

Copenhagen, Helsinki, Oslo, Stockholm, 13 February 2008

## Year-end Report 2007

### Strong result – based on growth strategy and prudent risk management

- Income EUR 7,886m (EUR 7,365m), up 8% on a comparable basis\*
- Gap between income and cost growth of 2.0 %-points\*
- Risk-adjusted profit EUR 2,417m (EUR 2,107m), up 15%
- Profit before loan losses EUR 3,820m (EUR 3,543m), up 11%\*
- Positive net loan losses EUR 60m (positive EUR 257m)
- Net profit EUR 3,130m (EUR 3,153m), up 3% on a comparable basis\*
- Return on equity 19.7% including non-recurring items (22.9%)
- Earnings per share EUR 1.20 including non-recurring items (EUR 1.21)
- Proposed dividend per share EUR 0.50, (EUR 0.49), corresponding to a dividend payment of EUR 1,297m

\*) The growth figures are calculated on a comparable basis, excluding the income of EUR 120m from the deposit guarantee refund in Finland in 2007 and the income of EUR 199m from the divestment of International Moscow Bank (IMB) in 2006

### Continued strong volume growth despite increasing uncertainty

- Total lending up 14%
- Corporate lending up 17%
- Total deposits up 12%, of which volumes in savings accounts up 21%
- Number of gold customers up 7%, number of Private Banking customers up 16%
- Successful execution of organic growth strategy in New European Markets
- Strong increase in capital market business with corporate segment

*"I am very pleased with our very strong performance in 2007. As a result of a good team work, we continue to deliver on our growth strategy. We have invested significant amounts in our growth initiatives and at the same time delivered a record operating profit. This has been achieved through a balance between focus on growth and strict risk and cost management. Market turmoil in the second half of the year had only limited impact on Nordea, due to our prudent risk management culture and stable funding base.*

*Uncertainty has increased and 2008 looks more challenging. The growth outlook for the Nordic region is still relatively strong and we therefore continue with our planned investments in growth areas both in the Nordic region and in our New European Markets. If, however, the economic growth slows down more than anticipated, we will review the level of growth investments. I am confident that we also going forward will manage to combine growth with unchanged focus on risk and cost management", says Christian Clausen, President and Group CEO of Nordea.*

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*Nordea's vision is to be the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 10 million customers, more than 1,200 branch offices and a leading netbanking position with 4.8 million e-customers. The Nordea share is listed on the OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.*

## Income statement\*

	Jan-Dec 2007	Jan-Dec 2006	Change %	Q4 2007	Q4 2006	Change %	Q3 2007	Change %
EURm								
Net interest income	4 282	3 869	11	1 143	1 006	14	1 092	5
Net fee and commission income	2 140	2 074	3	526	549	-4	531	-1
Net gains/losses on items at fair value	1 187	1 036	15	314	310	1	264	19
Equity method	41	68	-40	12	7	71	10	20
Other income	116	119	-3	27	26	4	17	59
<b>Total operating income</b>	<b>7 766</b>	<b>7 166</b>	<b>8</b>	<b>2 022</b>	<b>1 898</b>	<b>7</b>	<b>1 914</b>	<b>6</b>
Staff costs	-2 388	-2 251	6	-615	-606	1	-596	3
Other expenses	-1 575	-1 485	6	-429	-391	10	-372	15
Depreciation of tangible and intangible assets	-103	-86	20	-29	-19	53	-25	16
<b>Total operating expenses</b>	<b>-4 066</b>	<b>-3 822</b>	<b>6</b>	<b>-1 073</b>	<b>-1 016</b>	<b>6</b>	<b>-993</b>	<b>8</b>
<b>Profit before loan losses</b>	<b>3 700</b>	<b>3 344</b>	<b>11</b>	<b>949</b>	<b>882</b>	<b>8</b>	<b>921</b>	<b>3</b>
Loan losses	60	257		6	82		13	
Disposals of tangible and intangible assets	3	8		3	2		-2	
<b>Operating profit</b>	<b>3 763</b>	<b>3 609</b>	<b>4</b>	<b>958</b>	<b>966</b>	<b>-1</b>	<b>932</b>	<b>3</b>
Income tax expense	-721	-655	10	-194	-90	116	-171	13
<b>Net profit for the period</b>	<b>3 042</b>	<b>2 954</b>	<b>3</b>	<b>764</b>	<b>876</b>	<b>-13</b>	<b>761</b>	<b>0</b>

## Business volumes, key items

	31 Dec 2007	31 Dec 2006	Change %	30 Sep 2007	Change %
EURbn					
Loans and receivables to the public	244,7	214,0	14	238,7	3
Deposits and borrowings from the public	142,3	126,5	12	135,0	5
of which savings deposits	40,8	33,6	21	39,3	4
Assets under management	157,1	158,1	-1	162,9	-4
Technical provisions, Life	32,1	30,8	4	32,4	-1
Equity	17,2	15,3	12	16,3	6
Total assets	389,1	346,9	12	386,7	1

## Ratios and key figures

	Jan-Dec 2007	Jan-Dec 2006	Q4 2007	Q4 2006	Q3 2007
Earnings per share (EPS), EUR	1,20	1,21	0,33	0,34	0,29
Share price <sup>1</sup> , EUR	11,42	11,67	11,42	11,67	12,21
Total shareholders' return, %	6,4	32,3	-0,4	9,9	4,5
Proposed/ actual dividend per share, EUR	0,50	0,49	0,50	0,49	
Equity per share <sup>2</sup> , EUR	6,58	5,89	6,58	5,89	6,28
Shares outstanding <sup>1</sup> , million	2 593	2 591	2 593	2 591	2 591
Shares outstanding after full dilution, million	2 594	2 591	2 594	2 591	2 593
Return on equity, %*	19,1	21,4	18,1	23,6	19,1
Cost/income ratio, %*	52	53	53	54	52
Tier 1 capital ratio <sup>1</sup> , %	7,0	7,1	7,0	7,1	7,2
Total capital ratio <sup>1</sup> , %	9,1	9,8	9,1	9,8	9,6
Tier 1 capital <sup>1</sup> , EURm	14 230	13 147	14 230	13 147	13 921
Risk-weighted amounts <sup>1</sup> , EURbn	205	185 <sup>3</sup>	205	185 <sup>3</sup>	194
Number of employees (full-time equivalents) <sup>1</sup>	31 721	29 248	31 721	29 248	31 328
Risk-adjusted profit, EURm	2 417	2 107	619	568	601
Economic profit, EURm	1 585	1 412	401	389	391
Economic capital, EURbn	10,2	9,3	10,9	9,6	10,5
EPS, risk-adjusted, EUR	0,93	0,81	0,24	0,22	0,23
RAROCAR, %	23,6	22,7	23,2	24,2	23,1
MCEV <sup>1</sup> , EURm	3 189	2 873			

<sup>1</sup> End of period.

<sup>2</sup> Equity excluding minority interests and revaluation reserves.

<sup>3</sup> RWA according to Basel I.

\* For comparison reasons two major non-recurring items have been excluded. For 2007 the refund from the Finnish deposit guarantee system of EUR 120m and for 2006 the capital gain from the IMB sale of EUR 199m, both reported as Other income. For full income statement including these items see page 26.

## The Group

### Result summary 2007

Nordea reports a new record result in 2007, driven by strong revenue growth. This was supported by the consistent execution of Nordea's organic growth strategy. The number of customers in the premium segments, private banking and Gold, increased. Volume growth continued in all areas. Deposit margins improved, while lending margins were under pressure.

Total income increased by 8%, when excluding the income of EUR 120m from the deposit guarantee refund in Finland in the last quarter 2007 and the capital gain of EUR 199m from the sale of shares in International Moscow Bank (IMB) in the third quarter 2006. To highlight the underlying trend, both of these items are excluded in the comments below and in the tables. The full income statement including these items is found on page 26.

Total expenses increased by 6%, following increased business volumes, investments in growth areas and wage inflation. With an achieved gap between growth in income and cost of 2.0 %-points, the target for the year was met. The gap target was reached, while significant investments have been made in line with the communicated growth strategy and despite difficult market conditions during the autumn.

Profit before loan losses was up 11% to EUR 3,700m and operating profit was EUR 3,763m, up 4%. Risk-adjusted profit increased by 15%. Return on equity was 19.1% and the cost/income ratio continued to improve and was 52%. Loan losses were positive at EUR 60m.

The financial market turmoil in the second half of 2007, which strongly affected global financial markets, has had limited effect on Nordea's result, with the impact mainly restricted to the third quarter. This is due to Nordea's limited direct and indirect exposure to the sub-prime market as well as limited exposure to credit-linked structured investment vehicles. Nordea has also benefited from its high-quality balance sheet, well diversified business profile, strong liquidity position and solid funding name.

Nordea's strong performance continued in the fourth quarter, despite the difficult market conditions. The positive trends from previous quarters continued, with double-digit lending volume growth and strong increase in deposits. Lending growth was in particular strong in the corporate segment. Despite signs of stagnating house prices across the Nordic markets, mortgage loans increased at double-digit rates also in the fourth quarter. Deposit volume growth continued, driven by strong inflows into savings accounts.

In the fourth quarter lending margins were generally stable. Also, deposits margins were on average unchanged. Margins on transaction accounts continued to improve somewhat. However, since volumes on savings accounts, with moderate margins, in the last quarter increased strongly and volumes on transaction accounts, with clearly

higher margins were unchanged, the overall reported average margin was also unchanged.

Assets under Management were largely at the same level as end 2006, with inflows in Private Banking, but a total net outflow reflecting a shift from fund products to savings accounts with high and stable return.

Nordea's activities in capital markets performed well in 2007, despite market turmoil in the second half of the year. Strong demand from corporate customers for risk management products was experienced in the last two quarters.

### Income

Total income increased by 8% to EUR 7,766m. Net interest income grew by 11% to EUR 4,282m, mainly driven by strong lending and deposit volume growth and increased deposit margins. Lending grew at double-digit rates in all major segments, which compensated for the margin pressure experienced during the year. Total lending to the public increased by 14% to EUR 245bn. The growth rate was stable throughout the year.

Deposit volumes increased by 12% to EUR 142bn, driven by increases in both the household and corporate segments. In particular, inflow into savings accounts was strong, where volumes increased by 21% compared with end December last year. This reflects customers' demand for low-risk products and is supported by Nordea's strategy to offer market competitive interest rates. The net inflow on savings accounts was EUR 7.2bn during the year. Deposit margins improved following higher market interest rates, although the strong growth in savings accounts led to unchanged average deposit margins in the fourth quarter.

Strong growth in corporate lending was recorded in the Nordic region in all segments, even though demand related to M&A transactions softened during the autumn. Corporate lending growth the last twelve months was approx. 25% in Norway, 15% in Denmark and Sweden and approx. 10% in Finland. Corporate lending margins decreased during the year, reflecting fierce competition and financial strength among corporate customers leading to higher ratings. Nordea's ambition to increase the risk-adjusted margins will continue.

Net interest income in Nordic Banking increased by 10%, as a result of strong growth in corporate and consumer lending, and improved income from deposits, supported by higher margins and volumes.

In Institutional and International Banking, net interest income increased by 39% following strong lending growth mainly in New European Markets, but also supported by strong development in Financial Institutions Division and Shipping, Oil Services and International Division. In New European Markets, lending on a comparable basis, excluding Russia, increased by 77%, with a declining growth rate in the fourth quarter, and deposits increased by 35%. This

led to an increase in net interest income of 45%. The increase in lending in New European Markets was well balanced between the markets and is an effect of the selective growth strategy, meaning continued prudent risk management and focus on customers in the premium segments. Total lending in New European Markets, including Orgresbank, amounted to EUR 10bn, which represents 4% of Nordea's total lending to the public.

Assets under Management (AuM) decreased by 1% to EUR 157bn compared to last year, even though average AuM during 2007 was higher than in 2006. In 2007, a net outflow of EUR 2.4bn was reported, mainly due to customers moving assets from equity funds into low-risk savings accounts.

Net commission income increased by 3% to EUR 2,140m. Lending-related commissions increased by 12% to EUR 394m, reflecting the strong lending growth as well as increased guarantee fees. Savings-related commissions grew in total by 7% to EUR 1,408m. Asset management commissions increased by 2%, following modestly higher average AuM in the year and a negative product mix effect, with outflows from various equity funds with high margins to fixed income products. However, both Life Insurance and Brokerage achieved double-digit commission growth, as a result of a strong performance in unit-linked insurance products and increased activity level within both areas. Total payment commissions were up by 5% to EUR 776m, mainly driven by a strong increase in card commissions of 16%. However, volume and price pressure on domestic payments dampened the growth rate. Total commission expenses increased by 17% to EUR 594m, reflecting increased business volumes and the launch of credit cards to gold customers. These cards include value-added services such as free insurance for customers.

Net gains/losses on items at fair value increased by 15% to EUR 1,187m, despite the difficult market conditions in the second half of the year. Net gains/losses in Customer areas increased by 10% to EUR 1,048m, driven by a high activity level in all segments within the Capital Markets product area and increased penetration of Nordea's corporate customer base. In Group Corporate Centre, mainly Group Treasury, net gains/losses were EUR 156m, following successful asset and liability management and the appreciation of the OMX shares which contributed with approx. EUR 90m, compared to EUR 17m in 2006. In Life, net gains/losses increased by 8% to EUR 283m.

Income under the Equity method was EUR 41m compared to EUR 68m last year. The reduction is mainly explained by the discontinued profit contribution from the holding in International Moscow Bank, following the divestment last year.

Nordea in 2007 received a refund from the Finnish Deposit guarantee system, included in the statutory income statement with EUR 120m, but for comparable reasons excluded in the financial summary. The gain from the sale of

IMB last year is also excluded from Other income in this comparison.

### **Expenses**

Total expenses increased by 6% to EUR 4,066m. Close to half of the increase was due to investments in growth areas, ie increased advisory capacity within Nordic Private Banking, Growth Plan Sweden as well as investments in New European Markets, including Orgresbank. Orgresbank is included in the Income statement from the second quarter. The other half, or approx. 3 %-points, was due to increased business volumes and underlying inflation, partly compensated by continued efficiency gains.

Staff costs increased by 6% to EUR 2,388m, reflecting an increased ambition level within growth areas. In total the number of FTEs has during 2007 increased by approx. 2,500 or 8% compared to end of 2006. Excluding Orgresbank, which has contributed with approx. 1,400 FTEs, the number of FTEs has increased with approx. 1,100, or 4%. The cost increase is also explained by general wage inflation and higher variable salaries.

