012
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	16	-77	16	-77
Current tax liabilities	12	341	56	340	55
Other liabilities	31	4,403	3,970	4,298	3,855
Accrued expenses and prepaid income	32	1,016	979	882	873
Deferred tax liabilities	12	39	33	-	-
Provisions	33	59	45	55	40
Retirement benefit obligations	34	28	40	28	40
Subordinated liabilities	35	1,238	1,270	1,238	1,270
Total liabilities		**208,686**	**136,461**	**208,444**	**136,177**
Equity	36				
Minority interests		7	7	-	-
Share capital		2,319	2,319	2,319	2,319
Share premium account		599	599	599	599
Other reserves		2,941	2,929	2,848	2,849
Retained earnings		5,409	4,939	5,202	4,818
Total equity		**11,275**	**10,793**	**10,968**	**10,585**
Total liabilities and equity		**219,961**	**147,254**	**219,412**	**146,762**
Assets pledged as security for own liabilities	37	16,840	7,311	16,839	7,311
Other assets pledged	38	-	-	-	-
Contingent liabilities	39	17,119	13,201	17,377	13,456
Commitments excluding derivatives	40	16,548	16,787	13,599	14,449
Derivative commitments	18, 40	3,780,568	3,016,977	3,780,587	3,016,977

Other notes

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Statement of recognised income and expense

	Group		Parent company	
EURm	2008	2007	2008	2007
Currency translation differences during the year	0	2	-	-
Available-for-sale investments:				
- Valuation gains/losses taken to equity	-1	1	-1	1
Group contributions	-	-54	-	-54
Tax on items taken directly to or transferred from equity	0	0	0	0
Net income recognised directly in equity	**-1**	**-51**	**-1**	**-53**
Net profit for the year	1,333	1,365	1,233	1,304
Total recognised income and expense for the year	**1,332**	**1,314**	**1,232**	**1,251**
Attributable to:				
Shareholders of Nordea Bank Finland Plc	1,330	1,312	1,232	1,251
Minority interests	2	2	-	-
Total	**1,332**	**1,314**	**1,232**	**1,251**

See note 36 Equity for further information

Cash flow statement

EURm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Operating activities				
Operating profit	1,722	1,704	1,588	1,703
Adjustments for items not included in cash flow	-398	-31	-448	-150
Income taxes paid	-86	-69	-72	-39
Cash flow from operating activities before changes in operating assets and liabilities	**1,238**	**1,604**	**1,068**	**1,514**
Changes in operating assets				
Change in treasury bills and other eligible bills	707	842	707	842
Change in loans and receivables to credit institutions	115	-353	-215	-524
Change in loans and receivables to the public	-7,851	-8,137	-7,495	-7,860
Change in interest-bearing securities	1,860	-954	1,860	-954
Change in financial assets pledged as collateral	0	-	0	-
Change in shares	218	-804	217	-804
Change in derivatives, net	1,363	902	1,363	902
Change in investment properties	1	0	0	0
Change in other assets	-8,118	-301	-8,065	-328
Changes in operating liabilities				
Change in deposits by credit institutions	10,931	-2,446	10,927	-2,458
Change in deposits and borrowings from the public	3,570	6,020	3,632	6,035
Change in debt securities in issue	1,628	6,955	1,628	6,957
Change in other liabilities	435	183	443	140
Cash flow from operating activities	**6,097**	**3,511**	**6,070**	**3,462**
Investing activities				
Sale of group undertakings	-	73	13	0
Dividends from associated companies	1	1	-	1
Acquisition of shares in associated companies	-7	-5	-6	-5
Sale of investments in associated companies	22	28	22	29
Acquisition of property and equipment	-51	-69	-24	-27
Sale of property and equipment	9	6	0	-
Acquisition of intangible assets	-37	-33	-37	-19
Sale of intangible assets	4	0	-	0
Purchase/sale of other financial fixed assets	-4,157	-4	-4,158	-4
Cash flow from investing activities	**-4,216**	**-3**	**-4,190**	**-25**
Financing activities				
Issued subordinated liabilities	0	-	0	-
Amortised subordinated liabilities	-64	-415	-64	-415
Dividend paid	-850	-4,000	-850	-4,000
Other changes	-1	-126	0	-52
Cash flow from financing activities	**-915**	**-4,541**	**-914**	**-4,467**
Cash flow for the year	**966**	**-1,033**	**966**	**-1,030**
Cash and cash equivalents at the beginning of year	15,434	16,467	15,431	16,461
Exchange rate difference	1	0	0	-
Cash and cash equivalents at the end of year	16,400	15,434	16,397	15,431
Change	**966**	**-1,033**	**966**	**-1,030**

Cash flow statement *cont.*

Comments on the cash flow statement
The cash flow statement has been prepared in accordance with IAS 7. The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Bank Finland'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 unrealised gains/losses and loan losses. The cash flows are classified by operating, investing and financing activities.

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

	Group		Parent company	
EURm	2008	2007	2008	2007
Depreciation	33	29	20	19
Impairment charges	0	0	9	0
Loan losses	145	5	117	-11
Unrealised gains/losses	-414	-149	-414	-149
Capital gains/losses (net)	-2	-30	0	-20
Change in accruals and provisions	-92	-78	-111	-75
Translation differences	1	-	0	-
Other	-68	192	-69	86
Total	**-397**	**-31**	**-448**	**-150**

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

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

	Group		Parent company	
EURm	2008	2007	2008	2007
Interest payments received	5,721	4,789	5,510	4,596
Interest expenses paid	-3,944	-3,211	-3,941	-3,209

Investing activities
Investing activities include acquisitions and disposals of non-current assets, such as property and equipment, intangible and financial assets.

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

Cash and cash equivalents

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Cash and balances with central banks	906	1,953	906	1,953
Loans and receivables to credit institutions, payable on demand	15,494	13,481	15,491	13,478
	16,400	**15,434**	**16,397**	**15,431**

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

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

Notes to the financial statements

Note 1 Accounting policies

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1. Basis for presentation

The financial statements of NBF and the consolidated financial statements of the Bank Group 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 Finnish Accounting Act, the Finnish Credit Institutions Act, the Financial Supervision Authority's Regulations and Guidelines and the Decision of the Ministry of Finance on the financial statements and consolidated statements of credit institutions have also been applied.

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

On 27 February 2009 the Board of Directors approved the financial statements, subject to final approval of the Annual General Meeting 9 March 2009.

2. Comparative figures

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

3. Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2007 Annual Report, except for the presentation of received dividends and income from private equity funds and other shares in the income statement and the presentation of treasury bills and other eligible bills presented separately.

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

Presentation of received dividends and income from private equity funds

Received dividends are recognised as "Net gains/losses on items at fair value" and have therefore, to some extent, been reclassified from the item "Dividends". Investments in private equity funds have been reclassified to be valued at fair value through profit and loss according to IAS 28 rules regarding venture capital investors. Profit and losses from these investments have therefore been reclassified from "Other operating income" to "Net gains/losses on items at fair value". The impact on the income statement in 2008 and on the comparative figures is disclosed in the table below.

Group

	2008		2007	
EURm	Re-stated	Pre policy change	Re-stated	Re-ported
Net gains/losses on items at fair value	770	755	586	541
Dividends	-	6	-	24
Other operating income	29	38	169	190

Parent company

EURm	2008 Re-stated	2008 Pre policy change	2007 Re-stated	2007 Re-ported
Net gains/losses on items at fair value	769	754	585	541
Dividends	-	6	136	161
Other operating income	34	43	167	187

Presentation of treasury bills and other eligible bills

The balance sheet line "Treasury bills and other eligible bills" has been changed to "Treasury bills". Central- and local government securities are classified as "Treasury bills" and any other interest bearing security as "Interest-bearing securities". The impact on the applicable balance sheet lines is described in the table below.

Group

EURm	2008 Re-stated	2008 Pre policy change	2007 Re-stated	2007 Re-ported
Treasury bills	691	3,210	719	2 149
Interest-bearing securities	4,929	2,410	3 645	2 215

Parent company

EURm	2008 Re-stated	2008 Pre policy change	2007 Re-stated	2007 Re-ported
Treasury bills	691	3,210	719	2 149
Interest-bearing securities	4,929	2,410	3 645	2 215

Forthcoming changes in IFRS

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

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

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

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

4. Critical judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of estimates and assumptions by the management. The estimates are based on past experience and assumptions that the 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. The actual outcome can later, to some extent, differ from the estimates and the assumptions made.

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

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

Fair value measurement

Critical judgement is exercised when determining the 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 are observable.

In all of these instances, decisions are based upon professional judgement in accordance with Nordea's accounting and valuation policies.

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

Impairment testing

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. This consists of an analysis to assess whether the carrying amount of goodwill is fully recoverable. The determination of the recoverable amount involves establishing the value in use, measured as the present value of the cash flows expected from the cash-generating unit to which the goodwill has been allocated. The cash-generating units are defined as segments in each legal entity in NBF. There is no group goodwill in NBF.

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 a significant effect on these calculations and include parameters such as 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, affect the forecasted cash flows and may result in impairment charges of goodwill.

See also the separate section 15 "Intangible assets".

Loans and receivables

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

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

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

Actuarial calculations of pension liabilities related to employees

The Projected Benefit pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used. The most important financial parameter is the discount rate. Other parameters such as 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 34 "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 34 "Retirement benefit obligations".

See also the separate section 19 "Pensions to employees".

Claims in civil lawsuits

Within the framework of normal business operations, NBF faces a number of 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 NBF or its financial position.

5. Principles of consolidation

Consolidated entities

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

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

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

The Group undertakings are included in the consolidated accounts as from the date on which control is transferred to NBF 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 the 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 NBF has significant influence. Investments within NBF's investment activities, which are classified as a venture capital organisation within NBF, 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 NBF.

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

When assessing whether NBF 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 NBF's behalf or if NBF 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. NBF consolidates all SPEs, where NBF has retained the majority of the risks and rewards. For the SPEs that are not consolidated the rationale is that NBF 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 a 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, NBF 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. NBF is the investment manager and has the 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 NBF's legal and contractual rights and obligations indicate that NBF does not have the power to govern the financial and operating policies of these entities. NBF consequently does not have the objective of obtaining benefits from its activities through such power. Nor does NBF have the majority of the residual or ownership risk.

NBF has established one SPE. The SPEs that are consolidated in the Group are further described in note 20 "Investments in group undertakings".

Principles of elimination

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

Currency translation of foreign entities

The consolidated financial statements are prepared in euro (EUR), the presentation currency of the parent company Nordea Bank Finland Plc. The current method is used when translating the financial statements of foreign entities into the 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.

Changes in Group structure

There have been no significant changes in the Group structure during the year. See note 20 “Investments in Group undertakings” and note 47 “Mergers, acquisitions, disposals and dissolutions” for more information.

6. Recognition of operating income

Net interest income

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

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

Net fee and commission income

NBF 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 with the execution of a significant act. Fees received in connection with performed services are recognised as income in the period these services are provided. A loan syndication fee received as payment for arranging a loan as well as other fees received as payments for certain acts are recognised as revenue when the act has been completed, i.e. when the syndication has been finalised.

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

Net gains/losses on items at fair value

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

Realised and unrealised gains and losses derive from:

- Shares/participations and other share-related instruments
- Interest-bearing securities and other interest-related instruments
- Other financial instruments which contain credit derivatives as well as commodity instruments/ derivatives
- Foreign exchange gains/losses

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 5. Income is recognised in the period in which the right to receive payment is established.

Dividends from group undertakings and associated undertakings are recognised on the separate income line “Dividends” in the Parent company.

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 NBF’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 NBF.

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

Other operating income

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

7. Recognition and derecognition of financial instruments in the balance sheet

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the 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 counterparty has performed by e.g. repaying a loan to NBF, i.e. on the settlement date.

In some cases, NBF enters into transactions where it transfers assets that are recognised on the balance sheet, but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognized or 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 NBF performs, for example when NBF repays a deposit to the counterpart, i.e. on the settlement date.

For further information, see sections "Securities borrowing and lending agreements" and "Repurchase and reverse repurchase agreements" within 12 "Financial instruments", as well as note 20 "Investments in group undertakings" and note 44 "Obtained collaterals which are permitted to be sold or repledged".

8. Translation of assets and liabilities denominated in foreign currencies

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

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

Exchange differences arising from 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 NBF. Any ineffectiveness is recognised in the income statement in the item "Net gains/losses on items at fair value".

9. Hedge accounting

IAS 39 includes principles and rules concerning accounting for hedging instruments and the underlying hedged item, i.e. hedge accounting, as it is called. All derivatives are measured at fair value. NBF applies the EU carve-out version of IAS 39 for portfolio hedges of both assets and liabilities.

The hedge accounting policy within NBF has been developed to fulfil the requirements set out in IAS 39. NBF 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 NBF's economic hedges in the financial statements. The overall operational responsibility to hedge positions and for hedge accounting lies within Group Treasury.

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

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

NBF currently applies only fair value hedge accounting.

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

Hedging instruments

The hedging instruments used in NBF 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 NBF 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 NBF measures the fair value of the hedging instruments and compares the change in fair value of the hedging instrument to the change in fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

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

10. Determination of fair value of financial instruments

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

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

The existence of published price quotations in an active market is the best evidence of fair value and when they exist they are used to measure financial assets and financial liabilities. NBF 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).

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. NBF 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)
- 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 counterparty 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, NBF 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 NBF are consistent with accepted economic methodologies for pricing financial instruments, and incorporate the factors that market participants consider when setting a price.

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

For further information, see note 42 “Assets and liabilities at fair value”.

11. Cash and cash equivalents

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

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

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

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

12. Financial instruments

Classification of financial instruments

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

Financial assets:

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

Financial liabilities:

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

The classification of financial instruments into different categories forms the basis for how each instrument is measured in the balance sheet and how changes in its value are recognised. The classification of financial instruments in NBF’s balance sheet is presented in note 41 “Classification of financial instruments”.

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 sub-categories “Financial assets/financial liabilities upon initial recognition designated at fair value through profit or loss” consist of some shares and interest-bearing securities. NBF 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 at fair value. Consequently, all financial assets and financial liabilities in Markets are classified as “Financial assets and financial liabilities at fair value through profit or loss”.

Loans and receivables

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

Held to maturity investments

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

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

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

When an available for sale financial asset is disposed of, the accumulated fair value changes that have previously 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 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 counterparty 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 counterparties 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 counterparties are recognised on the balance sheet as "Deposits by credit institutions" or as "Deposits and borrowings from the public".

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

Repurchase and reverse repurchase agreements

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

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

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

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

Derivatives

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

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

Financial guarantee contracts

Upon initial recognition, the premiums received in issued financial guarantee contracts are recognised as deferred income on the balance sheet. The guarantees are subsequently measured, and recognised on the balance sheet, at the higher of either the received guarantee fee less amortisation, or a provision calculated as the discounted best estimate of the expenditure required to settle the present obligation. Provisions and changes in provisions are recognised in the income statement in the item "Loan losses".

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

13. Loans and receivables

Loans and receivables not measured at fair value are measured at amortised cost (see also the separate section 7 “Recognition and derecognition in the balance sheet” as well as note 41 ”Classification of financial instruments”).

NBF 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

NBF 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, NBF 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. Collateral 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 collateral, the loan is impaired.

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

Impairment test of loans attached to groups of customers

Groups of loans with similar risk characteristics are collectively assessed for impairment. These groups contain loans that are:

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

NBF monitors its portfolio through rating migrations, the credit decision and annual review process supplemented by quarterly risk reviews. Through these processes NBF identifies loss events indicating incurred losses in a group. Common for the customers in a group is that they have similar risk characteristics, i.e. are exposed to similar loss events.

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

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

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

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

Impairment loss

If the carrying amount of the loans is higher than the sum of the net present value of estimated cash flows, including the fair value of the collateral 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 NBF forgives its claims either through a legal based or voluntary reconstruction or when NBF, for other reasons, deems 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 NBF retains the possibility to regain the realised loan losses incurred. This is, in the event of a recovery, reported as recoveries of realised loan losses.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Financial assets that are foreclosed are classified as Available for sale (see section 12 "Financial instruments") and any other asset is reported on the same balance sheet line as similar assets already held by NBF. For example, a property taken over, not held for NBF's own use, is reported together with other investments properties.

Upon initial recognition, all assets taken over for protection of claims are valued at fair value. The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset.

