Interim Report January–June 2007

Nordea Bank Finland Plc

Nordea Bank Finland Plc is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. This statutory interim report covers the operations of the legal entity Nordea Bank Finland Plc with its subsidiaries in Finland and abroad. The figures include various intragroup transactions against other entities of the Nordea Group.

The business operations of the Nordea Group have been organised in three business areas, all of which operate across national boundaries: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The consolidated interim report of Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. The Finnish Asset Management & Life operations are included in the interim report of the Nordea Group.

Nordea's vision is to be the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 10 million customers, more than 1,100 branch offices and a leading netbanking position with 4.8 million e-customers. The Nordea share is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

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Nordea Bank Finland Group

Result summary January-June 2007

The first six months of 2007 were characterised by continued strong volume growth and increased deposit margins. NBF's total income increased by 2% to EUR 1,179m (1,158) and total expenses by 6% to EUR 452m (428). (The comparison figures in brackets refer to the first six months of 2006.)

NBF's operating profit was down by 2% compared to the same period in 2006 and amounted to EUR 743m (759). Return on equity was 9.4% (9.3%) and the cost/income ratio 38% (37%). Loan losses were positive at EUR 16m (26). Net profit decreased by 5% to EUR 552m (579).

Market development in the first half of 2007

The Finnish economy continued its robust growth during the first months of the year. The broad-based economic growth improved the employment situation, and the unemployment rate continued to come down. The favourable labour market development and consumers' high confidence boosted both household consumption and the demand for credits despite a rise in interest rates.

Income

Total income increased by 2% to EUR 1,179m mainly as a result of the favourable development in net interest income. The strong lending growth continued with double-digit volume growth in most segments, which largely compensated for the margin pressure still present in certain areas. Total lending to the public increased by 17% year-on-year to EUR 56.4bn. Deposits and borrowings from the public increased by 8% year-on-year to EUR 37.1bn driven by both personal and corporate customers. Deposit margins in Retail Banking continued to improve following higher market interest rates.

Net commission income increased by 3% to EUR 159m. Lending-related commissions increased by 7% to EUR 72m, reflecting the volume growth as well as the ongoing centralisation of Trade Finance products to NBF. Savings-related commissions income grew by 13% in total. Total payment commissions were stable despite strong competition. Total commission expenses increased by 17% partly explained by the strong sales of cards.

Net gains/losses at fair value decreased by 31% to EUR 185m (270). Income from equity and interest rate related products came down from the high level in the previous year. FX-related income developed positively and so did other items driven by commodity and credit derivatives.

Profit from companies accounted for under the equity method decreased to EUR -1m (24). The reduction mainly reflects the divestment of the holding in International Moscow Bank in the second half of 2006.

Other operating income totalled EUR 39m (60) comprising mainly capital gains and other miscellaneous operating income.

Expenses

Total operating expenses increased by 6% and amounted to EUR 452m (428).

The increase is a result of Nordea's growth ambition and prioritised investments in certain areas with sizeable potential, as well as an increase in variable salaries.

Staff costs increased by 4% to EUR 254m (244), which is mainly explained by general wage increases, higher variable salaries and the higher number of employees. The average number of FTEs increased by approximately 100 year-on-year, largely in the Baltic area. Variable salaries account for approximately half of the total increase in staff costs.

Other operating expenses totalled EUR 184m (172), up by 7% compared to last year. The higher activity level and investments in strategic projects mainly explain the increase.

Depreciation of tangible and intangible assets increased slightly to EUR 14m (12).

The cost/income ratio was 38% compared to 37% in the first half of 2006.

Throughout this report, "Nordea Bank Finland" and "NBF" refer to the parent company Nordea Bank Finland Plc, business identity code 1680235-8, with its subsidiaries. The registered office of the company is in Helsinki. Nordea Bank Finland Plc is a wholly owned subsidiary of Nordea Bank AB (publ), the listed parent company of the whole Nordea Group. The business operations of the Nordea Group have been organised in three business areas, all of which operate across national boundaries: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The consolidated interim report of Nordea Bank AB (publ) embraces all the activities of the Nordea Group and provides the most complete and fair view. This statutory interim report covers the operations of the legal entity Nordea Bank Finland Plc with its subsidiaries.