Other expenses amounted to EUR 1,575m, up by 6% compared to last year, due to higher business volumes, investments in growth areas and strategic initiatives.

The cost/income ratio was down to 52% compared to 53% last year, indicating an improved productivity.

### **Loan losses**

Net loan losses were positive at EUR 60m reflecting that recoveries were maintained at a high level while there at the same time was limited need for new provisions. The quality of the credit portfolio remains strong.

### **Taxes**

For 2007, the effective tax rate was 19%, which is below Nordea's average standard tax rate of 26%. The tax expenses for 2007 were influenced by a reduction of the corporate tax rate in Denmark and a revaluation of the tax asset in Finland, which reduced the tax expenses by approx. EUR 240m.

### **Net profit**

Net profit increased by 3% to EUR 3,042m. This corresponds to a return on equity of 19.1% and earnings per share of EUR 1.17, when excluding the income from the deposit guarantee refund in Finland 2007.

### **Fourth quarter 2007**

Total income in the fourth quarter increased by 7% compared to the fourth quarter 2006, which was a record quarter in terms of revenue generation. Total expenses increased by 6%. Profit before loan losses increased by 8% and net profit decreased by 13%, reflecting higher positive net loan losses and a lower effective tax rate in 2006. The gap between revenue and cost growth was approx. 1 %-point, despite the very strong performance last year and the difficult market conditions this year.

**Income**

Total income increased by 7% to EUR 2,022m, compared with the same quarter last year. Net interest income increased by 14% to EUR 1,143m. The strong increase in net interest income was driven by solid lending growth and increased deposit volumes and higher margins. Compared with the third quarter, margins have been stable in most lending segments, except consumer loans and corporate lending in Norway which were lower in the fourth quarter.

Net commission income decreased by 4% to EUR 526m compared with the last quarter 2006. Total savings-related commissions decreased by 1% to EUR 354m, mainly due to lower asset management commissions. Total payment commissions increased by 2% to EUR 200m following a strong growth in card commissions which to some extent was offset by volume and price pressure on domestic payments. Total lending-related commissions decreased by 9% to EUR 83m, explained by low activity within acquisition finance during the quarter. Commission expenses increased by 3%, mainly driven by card expenses and increased payment volumes.

Capital markets were characterised by high volatility, liquidity squeeze and increased spreads in the fourth quarter. Despite these difficulties, Nordea Markets' income reached a new record level in the fourth quarter, with total income at EUR 258m. All product lines performed strongly. The income increase was particularly strong for foreign exchange products and structured products. Income from fixed income, which was negatively affected by the turbulence in the third quarter, recovered to the long-term trend in the fourth quarter. Nordea Markets has benefited from the Group's strong and stable liquidity position which made it possible for Nordea Markets to conduct business as usual and capture business opportunities.

In total, Nordea's net gains/losses increased by 1% to EUR 314m compared to a very strong fourth quarter 2006. Net gains/losses in Customer areas increased by 10% to EUR 300m. In Group Corporate Centre, income was down compared with a very strong last quarter 2006.

**Expenses**

Compared to the same quarter last year total expenses increased by 6% to EUR 1,073m, while staff costs increased by 1% to EUR 615m and other expenses increased by 10% to EUR 429m. Staff costs have benefited from lower pension costs during the quarter. The increase in Other expenses reflects continued high activity level within all areas, investments in Nordea transformation program and other central projects to enhance future growth. Orgresbank, not included in the last quarter 2006, also contributes to the increase in expense level.

**Loan losses**

After continued reversals and low new provisions loan losses in the fourth quarter were positive at EUR 6m. This means that loan losses have been positive fifteen quarters

in a row, reflecting the strong quality of Nordea's credit portfolio.

Small changes were seen in terms of both new provisions and recoveries for individually assessed loans. For collectively assessed loans, a decrease has been made in the global transfer risk reserve and an increase of provisions for specific groups of loans, eg leveraged finance as well as exposure in the Baltic countries.

**Net profit**

Compared to the fourth quarter 2006, net profit decreased by 13% to EUR 764m, corresponding to EUR 0.30 per share, mainly due to a higher level of positive net loan losses and lower tax expenses last year.

**Effect of market turmoil on Nordea's funding operations**

The problems in the US sub-prime market, which started to affect capital markets in general during the third quarter, caused widening of credit spreads and funding difficulties for large parts of the market. This led to a severe tightening of global liquidity.

Nordea's name has, however, been well received in the market. This is due to the well diversified and strong funding base, including a stable household deposit base as well as Nordea's prudent liquidity management strategy, established since the creation of Nordea.

This foundation has made it possible for Nordea to conduct its short and long-term funding operations without any notable distress, only influenced by the general increase in funding spreads. The Swedish and Danish covered bond markets remained fully operational during this turbulent period, consequently, Nordea was also able to conduct its ordinary domestic funding activity of its mortgage assets. In addition, Nordea Hypotek took advantage of a temporary strength in the European Covered Bond market by issuing a 3-year EUR 1.25bn covered bond. The bond was favourably received with more than 90 investors participating.

**Market risk**

The risk profile of Nordea's trading and investment activities is well balanced and managed, as proven in the recent turmoil in the markets. Nordea does not carry traditional investment portfolios in its banking business and only a limited part of all assets are marked-to-model. The trading activity is focusing on customer needs for hedging and investment instruments. The market risk levels are moderate.

**Credit portfolio**

Total lending was EUR 245bn at the end of 2007 and the share of lending to personal customers was 44%, which is at the same level as in recent years. Within personal customer lending, mortgage loans accounted for 77%. There was no major change in the composition of the corporate loan portfolio during the year. Real estate management companies remain the largest industry exposure in the

credit portfolio and lending to this industry amounts to EUR 37bn, representing 15% of the total lending portfolio. The lending portfolio is well diversified.

### Capital position and capital management

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

Nordea uses the IRB foundation approach for credit risk in the corporate and institutions portfolios, which covers approx. 55% of Nordea's credit portfolios, and standardised methods for the other credit exposure classes, i.e. Retail and Sovereign. Nordea also has approval to utilise internal VaR models for measuring the major part of Market risk and the standardised approach for Operational Risk.

At the end of December, Nordea's risk-weighted amounts (RWA) were EUR 205bn, compared to EUR 189bn end June, when Nordea reported according to Basel II for the first time. Before transition rules, which allows for only an approx. 5% reduction of RWA in 2007, RWA were EUR 171bn, which is a reduction by EUR 5bn or 3%, compared to previous quarter. Improved collateral sourcing more than offset the increase in credit exposure.

The tier 1 ratio was 7.0% and the total capital ratio was 9.1%. Before transition rules, the tier 1 ratio was 8.3% and the total capital ratio was 10.9%. According to Basel I rules, the tier 1 ratio would have been 6.6%.

Economic Capital increased by 13% to EUR 10.9bn, end December, compared to 2006. This mainly reflects the increase in credit risk exposure due to the growth in lending.

Nordea's Pillar 3 Report will be published on [www.nordea.com](http://www.nordea.com) in connection with the publishing of the Annual Report end February.

### Value creation and Risk-adjusted profit

In line with Nordea's aim to create shareholder value, one of the long-term financial targets is to double the risk-adjusted profit in seven years, which implies an average annual growth of approx. 10% with 2006 as baseline. Nordea's performance in 2007 was significantly above this level, with a risk-adjusted profit growth of 15% to 2,417m.

Risk-adjusted profit is defined as total income, less total expenses, excluding non-recurring items, less expected loan losses and average standard tax.

Economic Profit, which in addition to risk-adjusted profit includes cost of capital, increased by 12% to EUR 1,585m.

Market Consistent Embedded Value (MCEV) is used as a measure of value creation in Nordea's Life insurance business. MCEV measures the value of contracts over their whole contractual lifetime. The MCEV of Nordea's life and pension business was EUR 3,189m at the end of 2007,

up 11% compared to 2006, including a value of new business of EUR 194m, largely at the same level as in 2006.

### Nordea share

In 2007, the share price of Nordea appreciated by 2.4% on the Stockholm Stock Exchange from SEK 105.50 to SEK 108. Total shareholder return (TSR) was 6.4%. Nordea thus reached the target of being among the five banks in the top quartile in the European peer group measured by TSR. Nordea was in 2007 number three, and best among Nordic peers.

### Mandate to repurchase and convey own shares

The Board of Directors received at the Annual General Meeting (AGM) in April 2007 a mandate to repurchase own shares. This mandate has not been utilised during the year, mainly due to the market turmoil.

In order to be able to adjust the company's capital structure to the need at any time and to use own shares as payment in connection with acquisitions or in order to finance such acquisitions, the Board of Directors will propose to the AGM on 3 April 2008 a 10% authorisation to repurchase own shares. The repurchases should be done on a regulated market where the company's shares are listed, or by means of an acquisition offer directed to all shareholders.

### Dividend

The Board of Directors will propose to the AGM a dividend of EUR 0.50 per share (EUR 0.49), corresponding to a payout ratio of 42% of net profit. This represents an increase of 2%. Total proposed dividend amounts to EUR 1,297m.

The ex-dividend date for the Nordea share is 4 April 2008. The proposed record date for the dividend is 8 April, and dividend payments will be made on 15 April.

### Profit sharing and management incentive

In 2007, a total of approx. EUR 80m was provided for under Nordea's incentive systems, including the ordinary profit-sharing scheme for all employees and the Long-Term Incentive Programme for 400 top managers.

For 2007, Nordea's Board of Directors decided to increase the threshold in the existing profit-sharing scheme for all employees to support the increased ambition level. Employees can receive a maximum of EUR 3,000, of which EUR 2,200 is based on a pre-determined level of return on equity, and an additional EUR 800 based on Nordea's relative performance compared to a Nordic peer group as measured by return on equity.

The profit-sharing scheme for 2008 has been changed in order to align the scheme to Nordea's long-term financial targets and to support creating great customer experiences. 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 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. If all performance criteria are met, the cost of the scheme will amount to a maximum of approx. EUR 100m.

The Annual General Meeting 2007 decided upon a Long Term Incentive Programme (LTIP), which replaced the previous Executive Incentive Programme. To be part of the programme, the participants had to lock in Nordea shares and thereby align their interest and perspectives with the shareholders. The participants were granted a number of rights to acquire matching and performance shares, which can be exercised after two years at the earliest, conditional on continued employment and fulfilment of certain performance criteria, being growth in risk-adjusted profit per share and Total Shareholder Return (TSR) compared to Nordic and European financial companies.

The Board of Directors has decided to propose a Long Term Incentive Programme (LTIP 2008) to the AGM 2008. The programme is proposed to have the same structure as LTIP 2007. For further information, see separate press release on proposals to the AGM 2008.

#### **Agreement finalised with Svensk Kassaservice about new Nordea branches in Sweden**

In October, Nordea announced its intention to establish some 70 new branches by developing locations where Svensk Kassaservice has operations and where Nordea has many of its customers. End January 2008, this agreement has been finalised and Nordea will from 1 July 2008 open 76 new branches and will offer 350 of the employees from Svensk Kassaservice employment in Nordea. In addition approx. 100 new personal bank advisers will be employed.

#### **Nordea receives refund from the Finnish deposit guarantee system**

Following a decision by the Finnish parliament, Nordea has received a pay-back of the funds in the former deposit guarantee fund dissolved in 1998. This refund is included in the result for 2007 with EUR 120m, as part of Other income in the statutory income statement.

#### **Strengthening of Nordea's equity and corporate finance offering**

In order to better meet the demands of Nordea's large corporate and institutional customers, Nordea's equity and corporate finance offering has been combined into one Nordic unit, where institutional equity research will be carried out in-house. The agreement with Standard & Poor's has been prolonged for serving Nordea's Private Banking customers.

#### **Annual General Meeting**

The Annual General Meeting of shareholders will be held on Thursday 3 April 2008 in Aula Magna, at the Stockholm University at 13.00 (CET). Prior to the AGM, information meeting for shareholders will be held on 5 March in Helsinki and 12 March in Copenhagen.

#### **Outlook 2008**

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

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

Following the strong performance from growth initiatives, Nordea will continue with investments in growth areas, in the Nordic countries and in New European Markets. The increase in the cost base, resulting from growth initiatives, is for 2008 expected to be EUR 100-120m. These initiatives and increased wage inflation are expected to lead to a somewhat higher cost increase in 2008, compared with 2007.