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

14. Leasing

NBF as lessor

Finance leases
NBF'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 NBF's depreciation policy for similar assets and reported as depreciation on property and equipment in the income statement.

NBF as lessee

Finance leases
No leases in NBF have been classified as finance leases.

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 and 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 that NBF has divested are leased back. The duration of the lease agreements was initially 3-25 years with renewal options. The lease agreements include no transfers of ownership 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 does not cover 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 NBF'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.

15. Intangible assets

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under NBF's control, which means that NBF has the power and rights to obtain the future economic benefits flowing from the underlying resource. The intangible assets in NBF 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 NBF'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". There is no group goodwill in NBF.

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 also includes 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 the net selling price and the value in use of the asset or the cash-generating unit, which is defined as the smallest identifiable group of assets that generates cash inflows in relation to the asset. For goodwill, the cash-generating units are defined as the segments presented in section 23 "Segment reporting". The value in use is the present value of the cash flows expected to be realised from the asset or the cash-generating unit. The cash flows are assessed based on the asset or cash-generating unit in its current condition and discounted at a discount rate determined as the cost of equity, estimated according to standard capital asset pricing. If the recoverable amount is less than the carrying amount, an impairment loss is recognised.

16. Property and equipment

Property and equipment includes own-use 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.

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

17. Investment property

Investment properties are primarily properties held to earn rent and capital appreciation. Investment properties are measured at fair value. The best evidence of a fair value is normally given by current prices on an active market for similar property in the same location and condition. In the absence of current prices on an active market, discounted cash flow projections based on reliable estimates of future cash flows are used.

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

18. Taxes

Income tax 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. Deferred tax is not recognised for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associated companies to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

19. Pensions to employees

Pension plans

The companies within the Bank Group 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. 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.

Certain Finnish plans are based on defined contribution plans that hold no pension liability for NBF. NBF 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. NBF'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 34 "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 NBF 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.

20. Equity

Minority interests

Minority interests comprise the portion of net assets of group undertakings not owned directly or indirectly by NBF.

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) 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 the respective country.

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

Treasury shares

NBF does not hold its own shares.

21. Share-based payment

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

Social security costs are also allocated over the vesting period. The provision for social security costs is reassessed on each reporting occasion to ensure that the provision is based on the rights' fair value at the reporting date.

For more information see note 8 "Staff costs".

22. Related party transactions

NBF 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 NBF. Nordea and its group companies are considered having such significant influence.

Group undertakings

For the definition of Group undertakings see section 5 "Principles of consolidation". Further information on the undertakings included in the Bank Group is found in note 20 "Investments in group undertakings". Undertakings in the Nordea Group are found in the Annual Report of Nordea Bank AB (publ).

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

Associated undertakings

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

Further information on the associated undertakings included in the Bank Group is found in note 21 "Investments in associated undertakings"

Key management personnel

Key management personnel includes the following positions:

- The Board of Directors of NBF and of Nordea Bank AB (publ)
- The Chief Executive Officer (CEO)
- The Group Executive Management (GEM).

For information about compensation, pensions and loans to key management personnel, see note 8 "Staff costs".

Other related parties

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

Information concerning transactions between NBF and other related parties is found in note 46 “Related-party transactions”.

23. Segment reporting

Segment reporting structure

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

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

Within Nordea, customer responsibility is fundamental. NBF’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 the 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 a 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 the 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.

Note 2 Segment reporting

Group

Customer segments

Income statement, EURm	Nordic Banking 2008	Nordic Banking 2007[1)]	Institutional and International Banking 2008	Institutional and International Banking 2007	Other customer operations 2008	Other customer operations 2007	Total customer areas 2008	Total customer areas 2007[1)]
Net interest income	1,146	1,063	187	138	8	27	1,341	1,228
Net fee and commission income	416	500	102	103	-117	-159	401	444
Net gains/losses on items at fair value	131	131	73	22	602	388	806	541
Profit from companies accounted for under the equity method	-4	3	-	-	0	-	-4	3
Other income	3	18	2	1	-1	-	4	19
Total operating income	**1,692**	**1,715**	**364**	**264**	**492**	**256**	**2,548**	**2,235**
Staff costs	-293	-292	-62	-54	-64	-51	-419	-397
Other expenses	-475	-456	-60	-49	-148	5	-683	-500
Depreciation of tangible and intangible assets	-4	-4	-3	-2	0	0	-7	-6
Total operating expenses	**-772**	**-752**	**-125**	**-105**	**-212**	**-46**	**-1,109**	**-903**
Loan losses	-66	60	-63	27	0	0	-129	87
Disposals of tangible and intangible assets	0	0	0	-	0	-	0	0
Operating profit	**854**	**1,023**	**176**	**186**	**280**	**210**	**1,310**	**1,419**
Balance sheet								
Loans and receivables to the public	53,274	48,809	14,801	8,861	0	-	68,075	57,670
Other assets	746	678	27,783	4,080	96,974	117,593	125,503	122,351
Total assets	**54,020**	**49,487**	**42,584**	**12,941**	**96,974**	**117,593**	**193,578**	**180,021**
Deposits and borrowings from the public	34,050	30,594	6,904	7,792	0	-	40,954	38,386
Other liabilities	17,970	16,893	35,491	4,841	96,798	117,508	150,259	139,242
Total liabilities	**52,020**	**47,487**	**42,395**	**12,633**	**96,798**	**117,508**	**191,213**	**177,628**
Equity	2,000	2,000	189	308	176	85	2,365	2,393
Total liabilities and equity	**54,020**	**49,487**	**42,584**	**12,941**	**96,974**	**117,593**	**193,578**	**180,021**
Other segment items								
Capital expenditure	8	11	5	3	1	-	14	14

[1)] Restated

Note 2 *Segment reporting cont.*

Group

Customer segments

Income statement, EURm	Croup Corporate Centre 2008	2007	Group Functions and Eliminations 2008	2007[1)]	Total 2008	2007
Net interest income	394	271	77	32	1,812	1,531
Net fee and commission income	-2	-2	-184	-127	215	315
Net gains/losses on items at fair value	-5	13	-31	32	770	586
Profit from companies accounted for under the equity method	0	-	0	-1	-4	2
Other income	0	40	25	110	29	169
Total operating income	**387**	**322**	**-113**	**46**	**2,822**	**2,603**
Staff costs	-7	-5	-111	-113	-537	-515
Other expenses	-19	-22	305	147	-397	-375
Depreciation of tangible and intangible assets	0	0	-26	-23	-33	-29
Total operating expenses	**-26**	**-27**	**168**	**11**	**-967**	**-919**
Loan losses	0	-	-4	-67	-133	20
Disposals of tangible and intangible assets	0	-	0	0	0	0
Operating profit	**361**	**295**	**51**	**-10**	**1,722**	**1,704**
Balance sheet						
Loans and receivables to the public	303	95	-85	2,832	68,293	60,597
Other assets	78,569	65,931	-52,404	-101,625	151,668	86,657
Total assets	**78,872**	**66,026**	**-52,489**	**-98,793**	**219,961**	**147,254**
Deposits and borrowings from the public	4,440	3,284	-115	39	45,279	41,709
Other liabilities	64,774	52,916	-51,626	-97,406	163,407	94,752
Total liabilities	**69,214**	**56,200**	**-51,741**	**-97,367**	**208,686**	**136,461**
Equity	9,658	9,826	-748	-1,426	11,275	10,793
Total liabilities and equity	**78,872**	**66,026**	**-52,489**	**-98,793**	**219,961**	**147,254**
Other segment items						
Capital expenditure	22	-	0	23	36	37

1) Restated

Note 3 Net interest income

EURm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Interest income				
Loans and receivables to credit institutions	2,171	1,843	2,400	2,034
Loans and receivables to the public	3,317	2,883	2,880	2,507
Interest-bearing securities	193	167	193	167
Other interest income	13	16	13	16
Interest income	**5,694**	**4,909**	**5,486**	**4,724**
Interest expense				
Deposits by credit institutions	-1,429	-1,256	-1,425	-1,253
Deposits and borrowings from the public	-1,183	-912	-1,184	-913
Debt securities in issue	-1,106	-1,212	-1,106	-1,212
Subordinated liabilities	-71	-86	-71	-86
Other interest expense	-93	88	-93	88
Interest expense	**-3,882**	**-3,378**	**-3,879**	**-3,376**
Net interest income	**1,812**	**1,531**	**1,607**	**1,348**

Interest income from financial instruments not measured at fair value through profit and loss amounts to EUR 5,612m (4,706) for the Group and EUR 5,405m (4,521) for the parent company. Interest expenses from financial instruments not measured at fair value through profit and loss amounts to EUR -3,791m (-3,468) for the Group and EUR -3,788m (-3,468) for the parent company.

Net interest income

EURm	Group 2008	Group 2007	Parent company 2008	Parent company 2007
Interest income	5,561	4,803	5,486	4,724
Leasing income, net	133	106	-	-
Interest expenses	-3,882	-3,378	-3,879	-3,376
Total	**1,812**	**1,531**	**1,607**	**1,348**

All interest income and interest expense related to Markets are presented on the same income line as revaluation effects from financial instruments at fair value, i.e. “Net gains/losses on items at fair value”, instead of being reported within “Net interest income”. For further information, see note 1.

Note 4 Net fee and commission income

	Group		Parent company	
EURm	2008	2007	2008	2007
Asset Management commissions	40	52	40	52
Life insurance	7	12	7	12
Brokerage	21	32	21	32
Custody	48	54	48	54
Deposits	5	4	5	4
Total savings related commissions	121	154	121	154
Payments	149	145	150	145
Cards	47	46	25	16
Total payment commissions	196	191	175	161
Lending	78	81	61	78
Guarantees and documentary payments	86	62	88	63
Total lending related to commissions	164	143	149	141
Other commission income	64	44	62	43
Fee and commission income	**545**	**532**	**507**	**499**
Payment expenses	-63	-49	-42	-35
Other commission expenses	-267	-168	-266	-167
Fee and commission expenses	**-330**	**-217**	**-308**	**-202**
Net fee and commission income	**215**	**315**	**199**	**297**

Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 83m (86) for the Group and EUR 66m (83) for the parent company.

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 amounted to EUR 68m (96) for the Group and EUR 68m (96) for the parent company.

Note 5 Net gains/losses on items at fair value

	Group		Parent company	
EURm	2008	2007	2008	2007
Shares/participations and other share-related instruments	85	89	85	89
Interest-bearing securities and other interest-related instruments	377	287	377	287
Other financial instruments	13	3	13	3
Foreign exchange gains/losses	296	207	295	206
Investment properties	-1	-	-1	-
Total	**770**	**586**	**769**	**585**

Net gains/losses on financial instruments recognised in the income statement

	Group		Parent company	
EURm	2008	2007	2008	2007
Available for sale assets, realised	2	-	2	-
Financial instruments designated at fair value through profit or loss	280	152	280	152
Financial instruments held for trading[1)]	491	433	491	433
Financial instruments under hedge accounting	-4	-5	-4	-5
- of which net gains/losses on hedging instruments	-82	76	-82	76
- of which net gains/losses on hedged items	78	-81	78	-81
Other	1	6	0	5
Total	**770**	**586**	**769**	**585**

[1)] Deferred day one profits amounted to EUR -7m for 2008 (-30) both in the Group and the parent company.

Comparative figures have been restated. For further information see note 1.

Note 6 Dividends

	Group		Parent company	
EURm	2008	2007	2008	2007
Investments in group undertakings	-	-	1	124
Investments in associated undertakings	-	-	1	12
Total	**-**	**-**	**2**	**136**

Comparative figures have been restated. For further information see note 1.

Note 7 Other operating income

	Group		Parent company	
EURm	2008	2007	2008	2007
Divestment of shares	-	9	-	0
Income from real estate	4	4	7	7
Other	25	156	27	160
Total	**29**	**169**	**34**	**167**

Comparative figures have been restated. For further information see note 1.

Note 8 Staff costs

	Group		Parent company	
EURm	2008	2007	2008	2007
Salaries and remuneration	-429	-392	-392	-358
Pension costs (specification below)	-36	-47	-31	-43
Social insurance contributions	-38	-35	-35	-32
Allocation to profit-sharing foundation	-8	-16	-7	-15
Other staff costs	-26	-25	-24	-22
Total	**-537**	**-515**	**-489**	**-470**

	Group		Parent company	
	2008	2007	2008	2007
Pension costs:				
Defined benefit plans (note 34)	9	4	8	3
Defined contribution plans	-45	-51	-39	-46
Total	**-36**	**-47**	**-31**	**-43**

Compensation etc to the Board of Directors, President and his deputy

The members of the Board of Directors of Nordea Bank Finland Plc, the President and his deputy, are all members of the Nordea Bank AB (publ) Group Executive Management. In 2008 Nordea Bank AB (publ) has paid all salaries, fees, pensions, and other staff-related expenses to the above mentioned members and deputies of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation expenses.

Information on salaries, loans and pension liabilities is presented in the Annual Report of Nordea Bank AB (publ).

EURm	2008	2007
Loans granted by Nordea Bank Finland Plc		
To members and deputy members of the Board of Directors	0	0
of whom to the President and his deputy	0	0

Terms and conditions regarding loans to the members of the Board of Directors, to the President and his deputy are decided in accordance with the instructions issued by the Board of Directors.

Guarantees and other off-balance-sheet commitments

No guarantees or other off-balance-sheet commitments have been granted to members of administrative or controlling boards or to auditors.

The members of the administrative and controlling boards have no holdings in shares, equity warrants or convertible bonds issued by Nordea Bank Finland Plc.

Loans and receivables to key management personnel

Loans and receivables to key management personnel amounted to EUR 1m (0) in the Group and EUR 1m (0) in the parent company. Interest income on these loans amounted to EUR 0m (0) in the Group and EUR 0m (0) in the parent company.

The terms and conditions regarding loans for key management personnel employed by Nordea are decided in accordance with the instructions issued by the Board of Directors. 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 employees of Nordea.

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

Share-based payment

Group		2008	
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	-	-	-
Granted	92,284	184,568	92,284
Forfeited	-2,788	-95,072	-2,788
Exercised	-	-	-
Outstanding at end of year	**89,496**	**89,496**	**89,496**
Of which currently exercisable	-	-	-

Parent company		2008	
Conditional Rights LTIP 2008	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	-	-	-
Granted	90,908	181,816	90,908
Forfeited	-2,788	-93,696	-2,788
Exercised	-	-	-
Outstanding at end of year	**88,120**	**88,120**	**88,120**
Of which currently exercisable	-	-	-

Group

		2008			2007	
Conditional Rights LTIP 2007	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	86,112	170,304	86,112	-	-	-
Granted	-	-	-	87,106	174,212	87,106
Forfeited	-7,380	-93,311	-7,380	-994	-3,908	-994
Exercised	-	-	-	-	-	-
Outstanding at end of year	**78,732**	**76,993**	**78,732**	**86,112**	**170,304**	**86,112**
Of which currently exercisable	-	-	-	-	-	-

Parent company

		2008			2007	
Conditional Rights LTIP 2007	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Outstanding at the beginning of year	84,875	167,857	84,875	-	-	-
Granted	-	-	-	85,869	171,738	85,869
Forfeited	-7,380	-92,074	-7,380	-994	-3,881	-994
Exercised	-	-	-	-	-	-
Outstanding at end of year	**77,495**	**75,783**	**77,495**	**84,875**	**167,857**	**84,875**
Of which currently exercisable	-	-	-	-	-	-

Long-Term Incentive Programme

The parent company, Nordea Bank AB (publ), issued in May 2007 and in May 2008 two Share-based Payment Programmes named "Long Term Incentive Programme 2007" (LTIP 2007) and "Long Term Incentive Programme 2008" (LTIP 2008). The programmes require that the participants take direct ownership by investing in Nordea shares. For each ordinary share the participants had 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 conditional B-D rights to acquire three additional ordinary shares, based on fulfilment of certain performance criteria (“Performance Shares”). The performance criteria comprise target growth in risk-adjusted profit per share (RAPPS) in 2007 (B Rights) and in 2008 (C Rights) for LTIP 2007 and in 2008 (B Rights) and in 2009 (C Rights) for LTIP 2008.