Nordea has introduced a new organisational structure with effect from 1 July 2007, which will imply a more streamlined organisation by separating responsibilities for customer relations and products and thereby increasing customer orientation.

Loan losses

Net loan losses were positive at EUR 16m (26) reflecting recoveries maintained at a high level and limited new provisions. NBF is confident in the overall credit quality of its credit portfolio.

Taxes

The effective tax rate for the first half 2007 was approximately 26%. In the first half 2006, the effective tax rate was approximately 24%.

Net profit

Net profit decreased by 5% to EUR 552m (579) corresponding to a return on equity of 9.4% compared to 9.3% in the first half of last year.

Balance sheet

(Comparison figures in brackets refer to December 2006 figures)

The total assets of NBF amounted to EUR 137bn (126). The change mainly reflects growth in lending, higher balance sheet values of derivatives as well as decreased intra-group transactions.

There was a slight decline in the growth rate of the housing loans stock in Finland but in the Baltic area the growth rate has been very strong. Loans to the public grew by 8% compared with the year-end. The book values of derivatives have increased due to revaluations and volume growth.

Deposits and borrowings from the public increased from the year-end level and amounted to EUR 37.1bn (35.7).

Basel II

Nordea for the first time reports risk-weighted assets according to the new capital adequacy rules (Basel II) following the approval of the internal rating based (IRB) models on 26 June. The final Basel II report will be submitted to the FSAs at a later date and the RWA presented in this report may thus be subject to adjustments.

In the internal rating based (IRB) foundation approach to measure credit risk, risk weights are a function of probability of default (PD). Nordea has therefore used its own estimates of the risk parameter PD. Nordea uses the IRB foundation approach for credit risk in the corporate and institutions portfolios in 2007, which cover approx. 50 per cent of Nordea's credit portfolios. The other exposure classes, e.g. Retail and Sovereign are calculated according to the standardised methods. Nordea will gradually apply the advanced IRB approach. The next step will be to start the implementation according to the IRB method for the retail exposure class.

Nordea uses internal VaR models for the larger part of the portfolio to measure Market risk. In Basel II, counterparty risk is included under credit risk, whereas this previously was included under market risk.

For Operational Risk Nordea uses the standardised approach based on annual revenue of each of the broad business lines for estimating operational risk.

At the end of June, NBF's risk-weighted assets (RWA) amounted to EUR 66bn. Before transition rules, which allows for a maximum of 5% reduction of RWA in 2007, RWAs were 65bn. According to Basel I rules, RWA would have been EUR 70bn.

The tier 1 ratio was 13.7% and the total capital ratio was 15.5%. Profit for the period has not been included in tier 1.

NBF paid back a subordinated loan amounting to USD 150m in January 2007 with the permission of the Finnish Financial Supervision Authority. Permission to pay back a subordinated loan amounting to EUR 200m in August 2007 has been received from the Finnish Financial Supervision Authority. The loan has therefore been deducted from tier 2 capital in the June 2007 capital adequacy calculations.

Credit portfolio

Total lending was EUR 56.4bn (52.5) and the share of personal customer lending was 47%. Within personal customer lending, mortgage lending accounted for 77%.

There was no major change in the composition of the corporate loan portfolio during the first half of the year. Real estate management remains the largest industry exposure in the credit portfolio and amounts to EUR 7.4bn, representing 13% of the total portfolio. The lending portfolio is well diversified.

At the end of June 2007, individually assessed impaired loans, net, amounted to EUR 406m (379) representing 0.4% of total loans and receivables before allowances, which was on the same level as at year-end.

Off-balance sheet commitments

The total amount of off-balance sheet commitments increased to EUR 26.8bn (22.7). The increase mainly related to guarantees and stand-by facilities. The volumes of derivatives have continued to grow and they amounted to EUR 2,714bn (2,259).

Changes in the group structure

Nordea Finance Finland Ltd, a wholly-owned subsidiary of NBF, sold the real estate company Kiint. Oy Lahden Hansa in February 2007.

Nordea Bank Finland Plc invested in the newly founded private equity fund Profita Fund III Ky in May 2007. NBF's share of the total capital invested is 27.7%.