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

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

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

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

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

## Quarterly development\*

	Q4	Q3	Q2	Q1	Q4	Jan-Dec	Jan-Dec
EURm	2007	2007	2007	2007	2006	2007	2006
Net interest income	1,143	1,092	1,043	1,004	1,006	4,282	3,869
Net fee and commission income (note 1)	526	531	548	535	549	2,140	2,074
Net gains/losses on items at fair value	314	264	318	291	310	1,187	1,036
Equity method	12	10	9	10	7	41	68
Other income	27	17	39	33	26	116	119
<b>Total operating income</b>	<b>2,022</b>	<b>1,914</b>	<b>1,957</b>	<b>1,873</b>	<b>1,898</b>	<b>7,766</b>	<b>7,166</b>
General administrative expenses (note 2):							
Staff costs	-615	-596	-592	-585	-606	-2,388	-2,251
Other expenses	-429	-372	-391	-383	-391	-1,575	-1,485
Depreciation of tangible and intangible assets	-29	-25	-25	-24	-19	-103	-86
<b>Total operating expenses</b>	<b>-1,073</b>	<b>-993</b>	<b>-1,008</b>	<b>-992</b>	<b>-1,016</b>	<b>-4,066</b>	<b>-3,822</b>
<b>Profit before loan losses</b>	<b>949</b>	<b>921</b>	<b>949</b>	<b>881</b>	<b>882</b>	<b>3,700</b>	<b>3,344</b>
Loan losses	6	13	28	13	82	60	257
Disposals of tangible and intangible assets	3	-2	1	1	2	3	8
<b>Operating profit</b>	<b>958</b>	<b>932</b>	<b>978</b>	<b>895</b>	<b>966</b>	<b>3,763</b>	<b>3,609</b>
Income tax expense	-194	-171	-162	-194	-90	-721	-655
<b>Net profit for the period</b>	<b>764</b>	<b>761</b>	<b>816</b>	<b>701</b>	<b>876</b>	<b>3,042</b>	<b>2,954</b>
Earnings per share (EPS), EUR	0.33	0.29	0.31	0.27	0.34	1.20	1.21
EPS, rolling 12 months up to period end, EUR	1.20	1.21	1.26	1.23	1.21	1.20	1.21
	Q4	Q3	Q2	Q1	Q4	Jan-Dec	Jan-Dec
	2007	2007	2007	2007	2006	2007	2006
<b>Note 1 Net fee and commission income, EURm</b>							
Asset Management commissions	192	182	196	192	203	762	744
Life insurance	74	63	67	66	75	270	233
Brokerage	59	65	68	68	54	260	227
Custody	19	19	20	21	18	79	76
Deposits	10	9	9	9	9	37	40
Total savings related commissions	354	338	360	356	359	1,408	1,320
Payments	111	108	107	108	117	434	442
Cards	89	92	88	73	80	342	296
Total payment commissions	200	200	195	181	197	776	738
Lending	49	70	71	68	60	258	235
Guarantees and document payments	34	35	35	32	31	136	117
Total lending related commissions	83	105	106	100	91	394	352
Other commission income	40	40	39	37	49	156	172
<b>Fee and commission income</b>	<b>677</b>	<b>683</b>	<b>700</b>	<b>674</b>	<b>696</b>	<b>2,734</b>	<b>2,582</b>
Life insurance	-17	-15	-15	-21	-16	-68	-51
Payment expenses	-81	-69	-65	-55	-70	-270	-229
Other commission expenses	-53	-68	-72	-63	-61	-256	-228
<b>Fee and commission expenses</b>	<b>-151</b>	<b>-152</b>	<b>-152</b>	<b>-139</b>	<b>-147</b>	<b>-594</b>	<b>-508</b>
<b>Net fee and commission income</b>	<b>526</b>	<b>531</b>	<b>548</b>	<b>535</b>	<b>549</b>	<b>2,140</b>	<b>2,074</b>
	Q4	Q3	Q2	Q1	Q4	Jan-Dec	Jan-Dec
	2007	2007	2007	2007	2006	2007	2006
<b>Note 2 General administrative expenses, EURm</b>							
Staff	615	596	592	585	606	2,388	2,251
of which variable salaries	63	44	55	57	58	219	188
Information technology <sup>1</sup>	150	138	126	124	110	538	456
Marketing	35	17	29	23	34	104	104
Postage, telephone and office expenses	52	41	51	53	44	197	188
Rents, premises and real estate expenses	96	86	84	85	87	351	338
Other	96	90	101	98	116	385	399
<b>Total</b>	<b>1,044</b>	<b>968</b>	<b>983</b>	<b>968</b>	<b>997</b>	<b>3,963</b>	<b>3,736</b>

<sup>1</sup> Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, but excluding IT expenses in the Life operations, were EUR 169m in Q4 2007 (Q4 2006: EUR 166m) and for 2007 EUR 654m (2006: EUR 628m).

\* For comparison reasons two major non-recurring items have been excluded. For 2007 the refund from the Finnish deposit guarantee system of EUR 120m and for 2006 the capital gain from the IMB sale of EUR 199m, both reported as Other income. For full income statement including these items see page 26.



Customer Areas										Other				Group		
EURm	Nordic Banking		Inst. & International Banking		Other customer operations		Total customer areas			Group Corporate Centre		Group Functions and Eliminations		Nordea Group		
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Change	Jan-Dec		Jan-Dec		Jan-Dec		Change
	2007	2006	2007	2006 <sup>1</sup>	2007	2006	2007	2006 <sup>1</sup>		2007	2006	2007	2006	2007 <sup>1</sup>	2006 <sup>1</sup>	
<b>Customer responsible units</b>																
Net interest income	3,666	3,328	424	304	65	58	4,155	3,690	13	107	119	20	60	4,282	3,869	11
Net fee and commission income	1,772	1,731	257	232	170	159	2,199	2,122	4	-9	-8	-50	-40	2,140	2,074	3
Net gains/losses on items at fair value	460	393	178	141	410	420	1,048	954	10	156	100	-17	-18	1,187	1,036	15
Equity method	25	15	1	30	0	0	26	45	-42	5	18	10	5	41	68	-40
Other income	40	79	8	13	12	9	60	101	-41	24	21	32	-3	116	119	-3
<b>Total operating income</b>	<b>5,963</b>	<b>5,546</b>	<b>868</b>	<b>720</b>	<b>657</b>	<b>646</b>	<b>7,488</b>	<b>6,912</b>	<b>8</b>	<b>283</b>	<b>250</b>	<b>-5</b>	<b>4</b>	<b>7,766</b>	<b>7,166</b>	<b>8</b>
Staff costs	-1,140	-1,064	-143	-100	-434	-387	-1,717	-1,551	11	-39	-33	-632	-667	-2,388	-2,251	6
Other expenses	-1,836	-1,784	-243	-214	-11	-22	-2,090	-2,020	3	-110	-107	625	642	-1,575	-1,485	6
Depreciation of tangible and intangible assets	-26	-28	-8	-8	-9	-13	-43	-49	-12	0	0	-60	-37	-103	-86	20
<b>Total operating expenses</b>	<b>-3,002</b>	<b>-2,876</b>	<b>-394</b>	<b>-322</b>	<b>-454</b>	<b>-422</b>	<b>-3,850</b>	<b>-3,620</b>	<b>6</b>	<b>-149</b>	<b>-140</b>	<b>-67</b>	<b>-62</b>	<b>-4,066</b>	<b>-3,822</b>	<b>6</b>
<i>of which allocations</i>	<i>-1,442</i>	<i>-1,372</i>	<i>-165</i>	<i>-158</i>	<i>82</i>	<i>69</i>	<i>-1,525</i>	<i>-1,461</i>		<i>-97</i>	<i>-81</i>	<i>1,622</i>	<i>1,542</i>	<i>0</i>	<i>0</i>	
Loan losses	55	276	5	-19	0	0	60	257		0	0	0	0	60	257	
Disposals of tangible and intangible assets	0	0	0	0	1	0	1	0		0	0	2	8	3	8	
<b>Operating profit</b>	<b>3,016</b>	<b>2,946</b>	<b>479</b>	<b>379</b>	<b>204</b>	<b>224</b>	<b>3,699</b>	<b>3,549</b>	<b>4</b>	<b>134</b>	<b>110</b>	<b>-70</b>	<b>-50</b>	<b>3,763</b>	<b>3,609</b>	<b>4</b>
<b>Balance sheet, EURbn</b>																
Loans and receivables to the public	207	182	25	17	10	11	242	210	15	0	0			245	214	14
Other assets	25	24	9	8	37	36	71	68	4	15	11			144	133	8
<b>Total assets</b>	<b>232</b>	<b>206</b>	<b>34</b>	<b>25</b>	<b>47</b>	<b>47</b>	<b>313</b>	<b>278</b>	<b>13</b>	<b>15</b>	<b>11</b>			<b>389</b>	<b>347</b>	<b>12</b>
Deposits and borrowings from the public	110	99	31	20	8	6	149	125	19	0	2			142	126	12
Other liabilities	115	100	2	4	38	40	155	144	8	15	9			230	206	12
<b>Total liabilities</b>	<b>225</b>	<b>199</b>	<b>33</b>	<b>24</b>	<b>46</b>	<b>46</b>	<b>304</b>	<b>269</b>	<b>13</b>	<b>15</b>	<b>11</b>			<b>372</b>	<b>332</b>	<b>12</b>
Equity	0	0	0	0	0	0	0	0	-	0	0			17	15	13
<b>Total liabilities and equity</b>	<b>225</b>	<b>199</b>	<b>33</b>	<b>24</b>	<b>46</b>	<b>46</b>	<b>304</b>	<b>269</b>	<b>13</b>	<b>15</b>	<b>11</b>			<b>389</b>	<b>347</b>	<b>12</b>
Economic capital	7	7	1	1	1	1	9	9	0	0	0			11	10	13
RAROCAR, %	26	25	38	43										24	23	
<b>Other segment items</b>																
Capital expenditure, EURm	34	6	9	8	6	19	49	33		0	0			275	224	

<sup>1</sup> For comparison reasons major non-recurring items have been excluded. For 2007 the refund on Finnish deposit guarantee system EUR 120m (2006 capital gain from IMB sale EUR 199m) reported as Other income.

## Nordic Banking

- **Income growth of 8%**
- **Costs increased by 4%**
- **Double-digit volume growth in most areas**

Within Nordic Banking, Nordea services 6.8 million personal customers signed-in for customer programme and 600,000 active corporate customers. The business is conducted through 13 Regional Banks operating in the four Nordic markets.

### Corporate customers

During 2007, business development with corporate customers continued to be strong with double-digit volume growth in all business areas, leveraging Nordea's relationship strategy. In all markets, competition has been fierce.

Corporate customers have continued their investments, which has kept the growth in corporate lending at a high level and Nordea has succeeded to win corporate lending market shares in the higher segments of the corporate market. Therefore corporate lending as well as deposits have been strong drivers of income growth. Volume growth in lending and deposits were 16%, and 11% respectively.

During the market turmoil in the latter part of 2007, the liquidity in the capital markets has been scarce. Nordea's strong customer relationships and strong balance sheet enabled Nordea to support customers through difficult market conditions still complying with Nordea's prudent risk management policy.

Corporate lending margins decreased during the year, reflecting the general financial strength among corporate and the fierce competition. In the international markets corporate margins have increased during the autumn 2007. In the Nordic area, the competition has been fierce and margins have been stable during the autumn. In 2008, the focus to improve corporate margins will continue. The aim is to benefit from the increased risk awareness and opportunities for higher margins in the market.

Risk management products have been a significant growth driver. In 2007 Nordea continued the success from previous years in advising corporate customers to hedge their market risk by using risk management products. A strategic initiative has focused on down streaming the product range and advisory competencies within risk management products including derivatives to a larger group of corporate customers also within the medium corporate segment. In particular during the market turmoil, customers have benefited from this effort.

### Personal customers

The focus on developing the potential in the customer base continues to be successful with a 7% increase in the number of Gold customers. Supported by the attractiveness of Nordea's customer programme, approx. one fifth of new Gold customers are new customers to the bank. The Gold segment is the main engine for profitable growth by increasing penetration of the entire product range.

During 2007, business interaction with personal customers continued to be strong and all areas leveraged Nordea's cross-selling possibilities through the customer programme and the new concept of 360-degree meetings, with full-range financial analysis and advisory to the customer. Nordea has successfully transformed the business model from the traditional dependency on housing loans and currently manages a well diversified revenue stream from the personal customer business.

Despite the reduced dependency, housing loans are still an important part of the relation to customers and continues to be an in-road to the total customer business. In 2007, Nordea acquired the real estate agency company PRIVATmegleren AS in Norway to support the growth ambitions in the Norwegian markets and to increase the number of Gold customers.

Although signs of slow down in the housing markets in 2007, volume growth on housing loans continued to be strong in all markets and in total lending increased by 11% to EUR 83bn. In the latter part of 2007, volume growth has compensated for margin decrease, indicating that the decline in net interest income from mortgages has been brought to a halt. However, income from housing loans was slightly below last year due to the full year effect of margin decreases in 2006.

Volume growth within collateralised lending was 12%, with one of the main drivers being Home-equity products (Home-flex), successfully introduced in 2006. The Home-flex product, allowing customers to capitalise on equity in real estate, is a competitive product with lower price than other collateralised lending products. However, whereas margins on other collateralised products are decreasing home-flex have stable to increasing margins.

Non-collateralised lending, comprising general consumer loans, overdraft facilities and revolving credits on cards continues to show growth. This product line is a completely integrated part of Nordea household offering. Customers are advised to use the favourable terms of Nordea instead of spreading consumer borrowing. Volume growth for non-collateralised lending was 11% and margins were slightly lower than last year.

Household deposits significantly contributed to income growth in 2007. Nordea pursues a strategy to offer customers transaction accounts linked to a wide range of payment tools and highly competitive savings accounts. This strategy successfully resulted in 12% volume growth on deposit. Despite the competitive pricing strategy total margins on household deposit increased in 2007.

### Result 2007

In 2007, income in Nordic Banking increased by 8% to EUR 5,963m. In Denmark, Norway and Sweden the income increased by 6 to 7% while the income growth in Finland was 12%. Nordea's strong funding base in Finland combined with increased interest level was one of the key drivers for the double-digit income growth.

Net interest income increased by 10% to EUR 3,666m. Strong volume growth in lending, 14%, offset the pressure on lending margins. Lending margins were down from last year, reflecting continued competition in all segments. The deposits growth was double digit, 11%, and margins increased over the year.

Net commission income increased by 2% to EUR 1,772m impacted by increased lending and guarantee commissions, but also a decline in payment commission income and largely unchanged AuM.

Net gains/losses increased by 17% to EUR 460m reflecting the successful selling of Capital markets products to corporate customers.

Total expenses increased by 4% to EUR 3,002m. Loan losses were positive at EUR 55m.

The number of employees in Nordic Banking increased by 484 during 2007. The increased number of employees supported the growth strategy and was mainly related to Growth Plan Sweden, the regional banks in Norway and increased staff in the Contact Centres.

Operating profit increased by 2% to EUR 3,016m. RAROCAR was 26% (25%). The cost/income ratio continued to improve and dropped to 50% (52%).

### Result in the fourth quarter 2007

Compared to the fourth quarter 2006, net interest income increased by 13% to EUR 973m. The strong volume

growth compensated margin declines. An increase in deposit volumes had a positive impact on net interest income. The lower reported average margin within consumer lending was partly due to a mix-effect due to strong growth in home equity products, but also due to fierce competition in general.

Net commission income declined by 8% to EUR 426m and total income increased by 7% to EUR 1,549m. Total expenses were up by 6% to EUR 797m. Loan losses amounted to EUR 30m, following an increased group wise provision related to high-leverage exposures.

The operating profit was down by 6% at EUR 722m. RAROCAR was 26% (25%). The cost/income ratio was 51% (52%).

### Focus 2008

The focus on increasing the number of proactive meetings with customers will continue during 2008. A group of about 300,000 Gold customers in target for mass-affluent offering will be increasingly important. Focus will be to increase pro-activity towards these customers, secure the right level of specialist advisory and improve the value proposition.

In 2008, significant growth opportunity arises from business with small corporate customers by servicing with a dedicated sales force capable of handling household products as well as corporate products.