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

	LTIP 2008			LTIP 2007		
EURm	A Rights	B-C Rights	D Rights	A Rights	B-C Rights	D Rights
Ordinary share per right	1	1	1	1	1	1
Exercise price	EUR 3.0	EUR 2.0	EUR 2.0	EUR 3.5	EUR 1.5	EUR 1.5
Grant date	13 May 2008	13 May 2008	13 May 2008	17 May 2007	17 May 2007	17 May 2007
Vesting period	23.5 months	23.5 months	23.5 months	23.5 months	23.5 months	23.5 months
Contractual life	48.0 months	48.0 months	48.0 months	48.0 months	48.0 months	48.0 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 pricing models with the following input factors: weighted average share price EUR 12.33 for LTIP 2007 and EUR 11.08 for LTIP 2008, validity of the excersise right is estimated at 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 turnover in the programme is set at 3% for LTIP 2007 and 4% for LTIP 2008. Expected volatility is set at 20% for LTIP 2007 and at 21% for LTIP 2008 based on historical data. As the exercise price is significantly below the share price, the value has a limited sensitivity to expected volatility and risk-free interest.

The value of the D rights is calculated based on market-related conditions.

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

The expected expense for LTIP 2007, EUR 3.0m, and for LTIP 2008, EUR 1.4m, in NBF Group and for LTIP 2007, EUR 2.9m, and for LTIP 2008, EUR 1.4m, in the parent company, is expensed over a period of 24 months. The maximum expense equals approximately EUR 3.7m for LTIP 2007 and EUR 3.6m for LTIP 2008 in NBF Group and EUR 3.6m for LTIP 2007 and EUR 3.5m for LTIP 2008 in the parent company. The total expense for 2008 arising from LTIP 2007 amounts to EUR 0.9m and from LTIP 2008 to EUR 0.3m both in the Group and the parent company. The amounts include social charges.

Average number of employees

	Group		Parent company	
	2008	2007	2008	2007
Average number of employees				
Full-time employees	9,640	9,577	8,757	8,732
Part-time employees	772	433	684	364
Total	**10,412**	**10,010**	**9,441**	**9,096**
Total number of employees (FTEs), end of period	9,634	9,347	8,754	8,522

Note 9 Other expenses

	Group		Parent company	
EURm	2008	2007	2008	2007
Information technology[1)]	-127	-120	-145	-138
Marketing	-32	-32	-29	-29
Postage, telephone and office expenses	-41	-39	-34	-33
Rents, premises and real estate	-85	-82	-84	-81
Other[2)]	-112	-102	-100	-90
Total	**-397**	**-375**	**-392**	**-371**

[1)] Refers to IT operations, service expenses and consultant fees for the Group. Total IT-related costs including staff etc. were EUR 175 m EUR (165) in the Group and EUR 161 m (148) in the parent company.
[2)] Including fees and remuneration to auditors.

Auditors' fees

	Group		Parent company	
EURm	2008	2007	2008	2007
KPMG				
Auditing assignments	-1	-1	-1	-1
Tax advisory services	0	0	0	0
Other assignments incl. audit-related services	0	0	0	0
Ernst & Young				
Auditing assignments	-	-	-	-
Tax advisory services	0	0	0	0
Other assignments incl. audit-related services	0	0	0	0
Deloitte				
Auditing assignments	-	-	-	-
Tax advisory services	-	-	-	-
Other assignments incl. audit-related services	0	0	0	0
PriceWaterhouseCoopers				
Auditing assignments	0	0	-	-
Tax advisory services	0	0	0	0
Other assignments incl. audit-related services	0	0	0	0
Other	0	0	0	0
Total	**-1**	**-1**	**-1**	**-1**

Note 10 Depreciation, amortisation and impairment charges of tangible and intangible assets

Depreciation/amortisation

	Group		Parent company	
EURm	2008	2007	2008	2007
Property and equipment (note 23)				
Equipment	-28	-25	-16	-15
Buildings	0	0	0	0
Intangible assets (note 22)				
Goodwill	0	0	-	-
Internally developed software	-4	-4	-4	-4
Other intangible assets	-1	0	0	-
Total	**-33**	**-29**	**-20**	**-19**

Note 10 *Depreciation, amortisation and impairment charges of tangible and intangible assets, cont.*

Impairment charges / Reversed impairment charges

	Group		Parent company	
EURm	2008	2007	2008	2007
Property and equipment (note 23)				
Equipment	-	-	-	-
Buildings	-	0	-	-
Total	**-**	**0**	**-**	**-**
Intangible assets (note 22)				
Goodwill	0	-	-	-
Other intangible assets	-	0	-	-
Total	**0**	**0**	**-**	**-**
Total	**-33**	**-29**	**-20**	**-19**

Note 11 Loan losses

	Group		Parent company	
EURm	2008	2007	2008	2007
Loan losses divided by class, net				
Loans and receivables to credit institutions	**-14**	**-1**	**-14**	**-1**
- of which write-offs and provisions	-15	-1	-15	-1
- of which reversals and recoveries	1	-	1	-
Loans and receivables to the public	**-101**	**-5**	**-81**	**6**
- of which write-offs and provisions	-163	-123	-131	-100
- of which reversals and recoveries	62	118	50	106
Off-balance sheet items[1)]	**-18**	**26**	**-18**	**26**
- of which write-offs and provisions	-19	-4	-19	-4
- of which reversals and recoveries	1	30	1	30
Total	**-133**	**20**	**-113**	**31**
Specification of loan losses				
Changes of allowance accounts in the balance sheet	**-139**	**-3**	**-125**	**3**
- of which Loans and receivables[2)]	-121	-29	-107	-23
- of which Off-balance sheet items[1)]	-18	26	-18	26
Changes directly recognised in the income statement	**6**	**23**	**12**	**28**
- of which realised loan losses	-6	-3	8	8
- of which realised recoveries	12	26	4	20
Total	**-133**	**20**	**-113**	**31**

[1)] Included in note 33 Provisions.
[2)] Included in note 14 Loans and receivables and their impairment

Note 12 Taxes

Income tax expense

	Group		Parent company	
EURm	2008	2007	2008	2007
Current tax	-261	3	-234	-72
Deferred tax	-128	-342	-121	-328
Total	**-389**	**-339**	**-355**	**-400**

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

	Group		Parent company	
EURm	2008	2007	2008	2007
Profit before tax	1,722	1,704	1,588	1,704
Tax calculated at a tax rate of 26%	-448	-443	-413	-443
Tax charges not related to profit	-	-	-	-
Other direct taxes	0	0	0	0
Tax-exempt income	3	10	3	13
Non-deductible expenses	-6	-1	-6	-1
Adjustments relating to prior years	1	0	0	0
Income tax due to tax assets previously not recognised	68	95	68	31
Change of tax rate	-	-	-	-
Not creditable foreign taxes	-7	-	-7	-
Tax charge	**-389**	**-339**	**-355**	**-400**
Average effective tax rate	23%	20%	22%	24%

Deferred tax

Deferred tax expense (-)/income (+)				
Deferred tax due to temporary differences, including tax losses	-196	-372	-190	-359
Deferred tax due to change of tax rate	-	-	-	-
Deferred tax due to tax assets previously not recognised	68	30	68	31
Income tax expense, net	**-128**	**-342**	**-122**	**-328**
Deferred tax assets				
Deferred tax asset due to tax losses	0	113	-	113
Deferred tax assets due to temporary differences	15	24	13	22
Offset against tax liabilities	-	-	-	-
Total	**15**	**137**	**13**	**135**
Of which expected to be settled after more than 1 year	15	15	13	13
Deferred tax liabilities				
Deferred tax liabilities due to temporary differences:	39	33	-	-
- Deferred tax liabilities other	6	-1	-	-
- Deferred tax liabilities in other untaxed reserves	33	34	-	-
Total	**39**	**33**	**-**	**-**
Of which expected to be settled after more than 1 year	39	33	-	-

Note 12 *Taxes, cont.*

	Group		Parent company	
EURm	2008	2007	2008	2007
Deferred tax assets (+)/liabilities (-), net				
Deferred tax assets due to tax losses	0	113	-	113
Deferred tax assets/liabilities in loans and advances to the public	9	13	14	13
Deferred tax assets/liabilities in financial instruments	0	3	0	0
Deferred tax assets/liabilities in property and equipment	10	10	9	10
Deferred tax assets/liabilities in investment property	0	-	-	-
Deferred tax assets/liabilities in retirement benefit obligations	-14	-6	-14	-5
Deferred tax assets/liabilities in untaxed reserves	-33	-34	-	4
Deferred tax assets/liabilities in provisions	4	4	4	-
Deferred tax assets/liabilities, net	**-24**	**103**	**13**	**135**

Movements in deferred tax assets/liabilities, net, are as follows:

Acquisitions and others	1	0	0	0
Deferred tax in the income statement	-128	-342	-121	-328
At the end of the year	**-127**	**-342**	**-121**	**-328**

There were no unrecognised deferred tax assets in the Group nor in the parent company in 2008 or 2007.

There was no deferred tax relating to temporary differences associated with investments in group undertakings, associated undertakings and joint ventures.

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

Note 13 Treasury bills

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
State and sovereigns	691	719	691	719
Municipalities and other public bodies	0	0	0	0
Total	**691**	**719**	**691**	**719**

All bills are subject to variable interest rate risk.

Maturity information				
Remaining maturity (carrying amount)				
Maximum 1 year	0	619	0	619
More than 1 year	691	100	691	100
Total	**691**	**719**	**691**	**719**
Of which Financial instruments pledged as collateral (note 16)	-	-	-	-
Total	**691**	**719**	**691**	**719**

Note 14 Loans and receivables and their impairment

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Loans and receivables, not impaired	115,201	105,856	114,664	105,269
Impaired loans and receivables:	971	616	833	525
- Performing	608	405	573	373
- Non-performing	363	211	260	152
Loans and receivables before allowances	**116,172**	**106,472**	**115,497**	**105,794**
Allowances for individually assessed impaired loans	-258	-186	-223	-153
- Performing	-168	-101	-144	-74
- Non-performing	-90	-85	-79	-79
Allowances for collectively assessed impaired loans	-174	-140	-166	-140
Allowances	**-432**	**-326**	**-389**	**-293**
Loans and receivables, carrying amount	**115,740**	**106,146**	**115,108**	**105,501**
Maturity information				
Remaining maturity (carrying amount)				
Payable on demand	15,915	13,478	15,746	13,478
Maximum 3 months	31,586	28,143	31,110	29,638
3-12 months	16,672	16,183	16,673	15,413
1–5 years	22,074	21,085	22,074	19,716
More than 5 years	29,493	27,257	29,505	27,256
Total	**115,740**	**106,146**	**115,108**	**105,501**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Loans and receivables, not impaired	47,435	45,551	52,617	50,402
Impaired loans and receivables:	27	-	27	-
- Performing	27	-	27	-
- Non-performing	-	-	-	-
Loans and receivables before allowances	**47,462**	**45,551**	**52,644**	**50,402**
Allowances for individually assessed impaired loans	-14	-	-14	-
- Performing	-14	-	-14	-
- Non-performing	-	-	-	-
Allowances for collectively assessed impaired loans	-1	-2	-1	-2
Allowances	**-15**	**-2**	**-15**	**-2**
Loans and receivables, carrying amount	**47,447**	**45,549**	**52,629**	**50,400**
Maturity information				
Remaining maturity (carrying amount)				
Payable on demand	15,494	13,478	15,491	13,478
Maximum 3 months	16,732	18,324	20,416	21,191
3-12 months	10,871	9,890	11,477	10,773
1–5 years	3,868	3,494	4,751	4,384
More than 5 years	482	363	494	574
Total	**47,447**	**45,549**	**52,629**	**50,400**

Note 14 *Loans and receivables and their impairment, cont.*

	The public[1]			
	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Loans and receivables, not impaired	67,766	60,305	62,047	54,867
Impaired loans and receivables:	944	616	806	525
- Performing	581	405	546	373
- Non-performing	363	211	260	152
Loans and receivables before allowances	**68,710**	**60,921**	**62,853**	**55,392**
Allowances for individually assessed impaired loans	-244	-186	-209	-153
- Performing	-154	-101	-130	-74
- Non-performing	-90	-85	-79	-79
Allowances for collectively assessed impaired loans	-173	-138	-165	-138
Allowances	**-417**	**-324**	**-374**	**-291**
Loans and receivables, carrying amount	**68,293**	**60,597**	**62,479**	**55,101**
Maturity information				
Remaining maturity (carrying amount)				
Payable on demand	421	-	255	-
Maximum 3 months	14,854	9,819	10,694	8,447
3-12 months	5,801	6,293	5,196	4,640
1–5 years	18,206	17,591	17,323	15,332
More than 5 years	29,011	26,894	29,011	26,682
Total	**68,293**	**60,597**	**62,479**	**55,101**

[1] Finance leases, where the 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]

	Total					
	Group			Parent company		
Loans and receivables, EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**-186**	**-140**	**-326**	**-153**	**-140**	**-293**
Provisions	-138	-34	-172	-121	-31	-152
Reversals	44	7	51	39	6	45
Changes through the income statement	**-94**	**-27**	**-121**	**-82**	**-25**	**-107**
Allowances used to cover write-offs	20	0	20	16	0	16
Currency translation differences and reclassifications[3]	2	-7	-5	-4	-1	-5
Closing balance at 31 Dec 2008	**-258**	**-174**	**-432**	**-223**	**-166**	**-389**
Opening balance at 1 Jan 2007	**-263**	**-122**	**-385**	**-233**	**-122**	**-355**
Provisions	-25	-96	-121	-13	-96	-109
Reversals	57	35	92	51	35	86
Changes through the income statement	**32**	**-61**	**-29**	**38**	**-61**	**-23**
Allowances used to cover write-offs	29	-	29	25	-	25
Currency translation differences	16	43	59	17	43	60
Closing balance at 31 Dec 2007	**-186**	**-140**	**-326**	**-153**	**-140**	**-293**

Note 14 *Loans and receivables and their impairment, cont.*

	Credit institutions					
	Group			Parent company		
Loans and receivables, EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**-**	**-2**	**-2**	**-**	**-2**	**-2**
Provisions	-14	0	-14	-14	0	-14
Reversals	0	1	1	-	1	1
Changes through the income statement	**-14**	**1**	**-13**	**-14**	**1**	**-13**
Allowances used to cover write-offs	-	-	-	-	0	0
Currency translation differences and reclassifications[3]	-	-	-	-	0	0
Closing balance at 31 Dec 2008	**-14**	**-1**	**-15**	**-14**	**-1**	**-15**
Opening balance at 1 Jan 2007	-	-	-	-	-	-
Provisions	-	-1	-1	-	-1	-1
Reversals	-	-	-	-	-	-
Changes through the income statement	**-**	**-1**	**-1**	**-**	**-1**	**-1**
Allowances used to cover write-offs	-	-	-	-	-	-
Currency translation differences	-	-1	-1	-	-1	-1
Closing balance at 31 Dec 2007	**-**	**-2**	**-2**	**-**	**-2**	**-2**

	The public					
	Group			Parent company		
Loans and receivables, EURm	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**-186**	**-138**	**-324**	**-153**	**-138**	**-291**
Provisions	-124	-34	-158	-107	-31	-138
Reversals	44	6	50	39	5	44
Changes through the income statement	**-80**	**-28**	**-108**	**-68**	**-26**	**-94**
Allowances used to cover write-offs	20	0	20	16	0	16
Currency translation differences and reclassifications[3]	2	-7	-5	-4	-1	-5
Closing balance at 31 Dec 2008	**-244**	**-173**	**-417**	**-209**	**-165**	**-374**
Opening balance at 1 Jan 2007	**-263**	**-122**	**-385**	**-233**	**-122**	**-355**
Provisions	-25	-95	-120	-13	-95	-108
Reversals	57	35	92	51	35	86
Changes through the income statement	**32**	**-60**	**-28**	**38**	**-60**	**-22**
Allowances used to cover write-offs	29	-	29	25	-	25
Currency translation differences	16	44	60	17	44	61
Closing balance at 31 Dec 2007	**-186**	**-138**	**-324**	**-153**	**-138**	**-291**

[2] See note 11 Loan losses.