Changes in the Board of Directors

After Lars G Nordström retired on 13 April 2007, the Board of Directors appointed Christian Clausen Chairman of the Board of Directors on 7 May 2007. Board member Tom Ruud and deputy member Jacob Grinbaum left the Board on 1 May 2007. The extraordinary general meeting on 7 May 2007 confirmed the number of Board members to be five. NBF's Board members Christian Clausen, Markku Pohjola, Carl-Johan Granvik, Arne Liljedahl and Peter Schütze continue in their positions.

Long Term Incentive Programme

In April 2007, the Annual General Meeting of Nordea Bank AB resolved to introduce a Long Term Incentive Programme (LTIP). The programme grants rights to Nordea Bank AB's shares directly to employees of NBF. The programme comprises up to 400 managers and key employees of the Nordea Group. The main objective of LTIP is to strengthen Nordea's ability to retain and recruit the best talent for key leadership positions. For further information see Note 1.

Risks and uncertainties

Nordea's revenue base reflects the Group's business with a large and diversified customer base, comprising both retail and corporate customers, representing different geographic areas and industries. Nordea has mainly an exposure to the general 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. There is no major change to the risk composition of the Group compared to what is disclosed in 2006 Annual Report.

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 six months.

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

Outlook 2007

The organic growth strategy consistently pays off. The strong revenue growth is expected to continue in the second half of 2007.

As previously stated, the cost increase in the Nordea Group for the full-year 2007 is expected to be of the same magnitude as in 2006, ie 4-5%, and the gap between revenue and cost growth for the full year 2007 is expected to be 3-4 %-points, excluding banking operations in Russia. The cost increase for the full-year, including Orgresbank and planned investments in Russia, is expected to be approx. 6%. This corresponds to a forecasted gap in the area of 2-3%-points, including Nordea's Russian banking operations.

The quality of the credit portfolio in the Nordea Group remains strong. It is however likely that lower recoveries during the latter part of the year will result in actual net charges in the coming quarters.

Following the reduction of the corporate tax rate in Denmark the average standard tax rate for the Nordea Group's business is approx. 26%. The effective tax rate for 2007 is expected to be 4-6 %-points lower than this average.

Nordea Bank Finland is expected to contribute to the development above.

Key financial figures

Income statement

EURm	**Jan-Jun 2007**	Jan-Jun 2006	Change %	Full year 2006
Net interest income	**797**	649	23	1,415
Net fee and commission income	**159**	155	3	308
Net gains/losses on items at fair value	**185**	270	-31	408
Equity method	**-1**	24	-104	31
Other income	**39**	60	-35	292
Total operating income	**1,179**	**1,158**	**2**	**2,454**
Staff costs	**-254**	-244	4	-504
Other expenses	**-184**	-172	7	-359
Depreciation of tangible and intangible assets	**-14**	-12	17	-18
Total operating expenses	**-452**	**-428**	**6**	**-881**
Loan losses	**16**	26	-38	63
Impairment of securities held as financial non-current assets	**0**	0	0	-2
Disposals of tangible and intangible assets	**0**	3	-100	5
Operating profit	**743**	**759**	**-2**	**1,639**
Tax expense	**-191**	-180	6	-358
Net profit for the period	**552**	**579**	**-5**	**1,281**

Business volumes, key items

EURm	**30 Jun 2007**	30 Jun 2006	Change %	31 Dec 2006	Change %
Loans and receivables to the public	**56,404**	48,336	17	52,463	8
Deposits and borrowings from the public	**37,067**	34,370	8	35,689	4
Equity	**10,032**	12,779	-21	13,479	-26
Total assets	**136,995**	125,810	9	131,346	4

Ratios and key figures

	Jan-Jun 2007	Jan-Jun 2006	Full year 2006
Return on equity, %	**9.4**	9.3	10.0
Cost/income ratio, %	**38**	37	36
Tier 1 capital ratio[1,2], %	**13.7**	17.0	13.8
Total capital ratio[1,2], %	**15.5**	19.1	16.0
Tier 1 capital[1,2], EURm	**9,107**	11,558	8,998
Risk-weighted assets[1], EURm	**66,460**	68,022	65,270
Number of employees (full-time equivalents)[1]	**9,307**	9,076	9,060
Average number of employees (full-time equivalents)[1]	**9,127**	8,989	9,024

[1] End of period.
[2] Jan-Jun figures excluding profit for the period.