In 2008 a continued focus will be to expand the distribution of Risk management products to medium sized corporate customers. Nordea has implemented the new regulations about investor protection (MiFID) to strengthen the offerings within investment services eg by developing new short term investments possibilities.

Focus on increasing efficiency in the branch distribution channel will continue during 2008. Freeing up resources by further unification and streamlining of processes will be a major task.

Increasing the sales force in Sweden will have a continued focus. 76 new branches will be opened, following the agreement with Svensk Kassaservice, whereby the distribution capacity is expected to reach the appropriate level in 2008.

## Nordic Banking, operating profit by market

EURm	Total		Nordic Banking Denmark		Nordic Banking Finland		Nordic Banking Norway		Nordic Banking Sweden		Nordic Functions	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	3,666	3,328	1,036	956	1,065	927	544	511	984	900	37	34
Net fee and commission income	1,772	1,731	489	511	509	464	170	166	604	600	0	-10
Net gains/losses on items at fair value	460	393	155	125	111	98	80	74	114	95	0	1
Equity method	25	15	25	15	0	0	0	0	0	0	0	0
Other operating income	40	79	2	9	11	28	7	4	15	5	5	33
<b>Total income incl. allocations</b>	<b>5,963</b>	<b>5,546</b>	<b>1,707</b>	<b>1,616</b>	<b>1,696</b>	<b>1,517</b>	<b>801</b>	<b>755</b>	<b>1,717</b>	<b>1,600</b>	<b>42</b>	<b>58</b>
Staff costs	-1,140	-1,064	-360	-341	-292	-283	-163	-149	-300	-279	-25	-12
Other expenses	-1,836	-1,784	-462	-433	-455	-439	-283	-279	-632	-634	-4	1
Depreciations etc.	-26	-28	-2	-9	-2	0	-4	-6	-8	-8	-10	-5
<b>Expenses incl. allocations</b>	<b>-3,002</b>	<b>-2,876</b>	<b>-824</b>	<b>-783</b>	<b>-749</b>	<b>-722</b>	<b>-450</b>	<b>-434</b>	<b>-940</b>	<b>-921</b>	<b>-39</b>	<b>-16</b>
<b>Profit before loan losses</b>	<b>2,961</b>	<b>2,670</b>	<b>883</b>	<b>833</b>	<b>947</b>	<b>795</b>	<b>351</b>	<b>321</b>	<b>777</b>	<b>679</b>	<b>3</b>	<b>42</b>
Loan losses	55	276	1	153	60	28	7	103	-26	-1	13	-7
<b>Operating profit</b>	<b>3,016</b>	<b>2,946</b>	<b>884</b>	<b>986</b>	<b>1,007</b>	<b>823</b>	<b>358</b>	<b>424</b>	<b>751</b>	<b>678</b>	<b>16</b>	<b>35</b>
Cost/income ratio, %	50	52	48	48	44	48	56	57	55	58		
RAROCAR, %	26	25	27	26	38	33	18	19	24	23		
<b>Other information, EURbn</b>												
Lending	207.2	182.1	62.7	54.5	47.5	42.4	37.2	30.4	59.8	54.8		
Deposits	110.1	99.3	31.6	28.1	30.4	26.4	18.8	16.6	29.3	28.1		
Economic capital	7.3	6.7	2.2	2.0	1.9	1.6	1.3	1.1	2.0	2.0		

## Nordic Banking lending and deposit margins

	Q4	Q3	Q4		Q4	Q3	Q4
	2007	2007	2006		2007	2007	2006
Lending margins, %				Deposit margins, %			
To corporate customers	0.86	0.88	0.93	From corporate customers	0.99	0.98	0.92
To personal customers				From personal customers	1.83	1.82	1.72
- Mortgage	0.51	0.52	0.57				
- Consumer	3.04	3.17	3.29				

## Nordic Banking key figures per quarter

EURm	Full year	Q4	Q3	Q2	Q1	Q4
	2007	2007	2007	2007	2007	2006
Total operating income	5,963	1,549	1,489	1,507	1,418	1,441
Total operating expenses	-3,002	-797	-728	-747	-730	-755
Loan losses	55	-30	10	41	34	85
<b>Operating profit</b>	<b>3,016</b>	<b>722</b>	<b>771</b>	<b>801</b>	<b>722</b>	<b>771</b>
RAROCAR, %	26	26	27	29	27	25
Cost/income ratio, %	50	51	49	50	51	52
Customer base: total personal customers, million	8.8	8.8	8.8	8.8	8.8	8.7
of which in customer programme, million	6.8	6.8	7.4	7.4	7.4	7.4
corporate customers, million	0.6	0.6	0.6	0.6	0.6	0.6
Number of employees (full-time equivalents)	16,580	16,580	16,609	16,367	15,966	16,124

## Institutional & International Banking

- **Income up 12%, on a comparable basis**
- **Customer activity high, but affected by financial turmoil in the second half of 2007**
- **40 new branches in Poland**

Institutional & International Banking has the global customer responsibility for financial institutions and shipping, offshore and oil services companies. In addition, Nordea's banking activities in Poland, the Baltic countries and Russia are a part of Institutional and International Banking. The activities comprise full-service banking operations in these markets.

### Business development

2007 proved to be a challenging year for Financial Institutions Divisions' customers as the US sub-prime crisis caused increased volatility across global financial markets. FID's more trading-intense customer segments, eg broker-dealers and hedge funds remained active, whereas institutional investors took a somewhat more cautious view. Nevertheless, there were still a number of highly active customers. Storebrand's acquisition of SPP Liv from Handelsbanken is one of the largest acquisitions ever by a Nordic financial institution and Nordea played a key role in securing the required financing for Storebrand.

A continuing theme throughout the year has been the increased interest in alternative investments, ranging from absolute-return vehicles such as hedge funds to investments in real estate or infra-structure. Nordea has been successful in leveraging its product and industry competences towards customers' needs, as witnessed by the number of complex transactions and other advanced structures that has been placed during the year.

Business activity continued to be on a high level during 2007 and particularly so within the Offshore and Oil Services industries. Benefiting from its strong relationships with leading companies, Nordea closed a number of top tier loan transactions, capitalising on its balance sheet and placing power. Furthermore, Nordea aims at being a leading provider of core products in addition to ordinary bank lending to the shipping, offshore and oil services industries. As an example of this, the Capital Markets Products division during the year lead-managed a large number of bond transactions for offshore and shipping companies.

In 2007, Shipping, Oil Services and International Division maintained its position as a top provider of financial services to the international shipping, offshore and oil services industries. The leading position in the market was further confirmed in November 2007 when Nordea received the award "Best Provider of Syndicated Loans for the Shipping Industry" from Lloyd's Shipping Economist.

The strong business trend in Poland and the Baltic countries continued throughout 2007. Nordea has applied a prudent credit policy in the Baltic countries since the start of its operations in these markets and has therefore been able to continue to grow the business volumes in 2007 with unchanged credit quality. Total lending increased by 77% compared to 2006, while mortgage lending grew by 70%. The number of gold customers increased by 74% during the year.

In the fourth quarter, the annualised lending growth slowed down somewhat in the Baltic countries, from 74% in the period until end September 2007 to 58% in the last quarter. In Latvia, the growth rate in the fourth quarter was 48%, compared with 91% in the period until end September.

The expansion of the branch network in New European Markets was intensified during the year. This was in particular the case in Poland, where 40 new branches were opened in 2007, mostly in the latter part of the year, and where the expansion is expected to continue in 2008. In the Baltic countries, twelve new branches were opened. For 2008, a slower expansion is expected in the Baltic countries. The new sales capacity will primarily target private customers and SMEs. Supporting the accelerated organic growth strategy in Poland, the back-office functions were centralised in order to support growing volumes.

The business activity in Russia was strong in 2007. During the year, Orgresbank attracted a number of new Nordic corporate customers as well as large Russian corporates, in addition to the existing base of mostly medium sized corporate customers. The efforts of building up a household business continued. The lending volumes in Russia were close to four times higher at the end of 2007 than the volumes in Orgresbank by the end of 2006. Lending in Orgresbank amounted to EUR 1.6bn.

### Result 2007

The business activity within IIB was on a high level during 2007 and solid growth was recorded in all divisions.

The market turmoil had an impact on some of the customer segments within the Financial Institutions Division, but less so for the other divisions. Total income reached EUR 868m for the year, up 12% excluding the impact from Orgresbank in Russia. The profit and loss statement of Orgresbank was consolidated as of the second quarter and the bank contributed with a total income of EUR 63m.

Net interest income increased by 21% on a comparable basis, ie excluding Russia, supported by high growth in

lending as well as deposit volumes. Lending volumes increased by 35% on a comparable basis and deposits grew by 52%. Net commission income reached EUR 257m in 2007, up 8% on a comparable basis. The customer activity continued to be on a high level throughout the year. Net/gains losses at fair value increased by 26% compared to 2006, with strong performance in all areas.

Total expenses amounted to EUR 394m in 2007, up 10%, excluding Orgresbank. Main drivers behind the increase are a higher number of FTEs and increased variable salaries, but also investments within New European Markets. The number of full-time equivalents (FTEs) was approx. 4,200 by the end of 2007. The growth in number of staff in 2007, equals to approx. 1,800 FTEs, mainly attributable to New European Markets.

Profit before loan losses amounted to EUR 474m in 2007, up 13% on a comparable basis, following higher business volumes. Operating profit increased by 20%, also attributable to positive net loan losses, positively affected by reversals in the transfer risk reserve and negatively affected by an increased group wise provision for the Baltic countries. Orgresbank contributed with an operating profit of EUR 25m with a strong fourth quarter.

The RAROCAR was 38% in 2007 and the C/I-ratio was 45%.

### **Result in the fourth quarter 2007**

In the fourth quarter, the business development continued to be solid in all business divisions, despite the turmoil in financial markets which had an effect on Financial Institutions Division. The positive development in New European Markets continued in the last quarter of 2007, supported by the expanded branch network. The shipping and offshore markets were generally strong, although the volatility has increased in the tanker and bulk sectors. As a consequence of the financial turmoil, the lending margins in the shipping area have increased and financial covenants have been tightened.

In the fourth quarter, income increased by 11% and profit before loan losses increased by 12%, excluding Orgresbank, compared with the fourth quarter 2006.

### **Focus 2008**

Focus in 2008 will be an increased effort to introduce Nordea's broad range of products and services to an increasing number of financial institutions and shipping customers, leveraging the strong customer relationships within the customer bases. Within New European Markets, the build-up of the branch network in Poland and the development of Nordea's business in Russia are main focus areas.

**Institutional & International Banking, operating profit by main area**

EURm	Total		Financial Institutions		Shipping, Oil services & International		New European Markets		of which Russia		Other	
	2007	2006 <sup>1</sup>	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	424	304	65	50	170	155	168	77	56	-	21	22
Net fee and commission income	257	232	136	119	54	45	57	32	7	-	10	36
Net gains/losses on items at fair value	178	141	138	133	13	17	26	14	-1	-	1	-23
Equity method	1	30	0	0	0	0	0	0	0	-	1	30
Other operating income	8	13	0	9	0	3	4	2	1	-	4	-1
<b>Total income incl. allocations</b>	<b>868</b>	<b>720</b>	<b>339</b>	<b>311</b>	<b>237</b>	<b>220</b>	<b>255</b>	<b>125</b>	<b>63</b>	<b>-</b>	<b>37</b>	<b>64</b>
Staff costs	-143	-100	-31	-30	-37	-32	-72	-34	-26	-	-3	-4
Other expenses	-243	-214	-143	-140	-13	-11	-67	-40	-12	-	-20	-23
Depreciations etc.	-8	-8	0	0	0	-2	-7	-7	-1	-	-1	1
<b>Expenses incl. allocations</b>	<b>-394</b>	<b>-322</b>	<b>-174</b>	<b>-170</b>	<b>-50</b>	<b>-45</b>	<b>-146</b>	<b>-81</b>	<b>-39</b>	<b>-</b>	<b>-24</b>	<b>-26</b>
<b>Profit before loan losses</b>	<b>474</b>	<b>398</b>	<b>165</b>	<b>141</b>	<b>187</b>	<b>175</b>	<b>109</b>	<b>44</b>	<b>24</b>	<b>-</b>	<b>13</b>	<b>38</b>
Loan losses	5	-19	0	0	2	3	-1	-5	1	-	4	-17
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	0	0	-	0	0
<b>Operating profit</b>	<b>479</b>	<b>379</b>	<b>165</b>	<b>141</b>	<b>189</b>	<b>178</b>	<b>108</b>	<b>39</b>	<b>25</b>	<b>-</b>	<b>17</b>	<b>21</b>
Cost/income ratio, %	45	45	51	55	21	20	57	65	62			
RAROCAR, %	38	43	64	54	38	43	23	19	19			
<b>Other information, EURbn</b>												
Lending	24.6	17.0	1.9	1.5	11.1	9.4	9.8	4.6	1.6	0.0	1.8	1.5
Deposits	30.9	20.0	20.3	13.0	6.7	4.5	3.7	2.3	0.6	0.0	0.1	0.1
Economic capital	1.0	0.6	0.2	0.2	0.4	0.3	0.4	0.2	0.1	0.0	0.0	0.0

<sup>1</sup> For comparison reasons the capital gain from the sale of IMB of EUR 199m reported as Other income in 2006, has been excluded.

Comparative figures and key ratios have been adjusted accordingly.

**Lending and deposit margins New European Markets**

Lending margins, %	Q4	Q3	Q4	Deposit margins, %	Q4	Q3	Q4
	2007	2007	2006		2007	2007	2006
To corporate customers	1.08	1.07	0.93	From corporate customers	1.52	1.43	1.06
To personal customers	1.20	1.28	1.29	From personal customers	1.47	1.63	1.34

**IIB key figures per quarter**

EURm	Full year	Q4	Q3	Q2	Q1	Q4
	2007	2007	2007	2007	2007	2006
Total operating income	868	233	215	233	187	186
Total operating expenses	-394	-111	-100	-101	-82	-86
Loan losses	5	36	3	-13	-21	-3
<b>Operating profit</b>	<b>479</b>	<b>158</b>	<b>118</b>	<b>119</b>	<b>84</b>	<b>97</b>
RAROCAR, %	38	33	37	42	47	45
Cost/income ratio, %	45	48	47	43	44	46
Number of employees (full-time equivalents)	4,194	4,194	3,858	3,639	2,446	2,392

## Other Customer operations

The Customer operations, which are not included in Nordic Banking or Institutional and International Banking are included under Other Customer operations as well as result that have not been allocated to any of the customer areas. These include International Private Banking and Funds as well as customer operations within Life and Other.