[3] Mainly reclassification to off-balance sheet items

Note 14 *Loans and receivables and their impairment, cont.*

Allowances and provisions

	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Allowances for items in the balance sheet	-432	-326	-389	-293
Provisions for off balance sheet items	-47	-33	-47	-33
Total allowances and provisions	**-479**	**-359**	**-436**	**-326**

	Credit institutions			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Allowances for items in the balance sheet	-15	-2	-15	-2
Provisions for off balance sheet items	-43	-26	-43	-26
Total allowances and provisions	**-58**	**-28**	**-58**	**-28**

	The public			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Allowances for items in the balance sheet	-417	-324	-374	-291
Provisions for off balance sheet items	-4	-7	-4	-7
Total allowances and provisions	**-421**	**-331**	**-378**	**-298**

Key ratios	Total			
	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
	2008	2007	2008	2007
Impairment rate, gross[4)], %	0.8	0.6	0.7	0.5
Impairment rate, net[5)], %	0.6	0.4	0.5	0.4
Total allowance rate[6)], %	0.4	0.3	0.3	0.3
Allowance rate, impaired loans[7)], %	26.6	30.2	26.8	29.1
Non-performing loans and receivables, not impaired[8)], EURm	13	6	13	6

4) Individually assessed impaired loans and receivables before allowances divided by total loans and receivables before allowances, %.
5) Individually assessed impaired loans and receivables after allowances divided by total loans and receivables before allowances, %.
6) Total allowances divided by total loans and receivables before allowances, %.
7) Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %.
8) 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	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Issued by public bodies	57	11	57	11
Issued by other borrowers	4,872	3,634	4,872	3,634
Total	**4,929**	**3,645**	**4,929**	**3,645**
Listed securities	3,092	1,768	3,092	1,768
Unlisted securities	1,837	1,877	1,837	1,877
Total	**4,929**	**3,645**	**4,929**	**3,645**
Maturity information				
Remaining maturity (carrying amount)				
Maximum 1 year	4,496	3,323	4,496	3,323
More than 1 year	433	322	433	322
Total including portfolio schemes	**4,929**	**3,645**	**4,929**	**3,645**
Of which Financial instruments pledged as collateral (note 16)	-	-	-	-
Total	**4,929**	**3,645**	**4,929**	**3,645**

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 counterparty receiving the collateral has the right to sell or repledge the assets, the assets are reclassified in the balance sheet to item Financial instruments pledged as collateral.

EURm	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Repurchase agreements	-	-	-	-
Securities lending agreements	0	-	0	-
Total	**0**	**-**	**0**	**-**

Note 16 *Financial instruments pledged as collateral, cont.*

Transferred assets that are still recognised in the balance sheet and associated liabilities

The types of assets transferred and the liabilities associated with these transactions are specified in the following tables. The assets continue to be recognised on the balance sheet since NBF is still exposed to changes in the fair value of the assets. Therefore, these assets and their associated liabilities are included in the tables below.

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Repurchase agreements	-	-	-	-
Securities lending agreements				
Shares	0	–	0	–
Securitisations	-	-	-	-
Total	**0**	**-**	**0**	**-**

Liabilities associated with the assets

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2006
Repurchase agreements	-	-	-	-
Securities lending agreements	-	-	-	-
Securitisations	-	-	-	-
Total	-	-	-	-

Note 17 Shares

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Shares held for trading	958	1,442	958	1,442
Shares designated at fair value through profit or loss	24	22	23	21
Shares available for sale	0	1	0	1
- of which shares taken over for protection of claims	-	-	-	-
Total	**982**	**1,465**	**981**	**1,464**
Listed shares	99	1,045	99	1,045
Unlisted shares	883	420	882	419
Total	**982**	**1,465**	**981**	**1,464**
Of which Financial instruments pledged as collateral (note 16)	0	-	0	-
Total	**982**	**1,465**	**981**	**1,464**
Of which expected to be settled after more than 1 year	24	23	23	22

Note 18 Derivatives and hedge accounting

	Group			Parent company		
	Fair value			Fair value		
31 Dec 2008, EURm	Positive	Negative	Total nom. amount	Positive	Negative	Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	44,085	43,553	1,893,877	44,085	43,553	1,893,877
FRAs	2,134	2,031	782,193	2,134	2,031	782,193
Futures and forwards	1	4	1,701	1	4	1,701
Options	6,240	6,412	238,109	6,240	6,412	238,109
Total	**52,460**	**52,000**	**2,915,880**	**52,460**	**52,000**	**2,915,880**
Equity derivatives						
Equity swaps	139	286	1,841	139	286	1,841
Futures and forwards	314	263	1,463	314	263	1,463
Options	467	601	14,198	467	601	14,198
Total	**920**	**1,150**	**17,502**	**920**	**1,150**	**17,502**
Foreign exchange derivatives						
Currency and interest rate swaps	7,223	7,278	192,123	7,223	7,278	192,142
Currency forwards	18,133	17,961	480,888	18,133	17,961	480,888
Options	912	867	33,879	912	867	33,879
Total	**26,268**	**26,106**	**706,890**	**26,268**	**26,106**	**706,909**
Credit derivatives						
Credit default swaps	4,634	4,625	100,077	4,634	4,625	100,077
Total rate of return swaps	1	136	3,000	1	136	3,000
Total	**4,635**	**4,761**	**103,077**	**4,635**	**4,761**	**103,077**
Other derivatives						
Swaps	1,125	1,033	10,007	1,125	1,033	10,007
Futures and forwards	65	100	596	65	100	596
Options	84	87	1,414	84	87	1,414
Total	**1,274**	**1,220**	**12,017**	**1,274**	**1,220**	**12,017**
Total derivatives held for trading	**85,557**	**85,237**	**3,755,366**	**85,557**	**85,237**	**3,755,385**

	Group			Parent company		
	Fair value			Fair value		
31 Dec 2008, EURm	Positive	Negative	Total nom amount	Positive	Negative	Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	53	175	8,641	53	175	8,641
Total	**53**	**175**	**8,641**	**53**	**175**	**8,641**
Foreign exchange derivatives						
Currency and interest rate swaps	52	1,879	16,562	52	1,879	16,562
Total	**52**	**1,879**	**16,562**	**52**	**1,879**	**16,562**
Total derivatives used for hedge accounting	**105**	**2,054**	**25,203**	**105**	**2,054**	**25,203**
Of which						
- Fair value hedges	105	2,054	25,203	105	2,054	25,203
Total derivatives	**85,662**	**87,291**	**3,780,569**	**85,662**	**87,291**	**3,780,588**

Note 18 *Derivatives and hedge accounting, cont.*

31 Dec 2007, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom. amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom. amount
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	16,215	16,619	1,329,731	16,215	16,619	1,329,731
FRAs	175	176	526,496	175	176	526,496
Futures and forwards	12	35	4,374	12	35	4,374
Options	2,923	2,962	323,213	2,923	2,962	323,213
Total	**19,325**	**19,792**	**2,183,814**	**19,325**	**19,792**	**2,183,814**
Equity derivatives						
Equity swaps	108	196	3,072	108	196	3,072
Futures and forwards	80	134	2,877	80	134	2,877
Options	1,198	1,579	16,013	1,198	1,579	16,013
Total	**1,386**	**1,909**	**21,962**	**1,386**	**1,909**	**21,962**
Foreign exchange derivatives						
Currency and interest rate swaps	2,094	2,170	167,430	2,094	2,170	167,430
Currency forwards	5,011	4,993	476,439	5,011	4,993	476,439
Options	277	282	32,513	277	282	32,512
Total	**7,382**	**7,445**	**676,382**	**7,382**	**7,445**	**676,381**
Credit derivatives						
Credit default swaps	1,162	1,116	90,624	1,162	1,116	90,624
Total rate of return swaps	1	61	4,000	1	61	4,000
Total	**1,163**	**1,177**	**94,624**	**1,163**	**1,177**	**94,624**
Other derivatives						
Swaps	1,118	1,142	9,169	1,118	1,142	9,169
Futures and forwards	103	48	769	103	48	769
Options	83	101	534	83	101	534
Total	**1,304**	**1,291**	**10,472**	**1,304**	**1,291**	**10,472**
Total derivatives held for trading	**30,560**	**31,614**	**2,987,254**	**30,560**	**31,614**	**2,987,253**

31 Dec 2007, EURm	Group Fair value Positive	Group Fair value Negative	Group Total nom amount	Parent company Fair value Positive	Parent company Fair value Negative	Parent company Total nom amount
Derivatives used for hedge accounting						
Interest rate derivatives						
Interest rate swaps	171	84	26,139	171	84	26,139
Total	**171**	**84**	**26,139**	**171**	**84**	**26,139**
Foreign exchange derivatives						
Currency and interest rate swaps	0	314	3,585	0	314	3,585
Total	**0**	**314**	**3,585**	**0**	**314**	**3,585**
Total derivatives used for hedge accounting	**171**	**398**	**29,724**	**171**	**398**	**29,724**
Of which						
- Fair value hedges	171	398	29,724	171	398	29,724
Total derivatives	**30,731**	**32,012**	**3,016,978**	**30,731**	**32,012**	**3,016,977**

Note 18 *Derivatives and hedge accounting, cont.*

31 Dec 2008, EURm	Group Positive	Group Negative	Parent company Positive	Parent company Negative
Maturity information				
Remaining maturity (carrying amount)				
Maximum 3 months	13,516	15,254	13,516	15,254
3-12 months	10,853	10,958	10,853	10,958
1-5 years	26,986	27,202	26,986	27,202
More than 5 years	34,307	33,877	34,307	33,877
Total	**85,662**	**87,291**	**85,662**	**87,291**

31 Dec 2007, EURm	Group Positive	Group Negative	Parent company Positive	Parent company Negative
Maturity information				
Remaining maturity (carrying amount)				
Maximum 3 months	4,274	4,743	4,274	4,743
3-12 months	2,959	3,324	2,959	3,324
1-5 years	9,400	9,587	9,400	9,587
More than 5 years	14,098	14,358	14,098	14,358
Total	**30,731**	**32,012**	**30,731**	**32,012**

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

Assets	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Carrying amount at beginning of year	-45	-54	-45	-54
Changes during the year				
- Change in accounting policies	-	-	-	-
- Revaluation of hedged items[1)]	202	9	202	9
Carrying amount at end of year	**157**	**-45**	**157**	**-45**

[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.

Of which expected to be settled after more than 1 year	123	-	123	-

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

Liabilities	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Carrying amount at beginning of year	-77	-147	-77	-147
Changes during the year				
- Change in accounting policies	-	-	-	-
- Revaluation of hedged items[1)]	93	70	93	70
Carrying amount at end of year	**16**	**-77**	**16**	**-77**

[1)] A part of the portfolio hedge designation was revoked during 2007. The amortisation of the carrying amount related to the dissolved hedges are included in this line. The amortisation is based on the relevant repricing time period.

Of which expected to be settled after more than 1 year	3	-	3	-

The carrying amount at the end of the year represents accumulated changes in the fair value for those re-pricing 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 group undertakings

Parent company	31 Dec	31 Dec
EURm	2008	2007
Acquisition value at beginning of year	323	319
Acquisitions during the year	-	-
Through mergers	-13	-
Sales during the year	-	-
Reclassifications	0	4
Translation differences	0	0
Acquisition value at end of year	**310**	**323**
Accumulated impairment charges at beginning of year	-1	3
Reversed impairment charges during the year	-	-
Impairment charges during the year	-	0
Reclassifications	0	-4
Translation differences	-	-
Accumulated impairment charges at end of year	**-1**	**-1**
Total	**309**	**322**
Of which listed shares	-	-

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

Specification
This specification includes all directly owned group undertakings and major group undertakings to the directly owned companies.

Group 31 Dec 2008	Number of shares	Carrying amount 2008 EURm	Carrying amount 2007 EURm	Voting power of holding, %	Domicile	Business ID
Domestic						
Credit institutions						
Nordea Finance Finland Ltd	1,000,000	306	306	100.0	Espoo	0112305-3
Financial institutions						
Tukirahoitus Oy[1)]	672	7	7	100.0	Espoo	0677131-6
Real estate companies						
VKR-Kiinteistöt Oy Ab[1)]	600	1	1	60.0	Vantaa	0728754-2
Kiinteistö Oy Tampereen Kirkkokatu 7[1)]	280	50	50	100.0	Tampere	0819781-3
Kiinteistö Oy Levytie 6 [1]	147	23	23	100.0	Helsinki	0818921-5
Kiinteistö Oy Lahden Aleksanterinkatu 19-21[1)]	340,090	10	10	100.0	Lahti	0150108-5
Other companies						
Fidenta Oy	2,000	0	0	60.0	Espoo	0988412-1
Power Partners Oy[2)]	2,012,500	1	1	80.5	Helsinki	0815584-0
International						
Financial institutions						
Nordea Finance Polska S.A[1)]	19,690,000	0	0	100.0	Warsaw	PL5861944082
Nordea Finance Estonia Ltd[1)]	60,000	6	6	100.0	Tallinn	EE100212426
Nordea Finance Latvia Ltd[1)]	1,000	1	1	100.0	Riga	LV40003348054
Nordea Finance Lithuania Ltd[1)]	6,400	1	1	100.0	Vilnius	LT116672716
Nordea Securities Holding (U.K.) Ltd	49,010,000	2	2	100.0	London	01803666

Other subsidiaries included in the consolidated financial statements; total assets of less than EUR 10m	Number of companies	Carrying amount of shares EURm	Total assets EURm
Real estate companies	10	12	20
Other companies	7	0	36

1) Indirect holding through Nordea Finance Finland Ltd, a subsidiary of Nordea Bank Finland Plc.
2) Nordea Finance Finland Ltd owns 49.5% and Nordea Bank Finland Plc owns 31% of the shares in Power Partners Oy.

Note 20 *Investments in group undertakings, cont.*

The parent company of Nordea Bank Finland Plc is Nordea Bank AB (publ) domiciled in Stockholm, registration number 516406-0120. The Annual Report 2008 of Nordea Bank AB (publ) may be downloaded on the Internet at www.nordea.com and is available from Nordea Group Investor Relations, SE 105 71 Stockholm, Sweden. The Annual Report 2008 of the Nordea Group is also available at branches of Nordea Bank Finland Plc.

Group

Special Purpose Entities (SPEs) – Consolidated

EURm	Purpose	Duration	NBF's investment[1)]	Total issue
Kirkas Northern Lights Limited[2)]	Collateralised Mortgage Obligation	>5 years	8,096	8,096
Total			**8,096**	**8,096**

[1)] Includes all assets towards the SPEs (bonds and subordinated loans)

[2)] Kirkas Northern Lights Ltd (Kirkas) has been established during 2008 with the purpose to reduce the funding cost. NBF has sold assets from the ordinary lending portfolio which have been used as collateral for bonds issued by the SPE. The total notional amount of bonds and subordinated loans was EUR 8,096m at year-end 2008 and it is held in full by NBF. NBF still holds the majority of the risks and rewards in the sold loan portfolio and thus the loans are not derecognized in NBF. To prevent double counting of the assets in the parent companys balance sheet, the bonds and subordinated loans issued by the SPE, and held in full by NBF, are offset against the corresponding liability arising from the transfer of the portfolio. NBF also retains the ownership risks and rewards and consequently the SPE is consolidated in the Bank Group.

Note 21 Investments in associated undertakings

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Acquisition value at beginning of year	77	87	45	59
Acquisitions during the year	6	5	6	5
Sales during the year	-22	-17	-22	-17
Share in earnings	-4	2	-	-
Dividend received	-1	-1	-	-
Reclassifications	-4	1	-4	-2
Translation differences	-	-	-	-
Acquisition value at end of year	**52**	**77**	**25**	**45**
Accumulated impairment charges at beginning of year	-1	-4	-	-3
Accumulated impairment charges on sales during the year	-	3	-	3
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	0	0	-9	-
Translation differences	-	-	-	-
Accumulated impairment charges at end of year	**-1**	**-1**	**-9**	**0**
Total	**51**	**76**	**16**	**45**
Of which listed shares	-	-	-	-

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

Nordea Bank Finland Plc's and Nordea Bank Finland Group's associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2008	31 Dec 2007
Total assets	409	357
Total liabilities	323	275
Operating income	36	70
Operating profit	2	1

Nordea Bank Finland Plc's and Nordea Bank Finland Group's share of contingent liabilities in favour of the associated undertakings of Nordea Bank Finland Group amounts to EUR 20m (20) and on behalf of the associated undertakings to EUR 0m (0).