Formulas used

Return on equity, %:
100 x (Operating profit after taxes) / (Shareholders' equity (average for beginning and end of year))

Cost/income ratio, %:
100 x (Total operating expenses/Total operating income)

Half-year development

Net fee and commission income, EURm	**Jan-Jun 2007**	Jan-Jun 2006
Asset Management commissions	27	23
Life insurance	7	7
Brokerage	22	25
Custody	19	11
Deposits	2	2
Total savings related commissions	77	68
Payments	73	71
Cards	22	20
Total payment commissions	95	91
Lending	44	43
Guarantees and document payments	28	24
Total lending related commissions	72	67
Other commission income	23	21
Fee and commission income	**267**	**247**
Payment expenses	-23	-21
Other commission expenses	-85	-71
Fee and commission expenses	**-108**	**-92**
Net fee and commission income	**159**	**155**

General administrative expenses, EURm	**Jan-Jun 2007**	Jan-Jun 2006
Staff	-247	-235
Profit sharing	-7	-9
Information technology[1]	-59	-53
Marketing	-15	-13
Postage, telephone and office expenses	-19	-18
Rents, premises and real estate expenses	-40	-39
Other	-51	-49
Total	**-438**	**-416**

[1] Refers to IT operations, service expenses and consultant fees. Total IT-related costs including staff etc, were EUR 77m in the first half of 2007 (EUR 73m in the first half of 2006).

Income statement

EURm	Note	Jan-Jun 2007	Jan-Jun 2006	Full year 2006
Operating income				
Interest income		*2,391*	*1,646*	*3,626*
Interest expense		*-1,594*	*-997*	*-2,211*
Net interest income		797	649	1,415
Fee and commission income		*267*	*247*	*497*
Fee and commission expense		*-108*	*-92*	*-189*
Net fee and commission income		159	155	308
Net gains/losses on items at fair value	2	185	270	408
Profit from companies accounted for under the equity method		-1	24	31
Dividends		1	2	2
Other operating income		38	58	290
Total operating income		**1,179**	**1,158**	**2,454**
Operating expenses				
General administrative expenses:				
Staff costs		-254	-244	-504
Other expenses		-184	-172	-359
Depreciation, amortisation and impairment charges of tangible and intangible assets		-14	-12	-18
Total operating expenses		**-452**	**-428**	**-881**
Loan losses	3	16	26	63
Impairment of securities held as financial non-current asset		0	0	-2
Disposals of tangible and intangible assets		0	3	5
Operating profit		**743**	**759**	**1,639**
Tax expense		-191	-180	-358
Net profit for the period		**552**	**579**	**1,281**
Attributable to:				
Shareholders of Nordea Bank Finland Plc		551	578	1,279
Minority interests		1	1	2
Total		**552**	**579**	**1,281**

Balance sheet

EURm	Note	30 Jun 2007	31 Dec 2006	30 Jun 2006
Assets				
Cash and balances with central banks		1,965	1,151	1,456
Treasury bills and other eligible bills		2,230	2,877	2,965
Loans and receivables to credit institutions	4	41,365	47,031	44,130
Loans and receivables to the public	4	56,404	52,463	48,336
Interest-bearing securities		1,090	1,161	937
Financial instruments pledged as collateral		25	100	105
Shares		986	603	406
Derivatives	6	30,440	23,692	24,371
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-95	-54	-15
Investments in associated undertakings		78	83	223
Intangible assets		23	13	15
Property and equipment		94	89	76
Investment property		4	4	34
Deferred tax assets		332	468	630
Current tax assets		10	12	6
Retirement benefit assets		55	52	53
Other assets		1,421	1,112	1,643
Prepaid expenses and accrued income		568	489	439
Total assets		**136,995**	**131,346**	**125,810**
Liabilities				
Deposits by credit institutions		22,054	29,233	23,099
Deposits and borrowings from the public		37,067	35,689	34,370
Debt securities in issue		30,208	22,680	25,362
Derivatives	6	30,869	24,057	24,129
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-139	-147	-153
Current tax liabilities		40	24	42
Other liabilities		4,264	3,790	3,734
Accrued expenses and prepaid income		907	758	630
Deferred tax liabilities		24	23	14
Provisions		89	39	38
Retirement benefit obligations		46	56	60
Subordinated liabilities		1,534	1,665	1,706
Total liabilities		**126,963**	**117,867**	**113,031**
Equity	7			
Minority interests		6	6	6
Share capital		2,319	2,319	2,319
Share premium account		599	599	599
Other reserves		2,899	2,899	2,882
Retained earnings		4,209	7,656	6,973
Total equity		**10,032**	**13,479**	**12,779**
Total liabilities and equity		**136,995**	**131,346**	**125,810**
Assets pledged as security for own liabilities		7,018	8,159	6,338
Other assets pledged		252	488	101
Contingent liabilities		10,675	8,441	7,554
Commitments		2,730,580	2,316,387	2,274,509