## International Private Banking & Funds

International Private Banking & Funds (IPB&F) is responsible for the Group's advisory services to wealthy individuals resident outside Nordea's home markets. It is also the Group's platform for distribution of funds in Europe. Nordea funds are licensed for sale in 16 European countries.

### Business development and result 2007

Despite the difficult market situation International Private Banking managed to continue with net inflow throughout 2007. In total, net inflow amounted to EUR 0.6bn. The Assets under Management reached EUR 9.6bn up 4% from 2006.

The strong inflow is a result of a strengthened value proposition, including more innovative products and advisory services, combined with an increased sales focus and co-operation with Nordic Private Banking.

Within European Fund Distribution the product diversifications process continued. This resulted in an inflow in the non-value funds, balancing the outflows from the two major value funds, North America and European. Total AuM end 2007 was EUR 3.6bn, of which 38% was within non-value funds, with Nordic Equity Fund as the largest single fund.

During 2007, Nordea also began to implement One Global Platform for investment funds. In the future most of new Nordea funds will be registered on this platform in Luxembourg.

The combined result for IPB&F grew 4% compared to 2006 and reached EUR 101m. The income and product result for IPB&F are included in the Asset Management income and result.

### Focus 2008

Focus in 2008 will be to continue the Private Banking growth including establishment of a Russian desk in cooperation with Nordea/Orgresbank in Russia. The work to implement One Global Platform continues in 2008.

## Life

The customer operation Life includes the Life Insurance operations outside Nordea Banks's distribution network. This includes sales to Nordic customers through Life own's sales force, brokers and tied agents. The Life customer operation also includes the Polish life insurance business.

### Business development and result 2007

Life's own sales/advisor force, servicing corporate customer, was strengthened in 2007 with approx. 30 new advisors in the Nordic countries. The sales channel is well established in Denmark and Norway and is currently being developed in Sweden and Finland.

The Polish Life Company premiums increased by 57% driven by strong sales in especially the Direct channel but also in Bancassurance. Nordea PTE, the acquired II pillar company has gained 50,000 new customers net in 2007.

Life customer operation reached an operating income of EUR 358m in 2007, up 14% from 2006 driven by new businesses. The operating profit increased by 34% ending at EUR 177m due to strict cost control and active risk management. The result of Life customer operation is included in the result for Life & Pensions, part of Asset Management and Life.

Focus in 2008 will be to develop untapped sales channels within Life and Pensions and to continue to development of the Polish Life & Pensions business.

## Other

The customer operations "Other" mainly includes the result in Markets, which is not allocated to Nordic Banking or Institutional and International Banking. For the presentation of Markets' product result, see page 23.



**Other customer operations**

EURm	Total		Life		Int. Private Banking & Funds		Other	
	2007	2006	2007	2006	2007	2006	2007	2006
Net interest income	65	58	0	0	44	39	21	19
Net fee and commission income	170	159	75	45	113	111	-18	3
Net gains/losses on items at fair value	410	420	283	261	15	23	112	136
Equity method	0	0	0	0	0	0	0	0
Other income	12	9	0	8	11	0	1	1
<b>Total operating income</b>	<b>657</b>	<b>646</b>	<b>358</b>	<b>314</b>	<b>183</b>	<b>173</b>	<b>116</b>	<b>159</b>
Staff costs	-434	-387	-103	-96	-55	-50	-276	-241
Other expenses	-11	-22	-74	-77	-23	-23	86	78
Depreciations	-9	-13	-4	-9	-5	-3	0	-1
<b>Total operating expenses</b>	<b>-454</b>	<b>-422</b>	<b>-181</b>	<b>-182</b>	<b>-83</b>	<b>-76</b>	<b>-190</b>	<b>-164</b>
Loan losses	0	0	0	0	0	0	0	0
Disposals of tangible and intangible assets	1	0	0	0	1	0	0	0
<b>Operating profit</b>	<b>204</b>	<b>224</b>	<b>177</b>	<b>132</b>	<b>101</b>	<b>97</b>	<b>-74</b>	<b>-5</b>
<b>Balance sheet, EURbn</b>								
Loans and receivables to the public	10	11	1	1	2	2	7	8
Other assets	37	36	35	34	2	2	0	0
<b>Total assets</b>	<b>47</b>	<b>47</b>	<b>36</b>	<b>35</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>8</b>
Deposits and borrowings from the public	8	6	3	1	3	3	2	2
Other liabilities	38	40	32	33	1	1	5	6
<b>Total liabilities</b>	<b>46</b>	<b>46</b>	<b>35</b>	<b>34</b>	<b>4</b>	<b>4</b>	<b>7</b>	<b>8</b>
Economic capital	1	1	1	1	0	0	0	0

## Group Corporate Centre

- **Nordea has benefited from prudent liquidity management and low investment risks**
- **Continued normal funding operations in the fourth quarter**
- **Covered Bond markets in Sweden and Denmark fully operational during the turbulent period**
- **Strong gains from OMX holding**

Group Corporate Centre is responsible for the Group's financial, accounting, planning and control activities, the Group's capital, asset and liability management and the Group Treasury operations, including funding and the Group's own market risk-taking in financial instruments (excluding investments within Life).

### Business development

Financial markets in 2007 deteriorated over the summer after a more positive first half of the year. During the summer the concerns about the US residential market lead to increased credit spreads which affected global credit markets.

Nordea has during this period benefited from its focus on prudent liquidity management and low investment risks, as the financial turmoil has proven these to be important.

Reflecting the good reception of the Nordea name in the market and the diversified and strong funding base, Nordea has been able to conduct its short and long term funding operations without any distress, only affected by the general increase in bank funding spreads.

In the long term funding activity, Nordea has been able to take comfort to have two of the five largest covered bond markets in the Nordic home markets.

Despite the global credit turmoil, the respective domestic mortgage market has been functioning as normal, allowing Nordea to access each market throughout the quarter. Bond issuance in the Danish and Swedish mortgage markets during the fourth quarter amounted to

EUR 13bn. Access to large domestic markets has once again proven its value in times of external shocks.

The international covered bond and credit markets have been less well functioning in the autumn. The uncertainty in valuation led to the primary market, at times, effectively being shut. However, in November Nordea, as the only Swedish issuer managed to issue a 3-year covered bond into the European covered bond market. The bond met with good reception and had more than 90 investors participating.

On the investment risk, Nordea benefited from a conservative investment strategy with no investments in US mortgage related bonds or in CDO and CLO structures.

At year end the price risk on Group Treasury's interest rate positions, calculated as VaR, was EUR 30m, compared to EUR 8m at the end of 2006. The risk related to equities, calculated as VaR, was EUR 32m, unchanged compared to the end of 2006.

The structural interest income risk (SIIR) was EUR 235m assuming increased market rates by 1 %-point and negative EUR 267m assuming decreased market rates by 1 %-point.

### Result 2007

Total operating income in 2007 was EUR 283m, up 13% from 2006, including the appreciation of the holding of OMX shares, which is included with EUR 90m. Operating profit was EUR 134m, compared to EUR 110m in last year. Positive income was generated from most aspects of the funding and investment activities.

Furthermore, the increase in short term rates supported the investment return, which reached 5.12%, well above the 3.98% in 2006.

### Result in the fourth quarter 2007

Total operating income in the fourth quarter was EUR 39m. The quarterly investment return ended at 1.08% compared to 1.17% in the fourth quarter 2006.

### Key figures per quarter - Group Corporate Centre

EURm	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006
Net interest income	107	30	32	21	24	119	37
Net fee and commission income	-9	-2	-2	-3	-2	-8	-2
Net gains/losses on items at fair value	156	10	81	24	41	100	45
Equity method	5	0	1	0	4	18	-1
Other income	24	1	3	18	2	21	16
<b>Total operating income</b>	<b>283</b>	<b>39</b>	<b>115</b>	<b>60</b>	<b>69</b>	<b>250</b>	<b>95</b>
<b>Total operating expenses</b>	<b>-149</b>	<b>-40</b>	<b>-34</b>	<b>-38</b>	<b>-37</b>	<b>-140</b>	<b>-40</b>
<b>Operating profit</b>	<b>134</b>	<b>-1</b>	<b>81</b>	<b>22</b>	<b>32</b>	<b>110</b>	<b>55</b>
Number of employees (full-time equivalents)	232	232	238	234	238	230	230

## Product dimension results

The granularity of the segment reporting will be further enhanced from 2008.

### Asset Management & Life

- **Asset Management income and product result up 4%**
- **Life & Pensions product result up 13%**
- **Strong asset growth in Private Banking**
- **Net outflow from fund products to savings accounts products**

Asset Management & Life (Savings Products & Asset Management in the new operating model) is responsible for the Group's activities within institutional investment management, life insurance and pensions, investment funds, private banking and the savings market in general.

#### Business development

Assets under Management (AuM) were EUR 157.1bn end of 2007, down EUR 1.0bn from end of 2006. The decrease was due to overall net outflow of EUR 2.4bn while financial market development contributed positively to AuM growth. However, the financial market volatility in the second half year of 2007 lowered the positive effect of market appreciation considerably.

Although Nordea's total household savings volume increased significantly in 2007, retail investment funds experienced a net outflow of EUR 2.7bn. This was partly due to customers moving asset from funds to savings accounts in light of increased interest rates, Nordea's competitive interest rates on savings accounts and financial market instability.

Despite unfavourable financial markets in second half year of 2007, investment performance stabilised at the end of the year. 70% of investment composites outperformed their relevant benchmark in 2007.

Nordea's strategy is to continuously offer new products that create value for customers. In 2007, 19 new funds were introduced of which six for cross-border sales. The funds were well received by customers and generated an inflow of EUR 0.4bn. AuM from institutional customers decreased to EUR 24.9bn, a drop of 5% from end 2006.

During 2007, Nordea began to implement One Global Platform for investment funds. In the future most of new Nordea funds will be registered on this platform in Luxembourg. In the European Fund Distribution business, a net outflow of EUR 1.8bn was reported, due to outflow in the North American and European value funds, while non-value funds experienced positive net inflow in 2007.

The growth success of Private Banking continued in 2007 with net inflow of EUR 4.3bn. Nordic Private Banking grew significantly in 2007 with approx. 150 new colleagues net and 13,000 new customers, an increase by 16% from last year.

Within Life & Pensions, the removal of "Kapital Pension" and transfer rights in Sweden beginning of the year decreased premiums significantly as Kapital Pension was a major part of the Swedish business. However, the ban on transfer is expected to be lifted in 2008. The Swedish setback was compensated by strong development in Poland, Norway and Denmark. Corporate premiums increased by 35% in 2007 with high growth rates in Denmark and Norway. Corporate premiums account for approx. 44% of total premiums. 31,000 new corporate policies were signed in 2007. Total Polish premiums increased by 34% in 2007. Total premiums amounted to 3,780m, unchanged compared to last year. Nordea keeps the position as the largest Nordic Life & Pensions provider measured in term of gross written premiums.

In spite of volatile equity market and a general increase in interest rate, the full-year investment return ended at a level of 3.6%, reflecting a balanced asset mix. The financial buffers were only down EUR 46m compared to last year ending at EUR 2,231m, or 10% of the Life provisions. Nordea has a satisfactory level of buffers in all markets.

#### Result 2007

Total income in Asset Management was EUR 761m in 2007, up 4% compared with last year. The income growth was dampened by lower AuM. The product result was EUR 380m up 4% from 2006.

The Life & Pensions product result for 2007 was all time high at EUR 274m, up 13% compared to 2006.

The market consistent embedded value (MCEV), the method by which Nordea measures value creation in its Life insurance business, was EUR 3,189m at the end of 2007 compared to EUR 2,873m end 2006. Value of new business was EUR 194m reflecting a good premium income from new sales.

#### Result in the fourth quarter 2007

Assets under Management decreased by EUR 5.8bn in the fourth quarter of 2007. This was mainly due to market depreciation following the equity market downturn in November, but also net outflow of EUR 1.7bn.

Total income for Asset Management amounted to EUR 193m down 8% compared to last year. The product result was EUR 94m. Lower performance fees and transaction-related income reduced the income and product result.

The fourth quarter 2007 was the best quarter ever for Life & Pensions, with a product result of EUR 91m, an increase by 23% compared to fourth quarter last year. The increase was an effect of strict cost control and active risk management.

**Focus 2008**

Continued Private Banking growth is a key focus area in 2008, both through attracting new Nordea customers and migration of existing customers. Focus in 2008 will also be to strengthen the savings offerings to household customers, to optimise internal and external investment management, to implement the One Global Platform and further develop sales channels within Life and Pensions.

## Volumes and inflows - Asset Management

EURbn	Q4	Q4	2007	2006	Total			
	2007	Inflow	Inflow	Inflow	Q3	Q2	Q1	Q4
					2007	2007	2007	2006
Nordic Retail funds	34.4	-1.2	-2.7	-4.1	36.7	37.8	37.0	37.2
European Fund Distribution	3.6	-0.5	-1.8	-1.6	4.5	5.4	5.8	5.7
Private Banking Activities								
Nordic Private Banking	45.7	1.0	3.7	5.7	46.1	46.8	44.7	42.3
International Private Banking	9.6	0.2	0.6	-0.1	9.8	9.8	9.5	9.2
Institutional customers	24.9	-1.4	-2.5	3.2	26.9	26.3	27.5	26.1
Life & pensions	38.8	0.2	0.3	1.0	38.9	38.8	38.2	37.6
<b>Total</b>	<b>157.1</b>	<b>-1.7</b>	<b>-2.4</b>	<b>4.1</b>	<b>162.9</b>	<b>164.9</b>	<b>162.7</b>	<b>158.1</b>

## Key figures per quarter - Asset Management

EURm	Full year	Q4	Q3	Q2	Q1	Full Year	Q4
	2007	2007	2007	2007	2007	2006	2006
Net interest income	51	14	12	12	13	47	12
Net fee and commission income	688	176	162	177	173	643	187
Net gains/losses on items at fair value	15	3	3	6	3	25	6
Equity method	0	0	0	0	0	0	0
Other income	7	0	0	3	4	14	5
<b>Total income</b>	<b>761</b>	<b>193</b>	<b>177</b>	<b>198</b>	<b>193</b>	<b>729</b>	<b>210</b>
Staff costs	-147	-35	-37	-38	-37	-142	-40
Other expenses	-82	-25	-19	-19	-19	-80	-21
Depreciations	-5	-2	-1	-1	-1	-2	0
<b>Operating expenses</b>	<b>-234</b>	<b>-62</b>	<b>-57</b>	<b>-58</b>	<b>-57</b>	<b>-224</b>	<b>-61</b>
Estimated distribution expenses in Nordic Banking	-147	-37	-37	-37	-36	-140	-36
<b>Product result</b>	<b>380</b>	<b>94</b>	<b>83</b>	<b>103</b>	<b>100</b>	<b>365</b>	<b>113</b>
<i>of which income within Nordic Banking</i>	344	84	85	88	87	323	90
<b>Margins<sup>1</sup></b>							
Income margins (bps)	70	73	65	72	71	71	79
Operating expenses margin (bps)	-21	-23	-21	-21	-21	-22	-23
Distribution expenses margin (bps)	-14	-14	-14	-13	-13	-14	-14
Result margin (bps)	35	36	30	37	36	35	43
Cost/income ratio, %	50	51	53	48	48	50	46
Economic capital	143	143	143	157	158	179	179
Assets under management, EURbn	157	157	163	165	163	158	158
Number of employees (full-time equivalents)	855	855	853	858	879	940	897

<sup>1</sup> Annualised margins calculated using average AuM for Asset Management Activities excluding Nordic Private Banking activities.