Note 21 *Investments in associated undertakings, cont.*

Group

31 Dec 2008	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	41	23.9
Total			**41**	
Other				
Arfin Oy	2193142-9	Helsinki	0	33.4
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	7	33.3
Eka-kiinteistöt Oy	1097319-9	Helsinki	0	30.3
NF Fleet Oy	2006935-5	Espoo	0	20.0
UAB ALD Automotive, Lithuania	300156575	Vilna	0	25.0
ALD Automotive Eesti AS, Estonia	11094435	Tallin	0	25.0
ALD Automotive SIA, Latvia	50003825931	Riga	0	25.0
Oy Realinvest Ab	0680035-9	Helsinki	3	49.3
Realia Holding Oy	2106796-8	Helsinki	0	36.8
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**10**	
Total			**51**	

Parent company

31 Dec 2008	Business ID	Domicile	Carrying amount EURm	Voting power of holding %
Credit institutions				
Luottokunta	0201646-0	Helsinki	9	23.9
Total			**9**	
Other				
Arfin Oy	2193142-9	Helsinki	0	33.4
Automatia Pankkiautomaatit Oy	0974651-1	Helsinki	5	33.3
Eka-kiinteistöt Oy	1097319-9	Helsinki	0	30.3
Realia Holding Oy	2106796-8	Helsinki	0	36.8
Oy Realinvest Ab	0680035-9	Helsinki	2	49.3
Securus Oy	0742429-5	Helsinki	0	35.2
Total			**7**	
Total			**16**	

Note 22 Intangible assets

	Group		Parent Company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Goodwill[1)]				
Other goodwill	0	-	-	-
Goodwill, total	**0**	**-**	**-**	**-**
Internally developed software	49	35	53	37
Other intangible assets	10	13	-	0
Total	**59**	**48**	**53**	**37**

1) Excluding goodwill in associated undertakings.

Note 22 *Intangible assets, cont.*

EURm	Group 31 Dec 2008	Group 31 Dec 2007	Parent Company 31 Dec 2008	Parent Company 31 Dec 2007
Goodwill				
Acquisition value at beginning of year	3	3	-	-
Acquisitions during the year	-	0	-	-
Reclassifications	-3	0	-	-
Acquisition value at end of year	**0**	**3**	**-**	**-**
Accumulated amortisation at beginning of year	-3	-3	-	-
Amortisation according to plan for the year	-	0	-	-
Reclassifications	3	-	-	-
Accumulated amortisation at end of year	**0**	**-3**	**-**	**-**
Accumulated impairment charges at end of year	-	-	-	-
Total	**0**	**-**	**-**	**-**

	Group 31 Dec 2008	Group 31 Dec 2007	Parent company 31 Dec 2008	Parent company 31 Dec 2007
Internally developed software				
Acquisition value at beginning of year	43	13	43	13
Acquisitions during the year	19	20	21	19
Sales/disposals during the year	-1	0	-	0
Reclassifications	-	10	1	12
Translation differences	0	-	-	-
Acquisition value at end of year	**61**	**43**	**65**	**44**
Accumulated amortisation at beginning of year	-8	-	-7	-
Amortisation according to plan for the year	-4	-4	-4	-4
Accumulated amortisation on sales/disposals during the year	0	0	-	0
Reclassifications	0	-4	-1	-3
Translation differences	0	-		-
Accumulated amortisation at end of year	**-12**	**-8**	**-12**	**-7**
Accumulated impairment charges at beginning of year	0	-	-	-
Impairment charges during the year	0	-	-	-
Accumulated impairment charges at end of year	**0**	**-**	**-**	**-**
Total	**49**	**35**	**53**	**37**

	Group 31 Dec 2008	Group 31 Dec 2007	Parent Company 31 Dec 2008	Parent Company 31 Dec 2007
Other intangible assets				
Acquisition value at beginning of year	17	4	4	4
Acquisitions during the year	1	13	-	0
Sales/disposals during the year	-3	-	0	0
Reclassifications	0	0	-	0
Translation differences	0	0	-	-
Acquisition value at end of year	**15**	**17**	**4**	**4**
Accumulated amortisation at beginning of year	-4	-4	-4	-4
Amortisation according to plan for the year	-1	0	0	-
Accumulated amortisation on sales/disposals during the year	0	-	0	0
Reclassifications	0	-	-	0
Translation differences	0	0	-	-
Accumulated amortisation at end of year	**-5**	**-4**	**-4**	**-4**
Accumulated impairment charges at beginning of year	-	-	-	-
Impairment charges during the year	0	-	-	-
Accumulated impairment charges at end of year	**0**	**-**	**-**	**-**
Total	**10**	**13**	**-**	**0**

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

Note 23 Property and equipment

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Property and equipment	117	110	54	55
Of which buildings for own use	3	2	2	2
Total	**117**	**110**	**54**	**55**
Equipment				
Acquisition value at beginning of year	199	470	126	429
Acquisitions during the year	51	69	24	27
Sales/disposals during the year	-13	-285	0	-275
Reclassifications	-10	-55	-10	-55
Translation differences	0	0	-	-
Acquisition value at end of year	**227**	**199**	**140**	**126**
Accumulated depreciation at beginning of year	-91	-383	-73	-370
Accumulated depreciation on sales/disposals during the year	5	279	0	275
Reclassifications	1	38	1	37
Depreciation according to plan for the year	-28	-25	-16	-15
Translation differences	0	0	-	-
Accumulated depreciation at end of year	**-113**	**-91**	**-88**	**-73**
Accumulated impairment charges at beginning of year	0	0	0	0
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Reversed impairment charges during the year	-	-	-	-
Impairment charges during the year	0	-	0	-
Accumulated impairment charges at end of year	**0**	**0**	**0**	**0**
Total	**114**	**108**	**52**	**53**
Land and buildings				
Acquisition value at beginning of year	4	4	3	3
Acquisitions during the year	0	-	0	-
Sales/disposals during the year	0	0	-	-
Reclassifications	0	0	-	0
Acquisition value at end of year	**4**	**4**	**3**	**3**
Accumulated depreciation at beginning of year	-2	-2	-1	-1
Accumulated depreciation on sales/disposals during the year	1	0	-	-
Reclassifications	-	-	-	0
Depreciation according to plan for the year	0	0	0	0
Accumulated depreciation at end of year	**-1**	**-2**	**-1**	**-1**
Accumulated impairment charges at beginning of year	-	-	-	-
Accumulated impairment charges on sales/disposals during the year	-	-	-	-
Reversed impairment charges during the year	-	-	-	-
Accumulated impairment charges at end of year	**-**	**-**	**-**	**-**
Total	**3**	**2**	**2**	**2**

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

Note 24 Leasing

Nordea as a lessor

Finance leases

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

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

	Group	
	31 Dec	31 Dec
EURm	2008	2007
Gross investments	2,245	1,981
Less unearned finance income	-249	-229
Net investments in finance leases	**1,996**	**1,752**
Less unguaranteed residual values accruing to the benefit of the lessor	-75	-49
Present value of future minimum lease payments receivable	**1,921**	**1,703**
Accumulated allowance for uncollectible minimum lease payments receivable	3	6

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

	Group
	31 Dec
EURm	2008
2009	596
2010	506
2011	444
2012	259
2013	262
Later years	45
Total gross investment	**2,112**
Less unearned future finance income on finance leases	-191
Net investment in finance leases	**1,921**

Operating leases

Assets subject to operating leases mainly comprise vehicles and other equipment. In the balance sheet they are reported as tangible assets.

	Group	
	31 Dec	31 Dec
Carrying amount of leased assets, EURm	2008	2007
Acquisition value	80	67
Accumulated depreciations	-20	-14
Carrying amount at end of year	**60**	**53**
- Of which repossessed leased property, carrying amount	-	-

	Group	
	31 Dec	31 Dec
Carrying amount distributed on groups of assets, EURm	2008	2007
Equipment	60	53
Carrying amount at end of year	**60**	**53**

Depreciation for 2008 amounted to EUR 11m (9).

Under non-cancellable operating leases, the future minimum lease payments receivables are distributed as follows:

	Group
	31 Dec
EURm	2008
2009	13
2010	10
2011	5
2012	2
2013	0
Later years	0
Total	**30**

Nordea as a lessee

Finance leases

Nordea Bank Finland Group has only to a minor extent entered into finance lease agreements.

Operating leases

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
Leasing expenses during the year, EURm	2008	2007	2008	2007
Leasing expenses during the year	63	60	57	61
Of which				
-minimum lease payments	62	60	57	61
-contingent rents	1	-	0	-
Leasing income during the year regarding sublease payments	-	-	-	-

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

	Group	Parent company
	31 Dec	31 Dec
EURm	2008	2008
2009	46	46
2010	30	31
2011	19	19
2012	15	15
2013	10	9
Later years	136	136
Total	**256**	**256**

Note 25 Investment property

Group

Movement in the balance sheet

EURm	31 Dec 2008	31 Dec 2007
Carrying amount at beginning of year	4	4
Acquisitions	-	0
Disposals during the year	-1	-
Net gains or losses from fair value adjustments	-	-
Carrying amount at end of year	**3**	**4**
Of which expected to be settled after more than 1 year	3	4

Amounts recognised in the income statement

EURm	31 Dec 2008	31 Dec 2007
Rental income	0	0
Direct operating expenses that generate rental income	-	-
Direct operating expenses that did not generate rental income	0	0
Total	**0**	**0**
Market value	3	4

Parent company

Movement in the balance sheet

EURm	31 Dec 2008	31 Dec 2007
Carrying amount at beginning of year	3	3
Acquisitions	0	-
Acquisitions through business combinations	0	-
Disposals during the year	0	0
Carrying amount at end of year	**3**	**3**
Of which expected to be settled after more than 1 year	3	3

Amounts recognised in the income statement

EURm	2008	2007
Rental income	0	-
Direct operating expenses that generated rental income	-	-
Direct operating expenses that did not generate rental income	0	0
Total	**0**	**0**
Market value	3	3

Note 26 Other assets

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Claims on securities settlement proceeds	103	120	103	120
Other	9,429	1,292	9,404	1,322
Total	**9,532**	**1,412**	**9,507**	**1,442**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 27 Prepaid expenses and accrued income

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Accrued interest income	474	500	498	520
Other accrued income	420	270	319	178
Prepaid expenses	8	4	7	4
Total	**902**	**774**	**824**	**702**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 28 Deposits by credit institutions

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Central banks	4,717	798	4,717	798
Other banks	21,022	19,873	20,973	19,821
Other credit institutions	11,974	6,118	11,974	6,118
Total	**37,713**	**26,789**	**37,664**	**26,737**
Maturity information				
Remaining maturity (carrying amount)				
Payable on demand	2,693	1,534	2,693	1,535
Maximum 3 months	27,559	20,556	27,510	20,501
3-12 months	7,350	4,667	7,350	4,669
1–5 years	78	2	78	2
More than 5 years	33	30	33	30
Total	**37,713**	**26,789**	**37,664**	**26,737**

Note 29 Deposits and borrowings from the public

	Group		Parent company	
EURm	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Deposits from the public	44,940	40,342	45,026	40,348
Borrowings from the public	339	1,367	340	1,386
Total	**45,279**	**41,709**	**45,366**	**41,734**

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.

	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Maturity information, Deposits				
Remaining maturity (carrying amount)				
Payable on demand	27,978	26,551	27,978	26,551
Maximum 3 months	11,700	10,537	11,787	10,543
3-12 months	4,951	2,731	4,951	2,731
1–5 years	308	521	308	521
More than 5 years	2	2	2	2
Total	**44,939**	**40,342**	**45,026**	**40,348**
Maturity information, Borrowings				
Remaining maturity (carrying amount)				
Payable on demand	-	-	-	-
Maximum 3 months	227	1,284	227	1,305
3-12 months	72	19	72	19
1–5 years	41	64	41	62
More than 5 years	0	0	-	-
Total	**340**	**1,367**	**340**	**1,386**

Note 30 Debt securities in issue

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Certificates of deposit	25,829	24,498	25,832	24,501
Bond loans	5,434	5,137	5,434	5,137
Total	**31,263**	**29,635**	**31,266**	**29,638**
Maturity information, Debt securities in issue				
Remaining maturity (carrying amount)				
Maximum 1 year	27,128	23,493	27,131	23,492
More than 1 year	4,135	6,142	4,135	6,146
Total	**31,263**	**29,635**	**31,266**	**29,638**

Note 31 Other liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Liabilities on securities settlement proceeds	120	125	120	125
Sold, not held, securities	3	239	3	239
Accounts payable	13	21	4	7
Other	4,267	3,585	4,171	3,484
Total	**4,403**	**3,970**	**4,298**	**3,855**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 32 Accrued expenses and prepaid income

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Accrued interest	580	641	579	641
Other accrued expenses	400	321	269	216
Prepaid income	36	17	34	16
Total	**1,016**	**979**	**882**	**873**
Of which expected to be settled after more than 1 year	-	-	-	-

Note 33 Provisions

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Transfer risks, off-balance	42	25	42	25
Individually assessed, off-balance sheet	4	7	4	7
Other	13	13	9	8
Total	**59**	**45**	**55**	**40**

Movement in the balance sheet:

Group	Transfer risks	Off-balance sheet	Other	Total
At the beginning of year	25	7	13	45
New provisions made	17	1	2	20
Provisions utilised	-	-4	-1	-5
Reversals	-	0	0	0
Reclassifications	-	-	-1	-1
Translation differences	-	-	-	-
At the end of year	**42**	**4**	**13**	**59**
Of which expected to be settled within 1 year	-	-	3	3

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 depends on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (i.e. guarantees and L/Cs) amounted to EUR 4m.

Other provision refers to the following provisions: redundancy packages EUR 1m (of which EUR 1m expected to be settled during 2009), rental liabilities EUR 2m (of which EUR 1 m 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 5m (of which EUR 1m expected to be settled during 2009).

Parent company	Transfer risks	Off-balance sheet	Other	Total
At beginning of year	25	7	8	40
New provisions made	17	1	2	20
Provisions utilised	-	-4	-1	-5
Reversals	-	0	0	0
Reclassifications	-	-	-	-
At the end of year	**42**	**4**	**9**	**55**
Of which expected to be settled within 1 year	-	-	2	2

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 depends on the volume of business with different countries.

Loan loss provisions for individually assessed off-balance sheet items (i.e. guarantees and L/Cs) amounted to EUR 4m.

Other provision refers to the following provisions: redundancy packages EUR 1m (of which EUR 1m expected to be settled during 2009), rental liabilities EUR 2m (of which EUR 1 m 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 1m (not expected to be settled during 2009).

Note 34 Retirement benefit obligations

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Defined benefit plans, net	-54	-19	-47	-14
Total	**-54**	**-19**	**-47**	**-14**

NBF has various pension plans, which are classified both as defined benefit plans and defined contribution plans. The defined benefit plans in Finland are closed to new employees and instead, pensions for new employees are based on defined contribution arrangements. The plans for the foreign branches are also mainly defined contribution plans. The existing defined benefit plans in London, New York and Frankfurt are all closed to new employees. Defined contribution plans are not reflected on the balance sheet.

The procedure for allocating PBO and Plan assets between Group companies has been redefined in 2008. The current calculations are based on more exact person-level data.

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 are funded schemes covered by assets in pension funds/foundations. Some other pension plans are recognised directly on the balance sheet as a liability.

Funded schemes [1]	Group	Parent company
2008		
Members	19,524	18,864
Average member age	59	59
2007		
Members	19,667	18,462
Average member age	58	58

[1] Numbers are combined for the Finnish pension fund and pension foundation, Life Assurance Finland Ltd and London plans.

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

The expected return on assets is based on long-term expectations for return on the different asset classes. With 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 one percentage point increase in the discount rate will lead to a change of 12% in the pension obligation and of 17% in the service cost. A one percentage point decrease in the discount rate will lead to a change of 15% in the pension obligation and of 23% in the service cost.

Asset composition
The combined return on assets in 2008 was -6 % (3 %). At the end of the year, the equity exposure in pension funds/foundations represented 14% (23%) of total assets.