Statement of recognised income and expense

EURm	30 Jun 2007	30 Jun 2006
Currency translation differences during the period	2	-1
Cash flow hedges:		
Gains/losses taken to equity	-	-2
Net income recognised directly in equity	2	-3
Net profit for the period	552	579
Total recognised income and expense for the period	**554**	**576**
Attributable to:		
Shareholders of Nordea Bank Finland Plc	553	575
Minority interests	1	1
Total	**554**	**576**

Cash flow statement

EURm	Jan-Jun 2007	Jan-Jun 2006
Operating activities		
Operating profit	743	759
Adjustments for items not included in cash flow	142	-169
Income taxes paid	-55	-42
Cash flow from operating activities before changes in operating assets and liabilities	830	548
Changes in operating assets and liabilities	151	-2,477
Cash flow from operating activities	981	-1,929
Investing activities		
Sale/acquisition of group undertakings	13	22
Sale/acquisition of associated undertakings	6	-
Property and equipment	-26	-5
Intangible assets	-3	-
Cash flow from investing activities	-10	17
Financing activities		
Issued/amortised subordinated liabilities	-131	-199
Dividend paid	-4,000	-
Other changes	2	-
Cash flow from financing activities	-4,129	-199
Cash flow for the period	**-3,158**	**-2,111**
Cash and cash equivalents at beginning of period	**16,467**	**12,098**
Exchange rate difference	-	-2
Cash and cash equivalents at end of period	**13,309**	**9,985**
Change	**-3,158**	**-2,111**

Cash and cash equivalents	30 Jun	30 Jun
The following items are included in cash and cash equivalents (EURm):	2007	2006
Cash and balances with central banks	1,965	1,456
Loans and receivables to credit institutions, payable on demand	11,344	8,529

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

Note 1 Accounting policies

NBF's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the EU, the Finnish Accounting Act and to applicable parts according to the Finnish Credit Institutions Act, the Financial Supervision Authority's regulations and Guidelines and the Decree of the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions.

These statements have not been prepared in accordance with IAS 34, Interim Financial Reporting and the report is unaudited.

Basis for presentation

The accounting policies and the basis for calculations are, in all material aspects, unchanged in comparison with the 2006 Annual Report.

Share-based payments

As mentioned in the text, a share-based payment programme, referred to as the "Long Term Incentive Programme", was introduced in the second quarter. The fair value of the share rights was measured on the grant date and will be recognised as an expense over a period of 24 months.

The total number of share rights in Nordea's Long Term Incentive Programme represents a maximum of 3,120,000 ordinary shares, of which 650,000 are Matching Shares and 1,950,000 are Performance Shares. The remaining 520,000 ordinary shares are available to cover mainly social security costs. The value of the rights is recognised in the income statement with a corresponding increase in unrestricted equity. Social expenses are accrued until paid. The exercise prices of Matching Shares and Performance Shares are respectively EUR 4 and EUR 2. On the grant date the market values of the share rights were EUR 8.76 and 10.49 respectively. The expected amount, EUR 18m, is expensed over a period of 24 months. The maximum cost for LTIP 2007 equals approximately EUR 39m.

The expenses in NBF, equal to the amount at which the services from the employees are measured, will be met by shareholders' contribution. The current number of outstanding rights is 83,161. The expected cost for the programme amounts to EUR 3m, and is recognised over a period of 24 months. The maximum cost in NBF equals approximately EUR 6m. NBF has expensed EUR 0.1m in the first half of 2007.