## Key figures per quarter - Life

EURm	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full Year 2006	Q4 2006
<b>Profit drivers</b>							
Traditional insurance:							
Fee contribution/profit sharing	173	59	39	38	37	152	47
Contribution from cost result	-3	-1	0	-1	-1	-9	-4
Contribution from risk result	30	11	7	7	5	28	9
Return on shareholders' equity/other profits	29	12	-1	12	6	37	15
Total Profit Traditional	229	81	45	56	47	208	67
Total profit Unit linked	62	14	17	15	16	52	12
Estimated distribution expenses in Nordic Banking	-17	-4	-4	-4	-5	-17	-5
<b>Total Product Result</b>	<b>274</b>	<b>91</b>	<b>58</b>	<b>67</b>	<b>58</b>	<b>243</b>	<b>74</b>
<i>of which income within Nordic Banking</i>	<i>124</i>	<i>33</i>	<i>28</i>	<i>31</i>	<i>32</i>	<i>139</i>	<i>37</i>
<b>Key figures</b>							
Premiums written, net of reinsurance	3,780	1,038	905	816	1,021	3,768	1,112
of which from Traditional business	2,208	646	498	459	605	2,197	601
of which from Unit-linked business	1,572	392	407	357	416	1,572	511
Total operating expenses	175	51	42	42	40	174	53
Investment assets:							
Bonds	15,799	15,799	15,994	15,572	15,756	15,642	15,642
Equities	4,772	4,772	4,855	5,070	4,938	4,843	4,843
Alternative investments	2,788	2,788	2,700	2,555	2,395	2,345	2,345
Property	3,178	3,178	3,094	3,014	2,991	3,017	3,017
Unit linked	7,349	7,349	7,498	7,398	6,967	6,683	6,683
Total investment assets	33,885	33,885	34,141	33,609	33,047	32,530	32,530
Investment return %	3.6	0.4	1.3	0.8	1.0	4.7	2.3
Technical provisions	32,118	32,118	32,442	32,041	31,406	30,765	30,765
of which financial buffers	2,231	2,231	2,451	2,503	2,337	2,277	2,277
Economic capital	1,136	1,136	1,121	1,157	1,110	1,035	1,035
Number of employees (full-time equivalents)	1,252	1,252	1,258	1,210	1,197	1,176	1,176

## Markets

- **Income up 13%, despite challenging market conditions**
- **Product result up 14%**
- **Increased penetration of Nordea's corporate customer base**

Markets experienced strong customer activity during the whole year from all customer segments. However, while all customer segments were very active during the first half of the year, there was a significant difference between the level of activity of corporate customers and financial investors in the second half of the year. Investor activity related to asset products was significantly subdued, while corporate activity remained high, driven by financing and hedging needs.

### Result 2007

For the full year the product result increased by 14% to EUR 527m, despite the volatile market conditions. Compared to full year 2006, income was up 13%, once again with a very strong fourth quarter. The strong income growth was driven by a high activity level in all areas, with strong customer demand for risk management products, foreign exchange products, equity products and structured products.

### Result in the fourth quarter 2007

Fourth quarter 2007 result was strong, and compared to fourth quarter 2006, income was up 13%, costs 8% and operating profit 16%. The strong performance in the fourth

quarter, in particular compared to the third quarter, is supported by Nordea's solid liquidity position, which has facilitated an active market making business where Nordea has been able to quote prices for customers also during the most turbulent days and weeks. The high customer activity has mainly been driven by demand from corporate customers requesting various hedging products. Some of the exposures that negatively affected the result in the third quarter have been reduced. Activity in the primary market was significantly lower due to the market turmoil. However, Nordea closed several M&A transactions during the quarter.

### Focus 2008

The strategy in the division remains unchanged in 2008. Markets aims to continue to be the leading Nordic provider of financial market solutions and capital market access. The strategy is founded on a dual-track approach. Firstly to continue strengthening the structuring specialist capabilities with the aim of growing the share of income from non-standard products, and secondly leveraging Nordea's customer base, with the focus to making capital markets products as a natural part of the customer offering towards corporate customers.

The latter, offering Markets products to corporates is also in special focus, together with the strengthening of the Corporate finance and cash equity offering, which is conducted through a restructuring of the corporate finance and cash equity business in order to better meet customer demand.

### Markets, product result

EURm	Full year 2007	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Full year 2006	Q4 2006
Net interest income	28	7	7	7	7	24	6
Net fee and commission income	100	42	25	21	12	74	22
Net gains/losses on items at fair value	785	209	139	214	223	712	201
Other income	0	0	0	0	0	0	0
<b>Total income</b>	<b>913</b>	<b>258</b>	<b>171</b>	<b>242</b>	<b>242</b>	<b>810</b>	<b>229</b>
Staff costs	-225	-60	-49	-60	-56	-192	-51
Other expenses	-161	-44	-38	-42	-37	-156	-45
Depreciations	0	0	0	0	0	0	0
<b>Operating expenses</b>	<b>-386</b>	<b>-104</b>	<b>-87</b>	<b>-102</b>	<b>-93</b>	<b>-348</b>	<b>-96</b>
Loan losses	0	0	0	0	0	0	0
<b>Product result<sup>1</sup></b>	<b>527</b>	<b>154</b>	<b>84</b>	<b>140</b>	<b>149</b>	<b>462</b>	<b>133</b>
Cost/income ratio, %	42	40	51	42	38	43	42
Economic capital	0.6	0.6	0.7	0.6	0.7	0.6	0.6
Number of employees (full-time equivalents)	901	901	882	877	845	832	832

<sup>1</sup> Excluding distribution costs

Business Areas															
	Nordic Banking					Inst. & International Banking					Other customer operations				
EURm	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4
Customer responsible units	2007	2007	2007	2007	2006	2007	2007	2007	2007	2006	2007	2007	2007	2007	2006
Net interest income	973	939	900	854	860	129	112	103	80	81	19	16	18	12	15
Net fee and commission income	426	433	461	452	461	58	69	69	61	64	48	34	52	36	51
Net gains/losses on items at fair value	135	102	120	103	109	39	38	59	42	37	126	46	109	129	127
Equity method	5	8	5	7	4	4	-6	1	2	2	0	0	0	0	0
Other income	10	7	21	2	7	3	2	1	2	2	1	5	0	6	4
<b>Total operating income</b>	<b>1,549</b>	<b>1,489</b>	<b>1,507</b>	<b>1,418</b>	<b>1,441</b>	<b>233</b>	<b>215</b>	<b>233</b>	<b>187</b>	<b>186</b>	<b>194</b>	<b>101</b>	<b>179</b>	<b>183</b>	<b>197</b>
Staff costs	-293	-286	-287	-274	-277	-44	-38	-36	-25	-27	-115	-99	-113	-107	-104
Other expenses	-495	-434	-455	-452	-469	-65	-60	-63	-55	-57	-14	-1	2	2	-8
Depreciation of tangible and intangible assets	-9	-8	-5	-4	-9	-2	-2	-2	-2	-2	-3	-2	-2	-2	-7
<b>Total operating expenses</b>	<b>-797</b>	<b>-728</b>	<b>-747</b>	<b>-730</b>	<b>-755</b>	<b>-111</b>	<b>-100</b>	<b>-101</b>	<b>-82</b>	<b>-86</b>	<b>-132</b>	<b>-102</b>	<b>-113</b>	<b>-107</b>	<b>-119</b>
<i>of which allocations</i>	-388	-351	-354	-349	-355	-43	-39	-42	-41	-42	18	21	23	20	18
Loan losses	-30	10	41	34	85	36	3	-13	-21	-3	0	0	0	0	0
Disposals of tangible and intangible assets	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
<b>Operating profit</b>	<b>722</b>	<b>771</b>	<b>801</b>	<b>722</b>	<b>771</b>	<b>158</b>	<b>118</b>	<b>119</b>	<b>84</b>	<b>97</b>	<b>63</b>	<b>-1</b>	<b>66</b>	<b>76</b>	<b>78</b>
<b>Balance sheet, EURbn</b>															
Loans and receivables to the public	207	200	195	189	182	25	23	21	18	17	10	12	11	12	11
Other assets	25	11	23	20	24	9	8	8	7	8	37	37	37	36	36
<b>Total assets</b>	<b>232</b>	<b>211</b>	<b>218</b>	<b>209</b>	<b>206</b>	<b>34</b>	<b>31</b>	<b>29</b>	<b>25</b>	<b>25</b>	<b>47</b>	<b>49</b>	<b>48</b>	<b>48</b>	<b>47</b>
Deposits and borrowings from the public	110	107	103	100	99	31	25	25	22	20	8	7	7	7	6
Other liabilities	115	97	108	102	100	2	5	3	2	4	38	41	40	40	40
<b>Total liabilities</b>	<b>225</b>	<b>204</b>	<b>211</b>	<b>202</b>	<b>199</b>	<b>33</b>	<b>30</b>	<b>28</b>	<b>24</b>	<b>24</b>	<b>46</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>46</b>
Equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>225</b>	<b>204</b>	<b>211</b>	<b>202</b>	<b>199</b>	<b>33</b>	<b>30</b>	<b>28</b>	<b>24</b>	<b>24</b>	<b>46</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>46</b>
Economic capital	7	7	7	7	7	1	1	1	1	1	1	1	1	1	1
<b>Other segment items</b>															
Capital expenditure, EURm	11	3	16	4	1	5	2	3	2	1	4	-1	-4	7	10



Other											Group				
Group Corporate Centre						Group Functions and Eliminations					Nordea Group				
EURm	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q2	Q1	Q4
Customer responsible units	2007	2007	2007	2007	2006	2007	2007	2007	2007	2006	2007	2007	2007	2007	2006
Net interest income	30	32	21	24	37	-8	-7	1	34	13	1,143	1,092	1,043	1,004	1,006
Net fee and commission income	-2	-2	-3	-2	-2	-4	-3	-31	-12	-25	526	531	548	535	549
Net gains/losses on items at fair value	10	81	24	41	45	4	-3	6	-24	-8	314	264	318	291	310
Equity method	0	1	0	4	-1	3	7	3	-3	2	12	10	9	10	7
Other income	1	3	18	2	16	12	0	-1	21	-3	27	17	39	33	26
<b>Total operating income</b>	<b>39</b>	<b>115</b>	<b>60</b>	<b>69</b>	<b>95</b>	<b>7</b>	<b>-6</b>	<b>-22</b>	<b>16</b>	<b>-21</b>	<b>2,022</b>	<b>1,914</b>	<b>1,957</b>	<b>1,873</b>	<b>1,898</b>
Staff costs	-10	-9	-10	-10	-8	-153	-164	-146	-169	-190	-615	-596	-592	-585	-606
Other expenses	-30	-25	-28	-27	-32	175	148	153	149	175	-429	-372	-391	-383	-391
Depreciation of tangible and intangible assets	0	0	0	0	0	-15	-13	-16	-16	-1	-29	-25	-25	-24	-19
<b>Total operating expenses</b>	<b>-40</b>	<b>-34</b>	<b>-38</b>	<b>-37</b>	<b>-40</b>	<b>7</b>	<b>-29</b>	<b>-9</b>	<b>-36</b>	<b>-16</b>	<b>-1,073</b>	<b>-993</b>	<b>-1,008</b>	<b>-992</b>	<b>-1,016</b>
<i>of which allocations</i>	-27	-22	-23	-25	-28	440	391	396	395	407	0	0	0	0	0
Loan losses	0	0	0	0	0	0	0	0	0	0	6	13	28	13	82
Disposals of tangible and intangible assets	0	0	0	0	0	2	-2	1	1	2	3	-2	1	1	2
<b>Operating profit</b>	<b>-1</b>	<b>81</b>	<b>22</b>	<b>32</b>	<b>55</b>	<b>16</b>	<b>-37</b>	<b>-30</b>	<b>-19</b>	<b>-35</b>	<b>958</b>	<b>932</b>	<b>978</b>	<b>895</b>	<b>966</b>
<b>Balance sheet, EURbn</b>															
Loans and receivables to the public	0	0	0	0	0						245	239	230	222	214
Other assets	15	16	14	12	11						144	148	145	135	133
<b>Total assets</b>	<b>15</b>	<b>16</b>	<b>14</b>	<b>12</b>	<b>11</b>						<b>389</b>	<b>387</b>	<b>375</b>	<b>357</b>	<b>347</b>
Deposits and borrowings from the public	0	0	0	0	2						142	135	133	126	126
Other liabilities	15	16	14	12	9						230	236	226	215	206
<b>Total liabilities</b>	<b>15</b>	<b>16</b>	<b>14</b>	<b>12</b>	<b>11</b>						<b>372</b>	<b>371</b>	<b>359</b>	<b>341</b>	<b>332</b>
Equity	0	0	0	0	0						17	16	16	16	15
<b>Total liabilities and equity</b>	<b>15</b>	<b>16</b>	<b>14</b>	<b>12</b>	<b>11</b>						<b>389</b>	<b>387</b>	<b>375</b>	<b>357</b>	<b>347</b>
Economic capital	0	0	0	0	0						11	10	10	10	10
<b>Other segment items</b>															
Capital expenditure, EURm	0	0	0	0	0						119	57	50	49	109