Asset composition in funded schemes	2008	2007
Equity	14%	23%
Bonds	77%	69%
Real Estate	6%	5%
Other plan assets	3%	3%
Of which		
- Nordea shares	0%	0%
- Nordea real estate	0%	3%

Amounts recognised in the balance sheet

	Group		Parent company	
EURm	2008	2007	2008	2007
PBO	774	759	744	705
Plan assets	775	857	746	792
Total surplus/deficit (-)	**1**	**98**	**2**	**87**
of which unrecognised actuarial gains/losses(-)	-53	79	-45	73
Of which recognised in the balance sheet	**54**	**19**	**47**	**14**
Of which				
- retirement benefit assets	82	59	75	54
- retirement benefit obligations	28	40	28	40
- related to unfunded plans (PBO)	17	15	17	15

Overview of surplus or deficit in the plans

	Total	Total	Total	Total	Total
EURm	2008	2007	2006	2005	2004
PBO	774	759	874	869	837
Plan Assets	775	857	851	828	776
Funded status - surplus/deficit(-)	**1**	**98**	**-23**	**-41**	**-61**

Changes in the PBO

	Group		Parent company	
EUR m	2008	2007	2008	2007
PBO at 1 Jan	759	874	705	809
Service cost	3	3	3	3
Interest cost	36	34	34	32
Pensions paid	-40	-37	-40	-35
Curtailments and settlements	-	-1	-	-1
Past service cost	0	-	0	-
Actuarial gains(-)/losses	31	-107	58	-100
Effect of exchange rate changes	-15	-7	-16	-3
PBO at 31 Dec	**774**	**759**	**744**	**705**

Changes in the fair value of plan assets

	Group		Parent company	
EURm	2008	2007	2008	2007
Assets at 1 Jan	857	851	792	786
Expected return on assets	47	40	44	37
Pensions paid[1)]	-39	-36	-39	-33
Contributions	24	18	23	18
Actuarial gains/losses(-)	-102	-12	-62	-12
Effect of exchange rate changes[1)]	-12	-4	-12	-4
Plan assets at 31 Dec	**775**	**857**	**746**	**792**
Actual return on plan assets	**-55**	**28**	**-17**	**26**

[1)] Restated

Overview of actuarial gains/losses[2)]

	Total	Total	Total
EURm	2008	2007	2006
Effects of changes in actuarial assumptions	-41	87	-16
Experience adjustments	-92	8	28
Of which:			
- on plan assets	-102	-12	11
- on plan liabilities	10	20	17
Actuarial gains/losses	**-133**	**95**	**12**

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

Note 34 *Retirement benefit obligations, cont.*

Defined benefit pension cost

The total net pension cost related to defined benefit plans recognised in the Group's income statement (as staff costs) for the year is EUR 10m positive (4). In the parent company's income statement the respective cost was EUR 9m positive (3) in 2008.

Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans. (See specification in note 8.)

	Group		Parent company	
Recognised net defined benefit cost, EURm	2008	2007	2008	2007
Service cost	3	3	3	3
Interest cost	36	34	34	32
Expected return on assets	-47	-40	-44	-37
Recognised past service cost	0	-	0	-
Recognised actuarial gains(-) / losses	-1	-	-1	-
Curtailments and settlements	-	-1	-	-1
Pension cost on defined benefit plans	**-9**	**-4**	**-8**	**-3**

The pension cost is in line with what was expected at the start of the year.

The net pension cost on defined benefit plans is expected to increase to EUR +2m both in the Group and in the parent company in 2009.

The Group and the parent company expect to contribute EUR 10m to its defined benefit plans in 2009.

Key management personnel

The members of the Board of Directors of Nordea Bank Finland Plc, the Chief Executive Officer and his deputy, are all members of the Nordea Bank AB (publ) Group Executive Management. In 2008 Nordea Bank AB (publ) has paid all salaries, fees, pensions and other staff-related expenses to the above mentioned members and deputies of the administrative and controlling boards. Nordea Bank AB (publ) has allocated these salary expenses to Nordea Bank Finland Plc as part of the Head Office Allocation expenses.

Information on salaries, loans and pension liabilities is presented in the Annual Report of Nordea Bank AB (publ).

Note 35 Subordinated liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Dated subordinated debenture loans	845	801	845	801
Undated subordinated debenture loans	393	469	393	469
Total	**1,238**	**1,270**	**1,238**	**1,270**
Of which expected to be settled within 1 year	845	801	845	801

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

Group and parent company

On 31 December 2008 loans - with terms specified below - exceeded 10% of the total outstanding volume.

	Year of issue	Nominal	Carrying amount	Interest rate
Issued by	/ maturity	value	EURm	(coupon)
Nordea Bank Finland Plc	2002/2014	600	600	5.75%
Nordea Bank Finland Plc[1)]	2002/undated	MGBP 300	314	6.25%
Nordea Bank Finland Plc	1999/2009	MUSD 285	205	6.50%

[1)] Callable for the first time on 18 July 2014.

Note 36 Equity

Group

EURm	Share capital[1)]	Share premium account	Available for sale investments	Other reserves	Retained earnings	**Total**	**Minority interest**	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2008	**2,319**	**599**	**1**	**2,928**	**4,939**	**10,786**	**7**	**10,793**
Available-for-sale investments:								
- Fair value gains	-	-	-1	-	-	-1	-	**-1**
- Tax on fair value gains	-	-	0	-	-	0	-	**0**
Currency translation differences	-	-	-	0	0	0	-	**0**
Net income recognised directly in equity	-	-	*-1*	*0*	*0*	*-1*	-	***-1***
Net profit for the year	-	-	-	-	1,331	1,331	2	**1,333**
Total recognised income and expense in equity	-	-	*-1*	*0*	*1,331*	*1,330*	*2*	***1,332***
Share-based payments[2)]	-	-	-	-	1	1	-	**1**
Dividend for 2007	-	-	-	-	-850	-850	-	**-850**
Other changes	-	-	-	13	-12	1	-2	**-1**
Balance at 31 Dec 2008	**2,319**	**599**	**0**	**2,941**	**5,409**	**11,268**	**7**	**11,275**

EURm	Share capital[1)]	Share premium account	Available for sale investments	Other reserves	Retained earnings	**Total**	**Minority interest**	**Total equity**
	Attributable to the shareholders of Nordea Bank Finland Plc							
			Other reserves					
Balance at 1 Jan 2007	**2,319**	**599**	**-**	**2,899**	**7,656**	**13,473**	**6**	**13,479**
Available-for-sale investments:								
- Fair value gains	-	-	1	-	-	1	-	**1**
- Tax on fair value gains	-	-	0	-	-	0	-	**0**
Group contribution	-	-	-	-	-54	-54	-	**-54**
Currency translation differences	-	-	-	-	2	2	-	**2**
Net income recognised directly in equity	-	-	*1*	-	*-52*	*-51*	-	***-51***
Net profit for the year	-	-	-	-	1,363	1,363	2	**1,365**
Total recognised income and expense in equity	-	-	*1*	-	*1,311*	*1,312*	*2*	***1,314***
Share-based payments[2)]	-	-	-	-	1	1	-	**1**
Dividend for 2006	-	-	-	-	-4,000	-4,000	-	**-4,000**
Other changes	-	-	-	29	-29	0	-1	**-1**
Balance at 31 Dec 2007	**2,319**	**599**	**1**	**2,928**	**4,939**	**10,786**	**7**	**10,793**

Note 36 *Equity, cont.*

Parent company

EURm	Share capital[1]	Share premium account	Other reserves: Available for sale investments	Other reserves: Other reserves	Retained earnings	**Total equity**
Balance at 1 Jan 2008	**2,319**	**599**	**1**	**2,848**	**4,818**	**10,585**
Available-for-sale investments:						
- Fair value gains	-	-	-1	-	-	**-1**
- Tax on fair value gains	-	-	0	-	-	**0**
Group contribution	-	-	-	-	-	**-**
Net income recognised directly in equity	-	-	*-1*	-	-	***-1***
Net profit for the year	-	-	-	-	1,233	**1,233**
Total recognised income and expense in equity	-	-	*-1*	-	*1,233*	***1,232***
Share-based payments[2]	-	-	-	-	1	**1**
Dividend for 2007	-	-	-	-	-850	**-850**
Balance at 31 Dec 2008	**2,319**	**599**	**0**	**2,848**	**5,202**	**10,968**

EURm	Share capital[1]	Share premium account	Other reserves: Available for sale investments	Other reserves: Other reserves	Retained earnings	**Total equity**
Balance at 1 Jan 2007	**2,319**	**599**	-	**2,848**	**7,569**	**13,335**
Available-for-sale investments:						
- Fair value gains	-	-	1	-	-	**1**
- Tax on fair value gains	-	-	0	-	-	**0**
Group contribution	-	-	-	-	-54	**-54**
Net income recognised directly in equity	-	-	*1*	-	*-54*	***-53***
Net profit for the year	-	-	-	-	1,304	**1,304**
Total recognised income and expense in equity	-	-	*1*	-	*1,250*	***1,251***
Share-based payments[2]	-	-	-	-	1	**1**
Dividend for 2006	-	-	-	-	-4,000	**-4,000**
Other changes	-	-	-	-	-2	**-2**
Balance at 31 Dec 2007	**2,319**	**599**	**1**	**2,848**	**4,818**	**10,585**

1) Total shares registered were 1,030.8 million (31 Dec 2007: 1,030.8 million). All the shares in Nordea Bank Finland Plc are held by Nordea Bank AB (publ). The carrying amount of the shares corresponds to EUR 2.25 per share. Pursuant to the Articles of Association the Bank's minimum share capital is EUR 850m and maximum share capital EUR 3,400m.
2) Refers to the Long-Term Incentive Programmes (LTIP 2007 and LTIP 2008), see also note 8.

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

No decision was made during the financial year to issue equity warrants or convertible bonds entitling to subscription for shares in the Bank. At the end of 2008, the Bank held no authorisations given by the General Meeting for issuance or buybacks of shares, equity warrants or convertible bonds.

Note 37 Assets pledged as security for own liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Assets pledged for own liabilities				
Securities etc	16,624	7,039	16,623	7,039
Other pledged assets	216	272	216	272
Total	**16,840**	**7,311**	**16,839**	**7,311**
The above pledges pertain to the following liability and commitment items				
Deposits by credit institutions	40	20	40	20
Other liabilities and commitments	14,359	4,686	14,359	4,685
Total	**14,399**	**4,706**	**14,399**	**4,705**

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

Note 38 Other assets pledged

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Other assets pledged [1)]				
Securities etc.	-	-	-	-
Other assets pledged	-	-	-	-
Total	-	-	-	-

[1)] Collateral pledged on behalf of other items other than the company's own liabilities, e.g. on behalf of a third party or on behalf of the company's own contingent liabilities is accounted for under this item.

Note 39 Contingent liabilities

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Guarantees				
Loan guarantees	2,994	1,954	2,996	1,956
Other guarantees	11,598	8,969	11,853	9,222
Documentary credits	2,511	2,245	2,512	2,245
Other contingent liabilities	16	33	16	33
Total	**17,119**	**13,201**	**17,377**	**13,456**

In the normal business of Nordea Bank Finland, the bank issues various forms of guarantees in favour of the bank's customers. Loan guarantees are given for customers to guarantee obligations in other credit and pension institutions. Other guarantees consist mainly of commercial guarantees, such as bid guarantees, advance payment guarantees, warranty guarantees and export related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank services and support the bank's customers. Guarantees and documentary credits are considered 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.

Note 40 Commitments

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Future payment obligations	17	19	17	19
Derivatives	3,780,568	3,016,977	3,780,587	3,016,977
Credit commitments[1)]	16,046	16,340	13,335	14,311
Other commitments	485	428	247	119
Total	**3,797,116**	**3,033,764**	**3,794,186**	**3,031,426**

[1)] Including unutilised portion of approved overdraft facilities.

Note 41 Classification of financial instruments

Group

EURm, 31 Dec 2008	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	906	-	-	-	-	-	-	906
Treasury bills	-	-	691	-	-	-	-	691
Loans and receivables to credit institutions	45,700	-	1,747	-	-	-	-	47,447
Loans and receivables to the public	68,293	-	-	-	-	-	-	68,293
Interest-bearing securities	-	4,176	635	113	-	5	-	4,929
Financial instruments pledged as collateral	-	-	0	-	-	-	-	0
Shares	-	-	958	24	-	0	-	982
Derivatives	-	-	85,557	-	105	-	-	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	157	-	-	-	-	-	-	157
Investments in associated undertakings	-	-	-	-	-	-	51	51
Intangible assets	-	-	-	-	-	-	59	59
Property and equipment	-	-	-	-	-	-	117	117
Investment property	-	-	-	-	-	-	3	3
Deferred tax assets	-	-	-	-	-	-	15	15
Current tax assets	-	-	-	-	-	-	133	133
Retirement benefit assets	-	-	-	-	-	-	82	82
Other assets	1,283	-	-	8,242	-	-	7	9,532
Prepaid expenses and accrued income	482	-	-	-	-	-	420	902
Total	**116,821**	**4,176**	**89,588**	**8,379**	**105**	**5**	**887**	**219,961**

EURm, 31 Dec 2008	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	501	3,423	-	33,789	-	37,713
Deposits and borrowings from the public	-	-	-	45,279	-	45,279
Debt securities in issue	5,242	-	-	26,021	-	31,263
Derivatives	85,237	-	2,054	-	-	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	16	-	16
Current tax liabilities	-	-	-	-	341	341
Other liabilities	3	2,177	-	2,217	6	4,403
Accrued expenses and prepaid income	-	-	-	616	400	1,016
Deferred tax liabilities	-	-	-	-	39	39
Provisions	-	-	-	-	59	59
Retirement benefit obligations	-	-	-	-	28	28
Subordinated liabilities	-	-	-	1,238	-	1,238
Total	**90,983**	**5,600**	**2,054**	**109,176**	**873**	**208,686**

Note 41 *Classification of financial instruments, cont.*

Group

EURm, 31 Dec 2007	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	1,953	-	-	-	-	-	-	1,953
Treasury bills	-	-	719	-	-	-	-	719
Loans and receivables to credit institutions	40,220	-	395	4,934	-	-	-	45,549
Loans and receivables to the public	60,597	-	-	-	-	-	-	60,597
Interest-bearing securities	-	-	1,895	1,745	-	5	-	3,645
Financial instruments pledged as collateral	-	-	-	-	-	-	-	-
Shares	-	-	1,442	22	-	1	-	1,465
Derivatives	-	-	30,560	-	171	-	-	30,731
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-45	-	-	-	-	-	-	-45
Investments in associated undertakings	-	-	-	-	-	-	76	76
Intangible assets	-	-	-	-	-	-	48	48
Property and equipment	-	-	-	-	-	-	110	110
Investment property	-	-	-	-	-	-	4	4
Deferred tax assets	-	-	-	-	-	-	136	136
Current tax assets	-	-	-	-	-	-	21	21
Retirement benefit assets	-	-	-	-	-	-	59	59
Other assets	504	-	-	904	-	-	4	1,412
Prepaid expenses and accrued income	504	-	-	-	-	-	270	774
Total	**103,733**	**-**	**35,011**	**7,605**	**171**	**6**	**728**	**147,254**

EURm, 31 Dec 2007	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	-	-	-	26,789	-	26,789
Deposits and borrowings from the public	-	-	-	41,709	-	41,709
Debt securities in issue	5,072	-	-	24,563	-	29,635
Derivatives	31,614	-	398	-	-	32,012
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-77	-	-77
Current tax liabilities	-	-	-	-	56	56
Other liabilities	239	1,910	-	1,813	8	3,970
Accrued expenses and prepaid income	-	-	-	659	320	979
Deferred tax liabilities	-	-	-	-	33	33
Provisions	-	-	-	-	45	45
Retirement benefit obligations	-	-	-	-	40	40
Subordinated liabilities	-	-	-	1,270	-	1,270
Total	**36,925**	**1,910**	**398**	**96,726**	**502**	**136,461**