Note 2 **Net gains/losses on items at fair value**, EURm	Jan-Jun 2007	Jan-Jun 2006
Shares/participations and other share-related instruments	15	28
Interest-bearing securities and other interest-related instruments	54	199
Other financial instruments	19	-6
Foreign exchange gains/losses	97	49
Total	**185**	**270**

Note 3 **Loan losses**, EURm	Jan-Jun 2007	Jan-Jun 2006
Loan losses divided by class, net		
Loans and receivables to credit institutions	0	-
- of which write-offs and provisions	0	-
- of which reversals and recoveries	-	-
Loans and receivables to the public	26	26
- of which write-offs and provisions	-50	-29
- of which reversals and recoveries	76	55
Off-balance sheet items[1]	-10	0
- of which write-offs and provisions	-11	0
- of which reversals and recoveries	1	0
Total	**16**	**26**
Specification of loan losses		
Changes of allowance accounts in the balance sheet	6	21
- of which Loans and receivables	16	21
- of which Off-balance sheet items[1]	-10	0
Changes directly recognised in the income statement	10	5
- of which realised loan losses	-1	-4
- of which realised recoveries	11	9
Total	**16**	**26**

[1] Included in Provisions in the balance sheet.

Note 4 Loans and receivables and their impairment

EURm	Total 30 Jun 2007	Total 31 Dec 2006[1]	Total 30 Jun 2006[1]
Loans and receivables, not impaired	97,458	99,228	92,214
Impaired loans and receivables:	606	651	669
- Performing	401	457	454
- Non-performing	205	194	215
Loans and receivables before allowances	**98,064**	**99,879**	**92,883**
Allowances for individually assessed impaired loans	-200	-263	-290
- Performing	-116	-163	-185
- Non-performing	-84	-100	-105
Allowances for collectively assessed impaired	-95	-122	-127
Allowances	**-295**	**-385**	**-417**
Loans and receivables, book value	**97,769**	**99,494**	**92,466**

	Credit institutions			The public		
EURm	30 Jun 2007	31 Dec 2006	30 Jun 2006	30 Jun 2007	31 Dec 2006[1]	30 Jun 2006[1]
Loans and receivables, not impaired	41,366	47,031	44,130	56,092	52,197	48,084
Impaired loans and receivables:	-	-	-	606	651	669
- Performing	-	-	-	401	457	454
- Non-performing	-	-	-	205	194	215
Loans and receivables before allowances	**41,366**	**47,031**	**44,130**	**56,698**	**52,848**	**48,753**
Allowances for individually assessed impaired loans	-	-	-	-200	-263	-290
- Performing	-	-	-	-116	-163	-185
- Non-performing	-	-	-	-84	-100	-105
Allowances for collectively assessed impaired loans	-1	-	-	-94	-122	-127
Allowances	**-1**	**-**	**-**	**-294**	**-385**	**-417**
Loans and receivables, book value	**41,365**	**47,031**	**44,130**	**56,404**	**52,463**	**48,336**

[1] Restated

Reconciliation of allowance accounts for impaired loans

	Credit institutions		The public		Total		
Loans and receivables, EURm	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2007	**-**	**-**	**-263**	**-122**	**-263**	**-122**	**-385**
Provisions	-	0	-12	-37	-12	-37	-49
Reversals	-	-	48	18	48	18	66
Changes through the income statement	**-**	**0**	**36**	**-19**	**36**	**-19**	**17**
Allowances used to cover write-offs	-	-	10	0	10	0	10
Currency translation differences and reclassifications[2]	-	-1	17	47	17	46	63
Closing balance at 30 Jun 2007	**-**	**-1**	**-200**	**-94**	**-200**	**-95**	**-295**
Opening balance at 1 Jan 2006	**-**	**-**	**-333**	**-130**	**-333**	**-130**	**-463**
Provisions	-	-	-9	-15	-9	-15	-24
Reversals	-	-	32	13	32	13	45
Changes through the income statement	**-**	**-**	**23**	**-2**	**23**	**-2**	**21**
Allowances used to cover write-offs	-	-	23	-	23	-	23
Currency translation differences	-	-	-3	5	-3	5	2
Closing balance at 30 Jun 2006	**-**	**-**	**-290**	**-127**	**-290**	**-127**	**-417**