## Income statement

EURm	Note	Q4 2007	Q4 2006	Jan-Dec 2007	Jan-Dec 2006
<b>Operating income</b>					
<i>Interest income</i>		3,530	2,698	12,909	9,669
<i>Interest expense</i>		-2,387	-1,692	-8,627	-5,800
Net interest income		1,143	1,006	4,282	3,869
<i>Fee and commission income</i>		677	696	2,734	2,582
<i>Fee and commission expense</i>		-151	-147	-594	-508
Net fee and commission income		526	549	2,140	2,074
Net gains/losses on items at fair value	2	314	310	1,187	1,036
Profit from companies accounted for under the equity method		12	7	41	68
Dividends		2	0	22	6
Other operating income		145	26	214	312
<b>Total operating income</b>		<b>2,142</b>	<b>1,898</b>	<b>7,886</b>	<b>7,365</b>
<b>Operating expenses</b>					
General administrative expenses:					
Staff costs		-615	-606	-2,388	-2,251
Other expenses		-429	-391	-1,575	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets		-29	-19	-103	-86
<b>Total operating expenses</b>		<b>-1,073</b>	<b>-1,016</b>	<b>-4,066</b>	<b>-3,822</b>
Loan losses	3	6	82	60	257
Disposals of tangible and intangible assets		3	2	3	8
<b>Operating profit</b>		<b>1,078</b>	<b>966</b>	<b>3,883</b>	<b>3,808</b>
Income tax expense		-226	-90	-753	-655
<b>Net profit for the period</b>		<b>852</b>	<b>876</b>	<b>3,130</b>	<b>3,153</b>
<b>Attributable to:</b>					
Shareholders of Nordea Bank AB (publ)		847	872	3,121	3,145
Minority interests		5	4	9	8
<b>Total</b>		<b>852</b>	<b>876</b>	<b>3,130</b>	<b>3,153</b>
Earnings per share, EUR		0.33	0.34	1.20	1.21
Earnings per share, after full dilution, EUR		0.33	0.34	1.20	1.21

## Balance sheet

EURm	Note	31 Dec 2007	30 Sep 2007	30 Jun 2007	31 Mar 2007	31 Dec 2006
<b>Assets</b>						
Cash and balances with central banks		5,020	1,381	2,916	2,771	2,104
Treasury bills and other eligible bills		8,503	7,434	8,513	8,137	6,678
Loans and receivables to credit institutions	4	24,262	33,637	28,561	27,502	26,792
Loans and receivables to the public	4	244,682	238,719	229,583	222,238	213,985
Interest-bearing securities		35,472	23,359	28,231	26,912	29,066
Financial instruments pledged as collateral		4,790	15,084	9,355	10,392	10,496
Shares		17,644	18,487	18,860	20,174	14,585
Derivatives	6	31,498	32,348	30,998	23,559	24,207
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-105	-130	-194	-77	-37
Investments in associated undertakings		366	400	408	407	398
Intangible assets		2,725	2,554	2,508	2,438	2,247
Property and equipment		342	327	314	338	307
Investment property		3,492	3,346	3,318	3,180	3,230
Deferred tax assets		191	320	349	345	382
Current tax assets		142	145	150	147	68
Retirement benefit assets		123	88	87	85	84
Other assets		7,724	7,245	9,228	7,037	10,726
Prepaid expenses and accrued income		2,183	1,988	1,818	1,759	1,572
<b>Total assets</b>		<b>389,054</b>	<b>386,732</b>	<b>375,003</b>	<b>357,344</b>	<b>346,890</b>
<i>Of which assets customer bearing the risk</i>		<i>11,344</i>	<i>11,129</i>	<i>10,511</i>	<i>9,519</i>	<i>11,046</i>
<b>Liabilities</b>						
Deposits by credit institutions		30,077	36,163	29,230	36,348	32,288
Deposits and borrowings from the public		142,329	135,036	132,608	126,340	126,452
Liabilities to policyholders		32,280	32,442	32,044	31,562	31,041
Debt securities in issue		99,792	95,601	97,146	90,204	83,417
Derivatives	6	33,023	34,791	31,986	24,327	24,939
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-323	-393	-513	-364	-401
Current tax liabilities		300	344	255	285	263
Other liabilities		22,860	24,014	24,262	20,758	22,177
Accrued expenses and prepaid income		2,762	3,582	3,303	2,804	2,008
Deferred tax liabilities		703	597	628	626	608
Provisions		73	149	158	96	104
Retirement benefit obligations		462	454	446	462	495
Subordinated liabilities		7,556	7,607	7,905	7,987	8,177
<b>Total liabilities</b>		<b>371,894</b>	<b>370,387</b>	<b>359,458</b>	<b>341,435</b>	<b>331,568</b>
<b>Equity</b>						
	7					
Minority interests		78	73	73	46	46
Share capital		2,597	2,597	2,597	2,594	2,594
Other reserves		-160	-117	-132	-193	-111
Retained earnings		14,645	13,792	13,007	13,462	12,793
<b>Total equity</b>		<b>17,160</b>	<b>16,345</b>	<b>15,545</b>	<b>15,909</b>	<b>15,322</b>
<b>Total liabilities and equity</b>		<b>389,054</b>	<b>386,732</b>	<b>375,003</b>	<b>357,344</b>	<b>346,890</b>
Assets pledged as security for own liabilities		17,841	17,473	15,541	22,921	18,136
Other assets pledged		6,304	441	1,437	1,264	3,053
Contingent liabilities		24,254	24,635	24,247	23,807	22,495
Commitments excluding derivatives		87,006	84,974	71,754	77,544	80,601
Derivative commitments		3,405,332	3,224,858	3,106,447	2,941,158	2,538,489

## Statement of recognised income and expense

EURm	31 Dec 2007	31 Dec 2006
Currency translation differences during the year	-26	38
Currency hedging	-24	75
Available-for-sale investments:		
Valuation gains/losses taken to equity	1	3
Tax on items taken directly to or transferred from equity	0	1
Net income recognised directly in equity	-49	117
Net profit for the year	3,130	3,153
<b>Total recognised income and expense for the year</b>	<b>3,081</b>	<b>3,270</b>
<b>Attributable to:</b>		
Shareholders of Nordea Bank AB (publ)	3,072	3,262
Minority interests	9	8
<b>Total</b>	<b>3,081</b>	<b>3,270</b>

## Cash flow statement

EURm	Jan-Dec 2007	Jan-Dec 2006
<i>Operating activities</i>		
Operating profit	3,883	3,808
Adjustments for items not included in cash flow	-292	-954
Income taxes paid	-591	-632
Cash flow from operating activities before changes in operating assets and liabilities	3,000	2,222
Changes in operating assets and liabilities	1,419	-1,157
Cash flow from operating activities	4,419	1,065
<i>Investing activities</i>		
Sale/acquisition of group undertakings	14	79
Property and equipment	-139	-74
Intangible assets	-119	-100
Other financial fixed assets	-107	95
Cash flow from investing activities	-351	0
<i>Financing activities</i>		
New share issue	3	-
Issued/amortised subordinated liabilities	-315	786
Repurchase of own shares incl change in trading portfolio	8	3
Dividend paid	-1,271	-908
Cash flow from financing activities	-1,575	-119
<b>Cash flow for the year</b>	<b>2,493</b>	<b>946</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>4,650</b>	<b>3,676</b>
Exchange rate difference	-46	28
<b>Cash and cash equivalents at end of year</b>	<b>7,097</b>	<b>4,650</b>
<b>Change</b>	<b>2,493</b>	<b>946</b>
<b>Cash and cash equivalents</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
The following items are included in cash and cash equivalents (EURm):		
Cash and balances with central banks	5,020	2,104
Loans and receivables to credit institutions, payable on demand	2,077	2,546

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 at any time.

Loans and receivables 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

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the EU. Additional requirements in accordance with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (1995:1559) (ÅRKL), the recommendation RR30:06 "Supplementary Rules for Consolidated Financial Statements" of the Swedish Financial Accounting Standards Council (RR) as well as the accounting regulations of the Financial Supervisory Authority (FFFS 2006:16), with amendments (FFFS 2007:28), have also been applied.

These statements are presented in accordance with IAS 34 "Interim Financial Reporting".

### Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the interim report for the third quarter.

Note 1, continued

**Exchange rates**

	Jan-Dec 2007	Jan-Dec 2006
<b>EUR 1 = SEK</b>		
Income statement (average)	9.2498	9.2521
Balance sheet (at end of period)	9.4572	9.0394
<b>EUR 1 = DKK</b>		
Income statement (average)	7.4505	7.4593
Balance sheet (at end of period)	7.4588	7.4556
<b>EUR 1 = NOK</b>		
Income statement (average)	8.0147	8.0438
Balance sheet (at end of period)	7.9738	8.2300
<b>EUR 1 = PLN</b>		
Income statement (average)	3.7790	3.8924
Balance sheet (at end of period)	3.6022	3.8292

**Note 2 Net gains/losses on items at fair value**

	Q4 2007	Q4 2006	Jan-Dec 2007	Jan-Dec 2006
<b>EURm</b>				
Shares/participations and other share-related instruments	-219	865	805	1,210
Interest-bearing securities and other interest-related instruments	66	-121	63	580
Other financial instruments	52	-35	103	-21
Foreign exchange gains/losses	109	245	568	274
Investment properties, Life	170	166	432	457
Change in technical provisions, Life <sup>1</sup>	-85	-469	-866	-883
Change in collective bonus potential, Life	199	-355	41	-605
Insurance risk income, Life	63	60	256	236
Insurance risk expense, Life	-41	-46	-215	-212
<b>Total</b>	<b>314</b>	<b>310</b>	<b>1,187</b>	<b>1,036</b>

<sup>1</sup> Premium income amounts to EUR 2.274 m for Jan-Dec 2007 (Jan-Dec 2006: EUR 2.491m).**Note 3 Loan losses**

	Q4 2007	Q4 2006	Jan-Dec 2007	Jan-Dec 2006
<b>EURm</b>				
<b>Loan losses divided by class, net</b>				
Loans and receivables to credit institutions	8	-1	9	-4
- of which write-offs and provisions	0	0	-1	-4
- of which reversals and recoveries	8	-1	10	0
Loans and receivables to the public	-57	81	-2	266
- of which write-offs and provisions	-162	-298	-451	-516
- of which reversals and recoveries	105	379	449	782
Off-balance sheet items <sup>1</sup>	55	2	53	-5
- of which write-offs and provisions	11	0	-22	-13
- of which reversals and recoveries	44	2	75	8
<b>Total</b>	<b>6</b>	<b>82</b>	<b>60</b>	<b>257</b>

**Specification of Loan losses**

Changes of allowance accounts in the balance sheet	-6	68	30	223
- of which Loans and receivables	-61	66	-23	228
- of which Off-balance sheet items <sup>1</sup>	55	2	53	-5
Changes directly recognised in the income statement	12	14	30	34
- of which realised loan losses	-13	-16	-55	-55
- of which realised recoveries	25	30	85	89
<b>Total</b>	<b>6</b>	<b>82</b>	<b>60</b>	<b>257</b>

<sup>1</sup> Included in Provisions in the balance sheet.

**Note 4 Loans and receivables and their impairment**

	Credit institutions		The public		Total	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
EURm						
Loans and receivables, not impaired	24,264	26,804	244,316	213,475	268,580	240,279
Impaired loans and receivables:	8	8	1,313	1,608	1,321	1,616
- Performing	7	6	806	935	813	941
- Non-performing	1	2	507	673	508	675
<b>Loans and receivables before allowances</b>	<b>24,272</b>	<b>26,812</b>	<b>245,629</b>	<b>215,083</b>	<b>269,901</b>	<b>241,895</b>
Allowances for individually assessed impaired loans	-8	-7	-595	-757	-603	-764
- Performing	-7	-6	-300	-398	-307	-404
- Non-performing	-1	-1	-295	-359	-296	-360
Allowances for collectively assessed impaired loans	-2	-13	-352	-341	-354	-354
<b>Allowances</b>	<b>-10</b>	<b>-20</b>	<b>-947</b>	<b>-1,098</b>	<b>-957</b>	<b>-1,118</b>
<b>Loans and receivables, book value</b>	<b>24,262</b>	<b>26,792</b>	<b>244,682</b>	<b>213,985</b>	<b>268,944</b>	<b>240,777</b>

**Reconciliation of allowance accounts for impaired loans**

	Credit institutions		The public		Total		Total
	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed	
Loans and receivables, EURm							
Opening balance at 1 Jan 2007	-7	-13	-757	-341	-764	-354	-1,118
Provisions	0	-1	-230	-166	-230	-167	-397
Reversals	0	10	238	126	238	136	374
Changes through the income statement	0	9	8	-40	8	-31	-23
Allowances used to cover write-offs	0	0	150	0	150	0	150
Reclassification	-	-1	-	33	-	32	32
Currency translation differences	-1	3	4	-4	3	-1	2
Closing balance at 31 Dec 2007	-8	-2	-595	-352	-603	-354	-957
Opening balance at 1 Jan 2006	-7	-11	-1,057	-406	-1,064	-417	-1,481
Provisions	-	-4	-276	-187	-276	-191	-467
Reversals	-	1	463	231	463	232	695
Changes through the income statement	-	-3	187	44	187	41	228
Allowances used to cover write-offs	0	0	134	-	134	0	134
Currency translation differences	0	1	-21	21	-21	22	1
Closing balance at 31 Dec 2006	-7	-13	-757	-341	-764	-354	-1,118

**Allowances and provisions**

	31 Dec 2007	31 Dec 2006
EURm		
Allowances for items in the balance sheet	-957	-1,118
Provisions for off balance sheet items	-55	-59
<b>Total allowances and provisions</b>	<b>-1,012</b>	<b>-1,177</b>

**Key ratios**

	31 Dec 2007	31 Dec 2006
Impairment rate, gross <sup>1</sup> , %	0.5	0.7
Impairment rate, net <sup>2</sup> , %	0.3	0.4
Total allowance rate <sup>3</sup> , %	0.4	0.5
Allowance rate, impaired loans <sup>4</sup> , %	45.6	47.3
Non-performing loans and receivables, not impaired <sup>5</sup> , EURm	98	95

<sup>1</sup> Individually assessed impaired loans and receivables before allowances divided by total loans and receivables before allowances, %.