Note 41 *Classification of financial instruments, cont.*

Parent company

EURm, 31 Dec 2008	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	906	-	-	-	-	-	-	906
Treasury bills	-	-	691	-	-	-	-	691
Loans and receivables to credit institutions	50,882	-	1,747	-	-	-	-	52,629
Loans and receivables to the public	62,479	-	-	-	-	-	-	62,479
Interest-bearing securities		4,176	635	113	-	5	-	4,929
Financial instruments pledged as collateral	-	-	0	-	-	-	-	0
Shares	-	-	958	23	-	0	-	981
Derivatives	-	-	85,557	-	105	-	-	85,662
Fair value changes of the hedged items in portfolio hedge of interest rate risk	157	-	-	-	-	-	-	157
Investments in group undertakings	-	-	-	-	-	-	16	16
Investments in associated undertakings	-	-	-	-	-	-	309	309
Intangible assets	-	-	-	-	-	-	53	53
Property and equipment	-	-	-	-	-	-	54	54
Investment property	-	-	-	-	-	-	3	3
Deferred tax assets	-	-	-	-	-	-	13	13
Current tax assets	-	-	-	-	-	-	124	124
Retirement benefit assets	-	-	-	-	-	-	75	75
Other assets	1,263	-	-	8,242	-	-	2	9,507
Prepaid expenses and accrued income	505	-	-	-	-	-	319	824
Total	**116,192**	**4,176**	**89,588**	**8,378**	**105**	**5**	**968**	**219,412**

EURm, 31 Dec 2008	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	501	3,423	-	-	33,740	37,664
Deposits and borrowings from the public	-	-	-	-	45,366	45,366
Debt securities in issue	5,242	-	-	-	26,024	31,266
Derivatives	85,237	-	2,054	-	-	87,291
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-	16	16
Current tax liabilities	-	-	-	340	-	340
Other liabilities	3	2,177	-	8	2,110	4,298
Accrued expenses and prepaid income	-	-	-	269	613	882
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	55	-	55
Retirement benefit obligations	-	-	-	28	-	28
Subordinated liabilities	-	-	-	-	1,238	1,238
Total	**90,983**	**5,600**	**2,054**	**700**	**109,107**	**208,444**

Note 41 *Classification of financial instruments, cont.*

Parent company

EURm, 31 Dec 2007	Loans and receivables	Held to maturity	Financial assets at fair value through profit or loss: Held for trading	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets								
Cash and balances with central banks	1,953	-	-	-	-	-	-	1,953
Treasury bills	-	-	719	-	-	-	-	719
Loans and receivables to credit institutions	45,071	-	395	4,934	-	-	-	50,400
Loans and receivables to the public	55,101	-	-	-	-	-	-	55,101
Interest-bearing securities	-	-	1,895	1,745	-	5	-	3,645
Financial instruments pledged as collateral	-	-	-	-	-	-	-	-
Shares	-	-	1,442	21	-	1	-	1,464
Derivatives	-	-	30,560	-	171	-	-	30,731
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-45	-	-	-	-	-	-	-45
Investments in group undertakings	-	-	-	-	-	-	322	322
Investments in associated undertakings	-	-	-	-	-	-	45	45
Intangible assets	-	-	-	-	-	-	37	37
Property and equipment	-	-	-	-	-	-	55	55
Investment property	-	-	-	-	-	-	3	3
Deferred tax assets	-	-	-	-	-	-	134	134
Current tax assets	-	-	-	-	-	-	-	-
Retirement benefit assets	-	-	-	-	-	-	54	54
Other assets	535	-	-	904	-	-	3	1,442
Prepaid expenses and accrued income	524	-	-	-	-	-	178	702
Total	**103,139**	**-**	**35,011**	**7,604**	**171**	**6**	**831**	**146,762**

EURm, 31 Dec 2007	Financial liabilities at fair value through profit or loss: Held for trading	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions	-	-	-	26,737	-	26,737
Deposits and borrowings from the public	-	-	-	41,734	-	41,734
Debt securities in issue	5,072	-	-	24,566	-	29,638
Derivatives	31,614	-	398	-	-	32,012
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	-77	-	-77
Current tax liabilities	-	-	-	-	55	55
Other liabilities	239	1,910	-	1,698	8	3,855
Accrued expenses and prepaid income	-	-	-	657	216	873
Deferred tax liabilities	-	-	-	-	-	-
Provisions	-	-	-	-	40	40
Retirement benefit obligations	-	-	-	-	40	40
Subordinated liabilities	-	-	-	1,270	-	1,270
Total	**36,925**	**1,910**	**398**	**96,585**	**359**	**136,177**

Note 42 Assets and liabilities at fair value

Group	31 Dec 2008		31 Dec 2007	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	906	906	1,953	1,953
Treasury bills	691	691	719	719
Loans and receivables to credit institutions	47,447	47,527	45,549	45,555
Loans and receivables to the public	68,293	68,645	60,597	60,550
Interest-bearing securities	4,929	4,944	3,645	3,645
Financial instruments pledged as collateral	0	0	-	-
Shares	982	982	1,465	1,465
Derivatives	85,662	85,662	30,731	30,731
Fair value changes of the hedged items in portfolio hedge of interest rate risk	157	157	-45	-45
Investments in associated undertakings	51	51	76	76
Intangible assets	59	59	48	48
Property and equipment	117	117	110	110
Investment property	3	3	4	4
Deferred tax assets	15	15	136	136
Current tax assets	133	133	21	21
Retirement benefit assets	82	82	59	59
Other assets	9,532	9,532	1,412	1,412
Prepaid expenses and accrued income	902	902	774	774
Total assets	**219,961**	**220,408**	**147,254**	**147,213**
Liabilities				
Deposits by credit institutions	37,713	37,765	26,789	26,789
Deposits and borrowings from the public	45,279	45,344	41,709	41,591
Debt securities in issue	31,263	31,359	29,635	29,641
Derivatives	87,291	87,291	32,012	32,012
Fair value changes of the hedged items in portfolio hedge of interest rate risk	16	16	-77	-77
Current tax liabilities	341	341	56	56
Other liabilities	4,403	4,403	3,970	3,970
Accrued expenses and prepaid income	1,016	1,016	979	979
Deferred tax liabilities	39	39	33	33
Provisions	59	59	45	45
Retirement benefit obligation	28	28	40	40
Subordinated liabilities	1,238	1,278	1,270	1,270
Total liabilities	**208,686**	**208,939**	**136,461**	**136,349**

Note 42 *Assets and liabilities at fair value, cont.*

Parent company	31 Dec 2008		31 Dec 2007	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	906	906	1,953	1,953
Treasury bills	691	691	719	719
Loans and receivables to credit institutions	52,629	52,725	50,400	50,403
Loans and receivables to the public	62,479	62,814	55,101	55,058
Interest-bearing instruments	4,929	4,945	3,645	3,645
Financial instruments pledged as collateral	0	0	-	-
Shares	981	981	1,464	1,464
Derivatives	85,662	85,662	30,731	30,731
Fair value changes of the hedged items in portfolio hedge of interest rate risk	157	157	-45	-45
Investments in group undertakings	309	309	322	322
Investments in associated undertakings	16	16	45	45
Intangible assets	53	53	37	37
Property and equipment	54	54	55	55
Investment property	3	3	3	3
Deferred tax assets	13	13	134	134
Current tax assets	124	124	-	-
Retirement benefit assets	75	75	54	54
Other assets	9,507	9,507	1,442	1,442
Prepaid expenses and accrued income	824	824	702	702
Total assets	**219,412**	**219,859**	**146,762**	**146,722**
Liabilities				
Deposits by credit institutions	37,664	37,715	26,737	26,736
Deposits and borrowings from the public	45,366	45,431	41,734	41,616
Debt securities in issue	31,266	31,362	29,638	29,644
Derivatives	87,291	87,291	32,012	32,012
Fair value changes of the hedged items in portfolio hedge of interest rate risk	16	16	-77	-77
Current tax liabilities	340	340	55	55
Other liabilities	4,298	4,298	3,855	3,855
Accrued expenses and prepaid income	882	882	873	873
Provisions	55	55	40	40
Retirement benefit obligations	28	28	40	40
Subordinated liabilities	1,238	1,278	1,270	1,270
Total liabilities	**208,444**	**208,696**	**136,177**	**136,064**

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 borrowing and issued securities.

The carrying amounts on loans and receivables, deposits and borrowing and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables on previous pages. 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 at the 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 of financial assets and financial liabilities that are measured using valuation techniques based on assumptions not fully supported by observable market data amounted to EUR -2m (33m) in NBF Group. The effect in the parent company was EUR -2m (33m).

Deferred Day 1 profit or loss

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Amount at beginning of year	-88	-57	-88	-57
Deferred profit/loss on new transactions	-61	-	-61	-
Transactions during the year	-	-64	-	-64
Recognised in the income statement during the year	54	33	54	33
Amount at end of year	**-95**	**-88**	**-95**	**-88**

Determination of fair value from quoted market prices or valuation techniques

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

Group

EURm, 31 Dec 2008	Instruments with quoted prices in active markets (Level 1)[2]	Valuation technique using observable data (Level 2)[3]	Valuation technique using non-observable data (Level 3)[4]	Total
Assets				
Interest-bearing securities and Treasury bills[1]	759	685	-	1,444
Of which:				
- State and sovereigns	691	0	-	691
- Municipalities and other public bodies	11	55	-	66
- Mortgage institutions	-	14	-	14
- Other credit institutions	57	533	-	590
- Corporates	-	78	-	78
- Corporates, sub-investment grade	-	5	-	5
- Other	-	-	-	-
Financial instruments pledged as collateral	0	-	-	0
Shares	958	-	24	982
Derivatives	80	82,862	2,615	85,557
Liabilities				
Debt securities in issue	-	5,242	-	5,242
Derivatives	103	82,278	2,856	85,237

1) Of which EUR 691m Treasury bills and EUR 753m Interest-bearing securities (the portion held at fair value in note 41.)
2) Level 1 consists of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. This category includes listed bonds and other securities, listed shares, exchange-traded derivatives as well as listed issued bonds and other securities.
3) Level 2 consists of financial assets and financial liabilities which do not have quoted market prices directly available from an active market, and where fair values are estimated using valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing at the balance sheet date. The majority of Nordea's OTC derivatives and several other instruments not traded in active markets fall within this category.
4) Level 3 consists of financial instruments for which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case with private equity instruments and with private equity funds as well as for certain complex and/or structured financial instruments. The main increase, during 2008, in instruments categorised in level 3 relates to unlisted shares held by Nordea Life & Pensions. The nature of unobservable parameters remained broadly the same with liquidity being maintained in the majority of the markets.

EURm, 31 Dec 2007	Instruments with quoted prices in active markets (Level 1)[2]	Valuation technique using observable data (Level 2)[3]	Valuation technique using non-observable data (Level 3)[4]	Total
Assets				
Interest-bearing securities and Treasury bills[5]	835	3,529	-	4,364
Of which:				
- State and sovereigns	719	0	-	719
- Municipalities and other public bodies	2	95	-	97
- Mortgage institutions	-	-	-	-
- Other credit institutions	114	1,677	-	1,791
- Corporates	-	54	-	54
- Corporates, sub-investment grade	-	20	-	20
- Other	-	1,683	-	1,683
Financial instruments pledged as collateral	-	-	-	-
Shares	1,441	-	24	1,465
Derivatives	124	28,333	2,103	30,560
Liabilities				
Debt securities in issue	-	5,072	-	5,072
Derivatives	80	29,254	2,280	31,614

5) Of which EUR 719m Treasury bills and EUR 3 645m Interest-bearing securities (the portion held at fair value in note 41.)

Note 42 *Assets and liabilities at fair value*

Parent company

EURm, 31 Dec 2008	Instruments with quoted prices in active markets (Level 1)[2]	Valuation technique using observable data (Level 2)[3]	Valuation technique using non-observable data (Level 3)[4]	Total
Assets				
Interest-bearing securities and Treasury bills[6]	759	685	-	1,444
Of which:				
- State and sovereigns	691	0	-	691
- Municipalities and other public bodies	11	55	-	66
- Mortgage institutions	-	14	-	14
- Other credit institutions	57	533	-	590
- Corporates	-	78	-	78
- Corporates, sub-investment grade	-	5	-	5
- Other	-	-	-	-
Financial instruments pledged as collateral	0	-	-	0
Shares	958	-	23	981
Derivatives	80	82,862	2,615	85,557
Liabilities				
Debt securities in issue	-	5,242	-	5,242
Derivatives	103	82,278	2,856	85,237

6) Of which EUR 691m Treasury bills and EUR 753m Interest-bearing securities (the portion held at fair value in note 41.)

EURm, 31 Dec 2007	Instruments with quoted prices in active markets (Level 1)[2]	Valuation technique using observable data (Level 2)[3]	Valuation technique using non-observable data (Level 3)[4]	Total
Assets				
Interest-bearing securities and Treasury bills[7]	835	3,529	-	4,364
Of which:				
- State and sovereigns	719	0	-	719
- Municipalities and other public bodies	2	95	-	97
- Mortgage institutions	-	-	-	-
- Other credit institutions	114	1,677	-	1,791
- Corporates	-	54	-	54
- Corporates, sub-investment grade	-	20	-	20
- Other	-	1,683	-	1,683
Financial instruments pledged as collateral	-	-	-	-
Shares	1,441	-	23	1,464
Derivatives	124	28,333	2,103	30,560
Liabilities				
Debt securities in issue	-	5,072	-	5,072
Derivatives	80	29,254	2,280	31,614

7) Of which EUR 719m Treasury bills and EUR 3 645m Interest-bearing securities (the portion held at fair value in note 41.)

Note 43 Assets and liabilities in foreign currencies

Group

EURm, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	691	-	-	-	-	-	691
Loans and receivables to credit institutions	8,977	7,939	11,141	1,616	13,788	3,986	47,447
Loans and receivables to the public	59,768	669	148	123	5,291	2,294	68,293
Interest-bearing securities	2,969	57	119	-	1,725	59	4,929
Other assets	66,438	10,251	4,131	5,655	8,333	3,793	98,601
Total assets	**138,843**	**18,916**	**15,539**	**7,394**	**29,137**	**10,132**	**219,961**
Liabilities and equity							
Deposits by credit institutions	15,577	281	573	296	19,357	1,629	37,713
Deposits and borrowings from the public	39,296	134	28	41	3,703	2,077	45,279
Debt securities in issue	10,087	1,768	432	566	12,686	5,724	31,263
Provisions	56	-	-	-	-	3	59
Subordinated liabilities	600	-	-	-	245	393	1,238
Other liabilities and equity	74,532	9,933	4,018	5,471	7,818	2,637	104,409
Total liabilities and equity	**140,148**	**12,116**	**5,051**	**6,374**	**43,809**	**12,463**	**219,961**
Position not reported in the balance sheet	**2,607**	**-6,442**	**-10,771**	**-617**	**14,368**	**1,670**	**815**
Net position, currencies	**1,302**	**358**	**-283**	**403**	**-304**	**-661**	**815**

EURm, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	719	-	-	-	-	-	719
Loans and receivables to credit institutions	13,854	4,913	9,597	1,501	14,181	1,503	45,549
Loans and receivables to the public	53,049	782	94	54	4,028	2,590	60,597
Interest-bearing securities	1,627	150	132	36	1,695	5	3,645
Other assets	23,856	2,608	1,384	2,270	4,610	2,016	36,744
Total assets	**93,105**	**8,453**	**11,207**	**3,861**	**24,514**	**6,114**	**147,254**
Liabilities and equity							
Deposits by credit institutions	8,492	645	21	527	13,821	3,283	26,789
Deposits and borrowings from the public	34,115	150	51	130	4,914	2,349	41,709
Debt securities in issue	8,395	2,046	134	834	11,553	6,673	29,635
Provisions	42	-	-	-	-	3	45
Subordinated liabilities	600	-	-	-	194	476	1,270
Other liabilities and equity	34,724	2,559	1,347	2,208	4,508	2,460	47,806
Total liabilities and equity	**86,368**	**5,400**	**1,553**	**3,699**	**34,990**	**15,244**	**147,254**
Position not reported in the balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Net position, currencies	**6,737**	**3,053**	**9,654**	**162**	**-10,476**	**-9,130**	**0**