[2] Mainly reclassification to off-balance sheet items

Note 4, continued

Allowances and provisions

EURm	30 Jun 2007	31 Dec 2006	30 Jun 2006
Allowances for items in the balance sheet	-295	-385	-417
Provisions for off balance sheet items	-73	-	-
Total allowances and provisions	**-368**	**-385**	**-417**

Key ratios

	30 Jun 2007	31 Dec 2006	30 Jun 2006
Impairment rate, gross[1], %	0.6	0.7	0.7
Impairment rate, net[2], %	0.4	0.4	0.4
Total allowance rate[3], %	0.3	0.4	0.4
Allowance rate, impaired loans[4], %	33.0	40.4	43.3
Non-performing loans and receivables, not impaired[5], EURm	5	5	5

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

Note 5 Classification of financial instruments, EURm

30 Jun 2007 **Financial assets**	Loans and receivables	Held to maturity	Held for trading	Assets at fair value	Derivatives used for hedging	Available for sale	Total
Cash and balances with central banks	1,965						1,965
Treasury bills and other eligible bills			2,230				2,230
Loans and receivables to credit institutions	40,144		1,221				41,365
Loans and receivables to the public	56,404						56,404
Interest-bearing securities			350	735		5	1,090
Financial instruments pledged as collateral			25				25
Shares			967	19			986
Derivatives			30,222		218		30,440
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-95						-95
Other assets	1,405						1,405
Prepaid expenses and accrued income	452						452
Total	**100,275**	**-**	**35,015**	**754**	**218**	**5**	**136,267**

30 Jun 2007 **Financial liabilities**	Held for trading	Liabilities at fair value	Derivatives used for hedging	Other financial liabilities	Total
Deposits by credit institutions				22,054	22,054
Deposits and borrowings from the public				37,067	37,067
Debt securities in issue	4,979			25,229	30,208
Derivatives	30,624		244		30,868
Fair value changes of the hedged items in portfolio hedge of interest rate risk				-139	-139
Other liabilities	17			4,236	4,253
Accrued expenses and prepaid income				616	616
Subordinated liabilities				1,534	1,534
Total	**35,620**	**-**	**244**	**90,597**	**126,461**

Note 6 Derivatives, EURm

30 Jun 2007	Assets Fair value	Liabilities Fair value	Total nom. amount
Derivatives held for trading			
Interest rate derivatives	22,370	22,848	2,005,625
Equity derivatives	1,551	1,906	24,873
Foreign exchange derivatives	4,699	4,305	555,220
Credit derivatives	664	634	85,695
Other derivatives	938	932	10,563
Total	**30,222**	**30,625**	**2,681,976**
Derivatives used for hedging			
Interest rate derivatives	152	112	27,756
Equity derivatives	-	-	-
Foreign exchange derivatives	66	132	4,710
Other derivatives	-	-	-
Total	**218**	**244**	**32,466**
Derivatives, total			
Interest rate derivatives	22,522	22,960	2,033,381
Equity derivatives	1,551	1,906	24,873
Foreign exchange derivatives	4,765	4,437	559,930
Credit derivatives	664	634	85,695
Other derivatives	938	932	10,563
Total	**30,440**	**30,869**	**2,714,442**
Of which contracts with Nordea Group undertakings	931	913	91,937

31 Dec 2006	Assets Fair value	Liabilities Fair value	Total nom. amount
Derivatives held for trading			
Interest rate derivatives	15,734	15,840	1,675,489
Equity derivatives	950	1,117	15,185
Foreign exchange derivatives	5,177	5,314	479,796
Credit derivatives	655	655	82,746
Other derivatives	905	894	11,359
Total	**23,421**	**23,820**	**2,264,575**
Derivatives used for hedging			
Interest rate derivatives	225	112	29,492
Equity derivatives	-	-	-
Foreign exchange derivatives	46	125	6,185
Other derivatives	-	-	-
Total	**271**	**237**	**35,677**
Derivatives, total			
Interest rate derivatives	15,959	15,952	1,704,981
Equity derivatives	950	1,117	15,185
Foreign exchange derivatives	5,223	5,439	485,981
Credit derivatives	655	655	82,746
Other derivatives	905	894	11,359
Total	**23,692**	**24,057**	**2,300,252**
Of which contracts with Nordea Group undertakings	421	481	73,141