<sup>2</sup> Individually assessed impaired loans and receivables after allowances divided by total loans and receivables before allowances, %.

<sup>3</sup> Total allowances divided by total loans and receivables before allowances, %.

<sup>4</sup> Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %.

<sup>5</sup> Past due loans and receivables, not impaired due to future cash flows (included in Loans and receivables, not impaired).



**Note 5 Classification of financial instruments**

31 Dec 2007, EURm	Loans and receivables	Held to maturity	Held for trading	Assets at fair value	Derivatives used for hedging	Available for sale	Total
<b>Financial assets</b>							
Cash and balances with central banks	5,020						5,020
Treasury bills and other eligible bills	10		8,493				8,503
Loans and receivables to credit institutions	14,841		9,421				24,262
Loans and receivables to the public	205,054		7,424	32,204			244,682
Interest-bearing securities		1,632	17,364	16,426		50	35,472
Financial instruments pledged as collateral			4,790				4,790
Shares			5,552	12,076		16	17,644
Derivatives			31,083		415		31,498
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-105						-105
Other assets	5,345			2,342			7,687
Prepaid expenses and accrued income	1,443		375	5			1,823
<b>Total</b>	<b>231,608</b>	<b>1,632</b>	<b>84,502</b>	<b>63,053</b>	<b>415</b>	<b>66</b>	<b>381,276</b>

	Held for trading	Liabilities at fair value	Derivatives used for hedging	Other financial liabilities	Total
<b>Financial liabilities</b>					
Deposits by credit institutions	4,029			26,048	30,077
Deposits and borrowings from the public	2,272	130		139,927	142,329
Liabilities to policyholders, investment contracts	4,224				4,224
Debt securities in issue	5,072	33,648		61,072	99,792
Derivatives	32,324		699		33,023
Fair value changes of the hedged items in portfolio hedge of interest rate risk				-323	-323
Other liabilities	9,650	3,330		9,563	22,543
Accrued expenses and prepaid income	53	5		1,917	1,975
Subordinated liabilities				7,556	7,556
<b>Total</b>	<b>57,624</b>	<b>37,113</b>	<b>699</b>	<b>245,760</b>	<b>341,196</b>

**Note 6 Derivatives**

31 Dec 2007, EURm	Assets Fair value	Liabilities Fair value	Total nom amount
<b>Derivatives held for trading</b>			
Interest rate derivatives	19,860	20,462	2,571,356
Equity derivatives	1,310	1,840	27,334
Foreign exchange derivatives	7,365	7,599	667,979
Credit derivatives	1,163	1,115	90,476
Other derivatives	1,385	1,308	10,635
<b>Total</b>	<b>31,083</b>	<b>32,324</b>	<b>3,367,780</b>
<b>Derivatives used for hedging</b>			
Interest rate derivatives	252	124	32,918
Equity derivatives	55	73	253
Foreign exchange derivatives	108	502	4,381
<b>Total</b>	<b>415</b>	<b>699</b>	<b>37,552</b>
<b>Derivatives, total</b>			
Interest rate derivatives	20,112	20,586	2,604,274
Equity derivatives	1,365	1,913	27,587
Foreign exchange derivatives	7,473	8,101	672,360
Credit derivatives	1,163	1,115	90,476
Other derivatives	1,385	1,308	10,635
<b>Total</b>	<b>31,498</b>	<b>33,023</b>	<b>3,405,332</b>

## Note 7 Equity

Attributable to shareholders of Nordea Bank AB (publ)							
EURm	Share capital <sup>1</sup>	Share premium account	Other reserves	Retained earnings	Total	Minority interests	Total equity
<b>Opening balance at 1 Jan 2007</b>	<b>2,594</b>	<b>-</b>	<b>-111</b>	<b>12,793</b>	<b>15,276</b>	<b>46</b>	<b>15,322</b>
Net change in available-for-sale investments, net of tax			1		1		1
Currency translation differences			-50		-50		-50
<i>Net income recognised directly in equity</i>			-49		-49		-49
Net profit for the year				3,121	3,121	9	3,130
<i>Total recognised income and expense in equity</i>			-49	3,121	3,072	9	3,081
Issued C-shares <sup>4</sup>	3				3		3
Repurchase of C-shares <sup>4</sup>				-3	-3		-3
Share-based payments <sup>4</sup>				4	4		4
Dividend for 2006				-1,271	-1,271		-1,271
Purchases of own shares <sup>2,3</sup>				11	11		11
Other changes				-10	-10	23	13
<b>Closing balance at 31 Dec 2007</b>	<b>2,597</b>	<b>-</b>	<b>-160</b>	<b>14,645</b>	<b>17,082</b>	<b>78</b>	<b>17,160</b>

Attributable to shareholders of Nordea Bank AB (publ)							
	Share capital <sup>1</sup>	Share premium account	Other reserves	Retained earnings	Total	Minority interests	Total equity
<b>Opening balance at 1 Jan 2006</b>	<b>1,072</b>	<b>4,284</b>	<b>-228</b>	<b>7,791</b>	<b>12,919</b>	<b>41</b>	<b>12,960</b>
Net change in available-for-sale investments, net of tax			4		4		4
Currency translation differences			113		113		113
<i>Net income recognised directly in equity</i>			117		117		117
Net profit for the year				3,145	3,145	8	3,153
<i>Total recognised income and expense in equity</i>			117	3,145	3,262	8	3,270
Dividend for 2005				-908	-908		-908
Bonus issue	1,566	-1,566			0		0
Reduction of statutory reserve		-2,718		2,718	0		0
Reduction of share capital <sup>3</sup>	-44			44	0		0
Purchases of own shares <sup>2,3</sup>				3	3		3
Other changes						-3	-3
<b>Closing balance at 31 Dec 2006</b>	<b>2,594</b>	<b>0</b>	<b>-111</b>	<b>12,793</b>	<b>15,276</b>	<b>46</b>	<b>15,322</b>

<sup>1</sup> Total shares registered was 2,597 million (31 Dec 2006: 2,594 million).

<sup>2</sup> Refers to the change in the trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares in the trading portfolio and in the portfolio schemes at at 31 Dec 2007 was 1.6 million (31 Dec 2006 was 2.7 million).

<sup>3</sup> No holding of own shares related to the repurchase authorisation by the AGM at 31 Dec 2007 (31 Dec 2006: - million). No repurchase of own shares during Jan-Dec 2007 (Jan-Dec 2006: - million). The average number of repurchased own shares Jan-Dec 2007 was 0.0 million (Jan-Dec 2006: 84.2 million).

<sup>4</sup> Refers to the Long Term Incentive Programme (LTIP). The programme was hedged by issuing 3,120,000 C-shares, which were later bought back and converted into ordinary shares.

**Note 8 Capital adequacy****Capital Base**

	31 Dec 2007	31 Dec 2007
EURm	Basel II	Basel I
Tier 1 capital	14,230	14,259
Total capital base	18,660	18,720

**Capital requirements**

	31 Dec 2007	31 Dec 2007	31 Dec 2007
EURm	Capital requirement	Basel II RWA	Basel I RWA
<b>Credit risk</b>	<b>12,556</b>	<b>156,952</b>	<b>206,439</b>
IRB foundation	6,709	83,865	na
- of which corporate	5,899	73,736	na
- of which institutions	744	9,302	na
- of which other	66	827	na
Standardised	5,387	67,342	na
- of which retail	3,953	49,414	na
- of which sovereign	19	243	na
- of which other	1,415	17,685	na
Basel I reporting entities	460	5,745	na
<b>Market risk</b>	<b>284</b>	<b>3,554</b>	<b>9,703</b>
- of which trading book, VaR	42	527	na
- of which trading book, non-VaR	242	3,027	na
- of which FX, non-VaR	0	0	na
<b>Operational risk</b>	<b>878</b>	<b>10,976</b>	<b>na</b>
Standardised	878	10,976	na
<b>Sub total</b>	<b>13,718</b>	<b>171,482</b>	<b>216,142</b>
<b>Adjustment for transition rules</b>			
Additional capital requirement according to transition rules	2,649	33,103	na
<b>Total</b>	<b>16,367</b>	<b>204,585</b>	<b>216,142</b>

**Capital ratio**

	31 Dec 2007	31 Dec 2007
	Basel II	Basel I
Tier I ratio, %	7.0	6.6
Capital ratio, %	9.1	8.7

**Analysis of capital requirements**

Exposure class	Average risk weight (%)	Capital requirement (EURm)
Corporate	55	5,899
Institutions	22	744
Retail	46	3,953
Sovereign	1	19
Other	100	1,941
<b>Total credit risk</b>		<b>12,556</b>

**Note 9 Risks and uncertainties**

Nordea's revenue base reflects the Group's business with a large and diversified customer base, comprising both household and corporate customers, representing different geographic areas and industries. Nordea has mainly an exposure to the macro-economic and industry specific economic development in the geographical areas in which the Group operates.

Nordea's main risk exposure is credit risk. The Group also assumes market risk, liquidity risk and operational risk. For further information on risk composition, see the Annual Report 2007.

None of the above exposures and risks is expected to have any significant adverse effect on the Group or its financial position in the next three months.

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

## Nordea Bank AB (publ)

## Income statement

EURm	Q4 2007	Q4 2006	Jan-Dec 2007	Jan-Dec 2006
<b>Operating income</b>				
<i>Interest income</i>	775	571	2,741	1,955
<i>Interest expense</i>	-679	-499	-2,381	-1,590
Net interest income	96	72	360	365
<i>Fee and commission income</i>	165	161	618	608
<i>Fee and commission expense</i>	-50	-41	-155	-127
Net fee and commission income	115	120	463	481
Net gains/losses on items at fair value	36	125	192	186
Dividends	1,170	4,636	1,325	4,739
Other operating income	32	44	127	130
<b>Total operating income</b>	<b>1,449</b>	<b>4,997</b>	<b>2,467</b>	<b>5,901</b>
<b>Operating expenses</b>				
General administrative expenses:				
Staff costs	-149	-144	-596	-568
Other expenses	-134	-128	-514	-501
Depreciation, amortisation and impairment charges of tangible and intangible assets	-25	-26	-101	-99
<b>Total operating expenses</b>	<b>-308</b>	<b>-298</b>	<b>-1,211</b>	<b>-1,168</b>
Loan losses	40	-1	25	18
Disposals of tangible and intangible assets	0	0	0	0
<b>Operating profit</b>	<b>1,181</b>	<b>4,698</b>	<b>1,281</b>	<b>4,751</b>
Appropriations	-12	-11	-44	-33
Income tax expense	-37	-78	-34	-76
<b>Net profit for the period</b>	<b>1,132</b>	<b>4,609</b>	<b>1,203</b>	<b>4,642</b>

## Nordea Bank AB (publ)

### Balance sheet

EURm	31 Dec 2007	31 Dec 2006
<b>Assets</b>		
Cash and balances with central banks	296	277
Treasury bills and other eligible bills	567	1,552
Loans and receivables to credit institutions	36,824	36,970
Loans and receivables to the public	26,640	21,501
Interest-bearing securities	5,216	3,874
Financial instruments pledged as collateral	2,806	599
Shares	2,034	691
Derivatives	1,281	812
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-4	1
Investments in group undertakings	15,488	16,561
Investments in associated undertakings	30	29
Intangible assets	819	858
Property and equipment	53	57
Deferred tax assets	34	39
Current tax assets	52	10
Other assets	1,940	5,321
Prepaid expenses and accrued income	402	285
<b>Total assets</b>	<b>94,478</b>	<b>89,437</b>
<b>Liabilities</b>		
Deposits by credit institutions	24,275	23,971
Deposits and borrowings from the public	32,296	30,482
Debt securities in issue	13,839	12,638
Derivatives	1,581	1,153
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-69	-96
Current tax liabilities	0	0
Other liabilities	4,014	2,418
Accrued expenses and prepaid income	341	294
Deferred tax liabilities	2	3
Provisions	2	28
Retirement benefit obligations	129	135
Subordinated liabilities	6,151	6,397
<b>Total liabilities</b>	<b>82,561</b>	<b>77,423</b>
<b>Untaxed reserves</b>	<b>7</b>	<b>5</b>
<b>Equity</b>		
Share capital	2,597	2,594
Retained earnings	9,313	9,415
<b>Total equity</b>	<b>11,910</b>	<b>12,009</b>
<b>Total liabilities and equity</b>	<b>94,478</b>	<b>89,437</b>
Assets pledged as security for own liabilities	3,054	745
Other assets pledged	7,270	2,312
Contingent liabilities	14,066	14,014
Commitments excluding derivatives	29,474	22,153
Derivative commitments	299,852	212,245

**For further information:**

- A press conference with the management will be arranged on 13 February 2008 at 11.00 CET, at Smålandsgatan 17, Stockholm.
- An analyst conference will be arranged on 13 February at 14.30 CET at Smålandsgatan 17, Stockholm.
- A telephone conference with management will be arranged on 13 February at 16.00 CET.  
(Please dial +44 (0) 208 817 9301, access code Nordea, ten minutes in advance.) The telephone conference can be monitored live on [www.nordea.com](http://www.nordea.com). An indexed on-demand version will also be available on [www.nordea.com](http://www.nordea.com). A replay will also be available until 27 February, by dialing +44 (0) 207 769 6425, access code 1148199#.
- An analyst and investor presentation will be arranged in London on 14 February at 8.30 GMT at Andaz (former The Great Eastern Hotel), Fenchurch room, Liverpool Street, London EC2.
- This interim report is available on [www.nordea.com](http://www.nordea.com). A slide presentation is available on [www.nordea.com](http://www.nordea.com).

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**Annual General Meeting**

Nordea's Annual General Meeting will be held in Aula Magna, at Stockholm University, in Stockholm on Thursday 3 April 13.00 CET.

**Financial calendar**

29 April – interim report for the first quarter 2008  
22 July – interim report for the second quarter 2008  
23 October – interim report for the third quarter 2008

The Nordea Bank AB (publ) Annual Report is expected to be published end February at [www.nordea.com](http://www.nordea.com). The Annual Report will be available in print in the beginning of March.

Stockholm 13 February 2008

Christian Clausen, President and Group CEO

This report is published in four additional language versions; Danish, Finnish, Norwegian and Swedish. In the event of any inconsistencies between those language versions and this English version, the English version shall prevail.

The information provided in this press release is such, which Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528). This information was submitted for publication at 08.00 CET on 13 February 2008.

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) change in interest rate level. This report does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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