Note 43 *Assets and liabilities in foreign currencies, cont.*

Parent company

EURm, 31 Dec 2008	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	691	-	-	-	-	-	691
Loans and receivables to credit institutions	14,137	7,939	11,141	1,616	13,802	3,994	52,629
Loans and receivables to the public	53,832	652	148	121	5,267	2,459	62,479
Interest-bearing securities	2,969	57	119	-	1,725	59	4,929
Other assets	66,539	10,251	4,130	5,655	8,333	3,776	98,684
Total assets	**138,168**	**18,899**	**15,538**	**7,392**	**29,127**	**10,288**	**219,412**
Liabilities and equity							
Deposits by credit institutions	15,572	281	573	296	19,357	1,585	37,664
Deposits and borrowings from the public	39,383	134	28	41	3,703	2,077	45,366
Debt securities in issue	10,091	1,768	432	566	12,686	5,723	31,266
Provisions	53	-	-	-	-	2	55
Subordinated liabilities	600	-	-	-	245	393	1,238
Other liabilities and equity	73,980	9,930	4,018	5,471	7,818	2,606	103,823
Total liabilities and equity	**139,679**	**12,113**	**5,051**	**6,374**	**43,809**	**12,386**	**219,412**
Position not reported in the balance sheet	**2,607**	**-6,442**	**-10,770**	**-617**	**14,368**	**1,669**	**815**
Net position, currencies	**1,096**	**344**	**-283**	**401**	**-314**	**-429**	**815**

EURm, 31 Dec 2007	EUR	SEK	DKK	NOK	USD	Other	Total
Assets							
Treasury bills	719	-	-	-	-	-	719
Loans and receivables to credit institutions	18,684	4,913	9,597	1,501	14,195	1,510	50,400
Loans and receivables to the public	47,713	760	94	53	3,998	2,483	55,101
Interest-bearing securities	1,627	150	132	36	1,695	5	3,645
Other assets	24,020	2,608	1,384	2,270	4,609	2,006	36,897
Total assets	**92,763**	**8,431**	**11,207**	**3,860**	**24,497**	**6,004**	**146,762**
Liabilities and equity							
Deposits by credit institutions	8,440	645	21	527	13,821	3,283	26,737
Deposits and borrowings from the public	34,140	150	51	130	4,914	2,349	41,734
Debt securities in issue	8,399	2,046	134	834	11,553	6,672	29,638
Provisions	38	-	-	-	-	2	40
Subordinated liabilities	600	-	-	-	194	476	1,270
Other liabilities and equity	34,315	2,555	1,347	2,208	4,508	2,410	47,343
Total liabilities and equity	**85,932**	**5,396**	**1,553**	**3,699**	**34,990**	**15,192**	**146,762**
Position not reported in the balance sheet	**-**	**-**	**-**	**-**	**-**	**-**	**0**
Net position, currencies	**6,831**	**3,035**	**9,654**	**161**	**-10,493**	**-9,188**	**0**

Note 44 Obtained collateral which is permitted to be sold or repledged

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

	Group		Parent company	
	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007
Reverse repurchase agreements				
Received collaterals which can be repledged or sold	1,747	395	1,747	395
- of which repledged or sold	1,246	274	1,246	274
Securities borrowing agreements				
Received collaterals which can be repledged or sold	-	-	-	-
- of which repledged or sold	-	-	-	-
Total	**1,747**	**395**	**1,747**	**395**

Note 45 Maturity analysis for assets and liabilities

Group

Remaining maturity

EURm, 31 Dec 2008	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		-	-	-	-	-	906	**906**
Treasury bills	13	-	0	0	691	-	-	**691**
Loans and receivables to credit institutions	14	15,494	16,732	10,871	3,868	482	-	**47,447**
Loans and receivables to the public	14	421	14,854	5,801	18,206	29,011	-	**68,293**
Interest bearing securities	15	-	2,478	2,018	280	153	-	**4,929**
Financial instruments pledged as collateral	16	-	-	-	-	-	0	**0**
Shares	17	-	-	-	-	-	982	**982**
Derivatives	18	-	13,516	10,853	26,986	34,307	-	**85,662**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-12	45	101	23	-	**157**
Total assets with fixed maturities		**15,915**	**47,568**	**29,588**	**50,132**	**63,976**	**1,888**	**209,067**
Non-financial assets	12, 20, 21, 22, 23, 24, 25, 34	-	-	-	-	-	460	**460**
Other assets	26	-	-	-	-	-	9,532	**9,532**
Prepaid expenses and accrued income	27	-	-	-	-	-	902	**902**
Total assets		**15,915**	**47,568**	**29,588**	**50,132**	**63,976**	**12,782**	**219,961**
Deposits by credit institutions	28	2,693	27,559	7,350	78	33	-	**37,713**
Deposits and borrowings from the public	29	27,978	11,927	5,023	349	2	-	**45,279**
Debt securities in issue	30	-	16,916	10,212	3,742	393	-	**31,263**
Derivatives	18	-	15,254	10,958	27,202	33,877	-	**87,291**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-7	20	-	3	-	**16**
Subordinated liabilities	35	-	640	205	-	393	-	**1,238**
Total liabilities with fixed maturities		**30,671**	**72,289**	**33,768**	**31,371**	**34,701**	**-**	**202,800**
Non-financial liabilities	12, 33,34	-	-	-	-	-	467	**467**
Other liabilities	31	-	-	-	-	-	4,403	**4,403**
Accrued expenses and prepaid income	32	-	-	-	-	-	1,016	**1,016**
Equity	36	-	-	-	-	-	11,275	**11,275**
Total liabilities and equity		**30,671**	**72,289**	**33,768**	**31,371**	**34,701**	**17,161**	**219,961**

Note 45 *Maturity analysis for assets and liabilities, cont.*

Parent company

Remaining maturity

EURm, 31 Dec 2008	Note	Payable on demand	Maximum 3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
Cash and balances with central banks		-	-	-	-	-	906	**906**
Treasury bills	13	-	0	0	691	-	-	**691**
Loans and receivables to credit institutions	14	15,491	20,416	11,477	4,751	494	-	**52,629**
Loans and receivables to the public	14	255	10,694	5,196	17,323	29,011	-	**62,479**
Interest bearing securities	15	-	2,478	2,018	280	153	-	**4,929**
Financial instruments pledged as collateral	16	-	-	-	-	-	0	**0**
Shares	17	-	-	-	-	-	981	**981**
Derivatives	18	-	13,516	10,853	26,986	34,307	-	**85,662**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-12	45	101	23	-	**157**
Total assets with fixed maturities		**15,746**	**47,092**	**29,589**	**50,132**	**63,988**	**1,887**	**208,434**
Non-financial assets	12, 20, 21, 22, 23, 24, 25, 34	-	-	-	-	-	647	**647**
Other assets	26	-	-	-	-	-	9,507	**9,507**
Prepaid expenses and accrued income	27	-	-	-	-	-	824	**824**
Total assets		**15,746**	**47,092**	**29,589**	**50,132**	**63,988**	**12,865**	**219,412**
Deposits by credit institutions	28	2,693	27,510	7,350	78	33	-	**37,664**
Deposits and borrowings from the public	29	27,979	12,014	5,023	350	-	-	**45,366**
Debt securities in issue	30	-	16,919	10,212	3,742	393	-	**31,266**
Derivatives	18	-	15,254	10,958	27,202	33,877	-	**87,291**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	19	-	-7	20	-	3	-	**16**
Subordinated liabilities	35	-	640	205	-	393	-	**1,238**
Total liabilities with fixed maturities		**30,672**	**72,330**	**33,768**	**31,372**	**34,699**	**-**	**202,841**
Non-financial liabilities	12, 33,34	-	-	-	-	-	423	**423**
Other liabilities	31	-	-	-	-	-	4,298	**4,298**
Accrued expenses and prepaid income	32	-	-	-	-	-	882	**882**
Equity	36	-	-	-	-	-	10,968	**10,968**
Total liabilities and equity		**30,672**	**72,330**	**33,768**	**31,372**	**34,699**	**16,571**	**219,412**

Note 46 Related-party transactions

Companies significantly influenced by key management personnel in the 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 Nokia Oyj, Posten AB, Sampo Plc, 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 substantially the same criteria and terms as those for comparable transactions with companies of similar standing. They do not involve more than normal risk-taking. The transactions are therefore not included in the table below.

Group

	Nordea Group undertakings		Nordea Group associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007	2008	2007
Assets						
Loans and receivables	43,026	40,993	137	118	-	9
Interest-bearing securities	-	88	119	-	-	-
Derivatives	990	697	202	107	-	2
Investments in associated undertakings	-	-	51	76	-	-
Total assets	**44,016**	**41,778**	**509**	**301**	**-**	**11**
Liabilities						
Deposits	22,631	15,437	136	3	15	8
Debt securities in issue	465	186	-	2	-	0
Derivatives	3,251	706	242	99	-	8
Total liabilities	**26,347**	**16,329**	**378**	**104**	**15**	**16**
Off balance	145,942	69,653	4,516	5,750	-	-

Group	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007	2008	2007
Interest income and interest expense						
Interest income	1,967	1,758	6	5	0	0
Interest expense	762	634	0	0	0	0
Net interest income and expense	**1,205**	**1,124**	**6**	**5**	**0**	**0**

Parent company

	Group undertakings		Associated undertakings		Other related parties	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
EURm	2008	2007	2008	2007	2008	2007
Assets						
Loans and receivables	5,489	5,086	113	97	0	9
Interest-bearing securities	-	-	-	-	-	-
Derivatives	-	0	-	-	-	2
Investments in associated undertakings	-	-	16	45	-	-
Investments in group undertakings	309	322	-	-	-	-
Total assets	**5,798**	**5,408**	**129**	**142**	**0**	**11**
Liabilities						
Deposits	15	27	136	3	15	8
Debt securities in issue	3	4	-	2	-	0
Derivatives	-	-	-	-	-	8
Total liabilities	**18**	**31**	**136**	**5**	**15**	**16**
Off balance	444	366	50	57	-	-

Note 46 *Related-party transactions, cont.*

Parent company

EURm	Group undertakings 31 Dec 2008	Group undertakings 31 Dec 2007	Associated undertakings 31 Dec 2008	Associated undertakings 31 Dec 2007	Other related parties 31 Dec 2008	Other related parties 31 Dec 2007
Interest income and interest expense						
Interest income	246	201	5	5	-	0
Interest expense	1	1	0	0	0	0
Net interest income and expense	**245**	**200**	**5**	**5**	**0**	**0**

The terms “group undertakings” and “associated undertakings” refer to group undertakings and associated undertakings of the Nordea Bank Finland Group. In addition to the parent company figures stated above, the parent company's assets included receivables, interest-bearing securities and derivatives from other Nordea Group undertakings in the amount of EUR 44,015m (41,777), liabilities in the amount of EUR 26,292m (16,276), net interest income in the amount of EUR 1,208m (1,126) and off-balance sheet commitments in the amount of EUR 145,942m (69,653), see Group's specification on previous page. Off-balance sheet transactions with Nordea Group associated undertakings amounted to EUR 4,465m (5,693) and corresponding balance sheet values of derivatives were EUR 202m (107) in assets and EUR 242m (99) in liabilities.

Compensations and loans and receivables to key management personnel

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

Note 47 Mergers, acquisitions, disposals and dissolutions

Subsidiaries merged during 2008	Line of business	Total assets EURm	Profit/loss for the year as included in the Bank Group
PMA-Invest Oy	Real estate company	24	-

Other subsidiaries merged during 2008	Number of companies		Profit/loss for the year as included in the Bank Group
Real estate companies	1	0	-

Associated undertakings acquired during 2008	Line of business		Profit/loss for the year as included in the Bank Group
Arfin Oy	Business and management consultancy activities	56	-
Realia Holding Oy	Investment and development	98	-

Note 48 Nordea shares

Nordea Bank Finland Plc does not possess its own shares. During the year Nordea Bank Finland has bought and sold shares in its parent company Nordea Bank AB (publ) as part of its normal trading and marketmaking activities. The trades are specified in the table enclosed.

Acquisitions

Month	Quantity	Average acquisition price	Amount, EUR
January	220,400	10.10	2,226,898.02
February	298,000	9.32	2,778,120.70
March	821,589	10.09	8,291,477.59
April	-	-	-
May	25,000	10.29	257,250.00
June	265,000	9.61	2,546,620.00
July	106,000	9.26	981,200.00
August	46,000	9.30	427,870.00
September	97,846	8.64	845,622.54
October	356,004	7.59	2,703,701.59
November	59,465	5.98	355,856.91
December	236,500	5.24	1,238,875.00
	2,531,804		22,653,492.35

Sales

Month	Quantity	Average price	Amount, EUR
January	-783,800	10.08	-7,904,562.05
February	-302,135	9.79	-2,958,735.90
March	-1,131,001	10.88	-12,309,569.41
April	-	-	-
May	-10,000	10.88	-108,800.00
June	-50,000	9.55	-477,300.00
July	-17,063	9.22	-157,260.60
August	-26,000	9.76	-253,830.00
September	-138,702	9.20	-1,276,138.06
October	-523,392	9.56	-5,002,537.03
November	-15,000	5.52	-82,800.00
December	-137,068	5.79	-793,689.98
	-3,134,161		-31,325,223.03

The quota value of the Nordea Bank AB (publ) share is EUR 1.00. The trades had an insignificant effect on the shareholding and voting power in Nordea Bank AB (publ). At year-end 2008 NBF owned 274 590 shares of the parent company.

The proposal of the Board of Directors to the Annual General Meeting

The parent company's distributable funds on 31 December 2008 were EUR 8,050,498,743.80, of which the profit for the year was EUR 1,232,931,218.63. The Board of Directors proposes that

1. a dividend of EUR 1,300,000,000.00 be paid and
2. for public good purposes be reserved EUR 700,000.00,
3. whereafter the distributable funds will be EUR 6,749,798,743.80.

Signatures of the Directors' report and of the Financial Statements:

Helsinki, 27 February 2009

Christian Clausen

Carl-Johan Granvik

Michael Rasmussen

Fredrik Rystedt

Peter Schütze

Our auditors' report has been issued today.

Helsinki, 27 February 2009

KPMG OY AB

Raija-Leena Hankonen
Authorised Public Accountant

Auditors' report

This document is an English translation of the Swedish auditor's report. Only the Swedish version of the report is legally binding.

To the Annual General Meeting of Nordea Bank Finland Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors and the administration of Nordea Bank Finland Plc for the year ended on 31 December 2008. The financial statements comprise the consolidated and parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

The responsibility of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated and parent company's financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the report of the Board of Directors in accordance with laws and regulations governing the preparation of the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's responsibility
Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors and the Managing Director have complied with the Finnish Credit Institutions Act and the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated and the parent company's financial statements and the report of the Board of Directors
In our opinion, the consolidated and parent company's financial statements give a true and fair view of the financial position, financial performance and cash flows of the group and the parent company in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The report of the Board of Directors give a true and fair view of the financial performance and financial position of the group and the parent company in accordance with the laws and regulations governing the preparation of the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinion on the discharge from liability and disposal of distributable funds
The consolidated and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Limited Liability Companies Act.

Helsinki, 27 February 2009

KPMG OY AB

Raija-Leena Hankonen
Authorized Public Accountant

Board of Directors and auditors

Board of Directors

Board member Markku Pohjola left the Board on 31 May 2008. The extraordinary general meeting on 12 May 2008 elected Michael Rasmussen as a new Board member as from 1 June 2008. Board member Arne Liljedahl left the Board on 14 September 2008. The extraordinary general meeting on 15 September 2008 elected Fredrik Rystedt as a new Board member as from 15 September 2008. Board members Christian Clausen, Carl-Johan Granvik and Peter Schütze continued in their positions.

As from 1 June The President of Nordea Bank Finland Plc is Carl-Johan Granvik and Ari Kaperi acts as his deputy.

Auditors

The Annual General Meeting of Nordea Bank Finland Plc elects the company's auditors for a period of one year at a time. The auditor must be an audit firm authorised by the Finnish Chamber of Commerce.

Board of Directors 31 December 2008

Christian Clausen
Born 1955. President and Group Chief Executive Officer of Nordea. Chairman of the Board since 2007. Member since 2002.

Carl-Johan Granvik
Born 1949. President of Nordea Bank Finland Plc. Vice Chairman of the Board since 2008. Chief Risk Officer and Head of Group Credit and Risk Control. Country Senior Executive in Finland. Member since 1995.

Michael Rasmussen
Born 1964. Head of Banking Products & Group Operations. Member since 2008.

Fredrik Rystedt
Born 1963. Chief Financial Officer and Head of Group Corporate Centre. Member since 2008.

Peter Schütze
Born 1948. Head of Nordic Banking in Nordea. Country Senior Executive in Denmark. Member since 2002.

Auditors

KPMG Oy Ab
Auditor with main responsibility
Raija-Leena Hankonen
Authorised Public Accountant

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