Note 6, continued

30 Jun 2006	Assets Fair value	Liabilities Fair value	Total nom. amount
Derivatives held for trading			
Interest rate derivatives	16,918	16,686	1,619,756
Equity derivatives	642	672	13,582
Foreign exchange derivatives	4,788	4,791	500,371
Credit derivatives	424	418	71,172
Other derivatives	1,361	1,360	9,860
Total	**24,133**	**23,927**	**2,214,741**
Derivatives used for hedging			
Interest rate derivatives	201	119	41,146
Equity derivatives	-	-	-
Foreign exchange derivatives	37	83	3,478
Other derivatives	-	-	-
Total	**238**	**202**	**44,624**
Derivatives, total			
Interest rate derivatives	17,119	16,805	1,660,902
Equity derivatives	642	672	13,582
Foreign exchange derivatives	4,825	4,874	503,849
Credit derivatives	424	418	71,172
Other derivatives	1,361	1,360	9,860
Total	**24,371**	**24,129**	**2,259,365**
Of which contracts with Nordea Group undertakings	612	595	65,914

Note 7 Equity, EURm

	Attributable to shareholders of Nordea Bank Finland Plc						
	Share capital[1]	Share premium account	Other reserves	Retained earnings	**Total**	**Minority interests**	**Total equity**
Opening balance at 1 Jan 2007	**2,319**	**599**	**2,899**	**7,656**	**13,473**	**6**	**13,479**
Currency translation differences				2	2		2
Net income recognised directly in equity	*-*	*-*	*-*	*2*	*2*	*-*	*2*
Net profit for the period				551	551	1	552
Total recognised income and expense in equity	*-*	*-*	*-*	*553*	*553*	*1*	*554*
Share-based payment / Contribution				0	0		0
Dividend for 2006				-4,000	-4,000		-4,000
Other changes					-	-1	-1
Closing balance at 30 Jun 2007	**2,319**	**599**	**2,899**	**4,209**	**10,026**	**6**	**10,032**

	Attributable to shareholders of Nordea Bank Finland Plc						
	Share capital[1]	Share premium account	Other reserves	Retained earnings	**Total**	**Minority interests**	**Total equity**
Opening balance at 1 Jan 2006	**2,319**	**599**	**2,884**	**6,396**	**12,198**	**6**	**12,204**
Net change in cash flow hedges, net of tax			-2		-2		-2
Currency translation differences				-1	-1		-1
Net income recognised directly in equity	*-*	*-*	*-2*	*-1*	*-3*	*-*	*-3*
Net profit for the period				578	578	1	579
Total recognised income and expense in equity	*-*	*-*	*-2*	*577*	*575*	*1*	*576*
Other changes					-	-1	-1
Closing balance at 30 Jun 2006	**2,319**	**599**	**2,882**	**6,973**	**12,773**	**6**	**12,779**

[1] Total shares registered was 1,030.8 million (31 Dec 2006: 1,030.8 million, 30 Jun 2006: 1,030.8 million).

Note 8 Capital Adequacy

In 2007 new regulations for calculating capital adequacy, referred to as Basel II, have been implemented. The new capital framework is based on a three-pillar approach, namely Pillar 1, minimum capital requirements, Pillar 2, the supervisory review, and Pillar 3, market discipline.

The main change compared to the former regulations, referred to as Basel I, is the introduction of a new risk type, operational risk. Moreover, different levels of sophistication for calculating credit risk and operational risk exist and incentives for the more advanced and risk sensitive methods are given. Further, the minimum capital requirement should be assessed in an Internal Capital Adequacy Assessment Process (ICAAP) to ensure that the institution under supervision is adequately capitalised and will remain so over the foreseeable future.

Basel II will not immediately become fully effective from a capital adequacy perspective since a transition period is stipulated, in which capital floors calculated based on Basel I set limits to the potential capital decrease. In 2007, the lowest accepted amount for RWA is 95% of the amount calculated in accordance with the Basel I regulations, for 2008 it is limited to 90% and 2009 to 80%. The transition period will end in 2010.

Nordea will gradually implement the more advanced methods to calculate minimum capital requirements.

For credit risk, Nordea has been approved to use foundation Internal Rating Based (IRB) methods for the Corporate and Institutions exposure classes from the second quarter 2007, which cover more than 50% of Nordea's credit portfolios. The other exposure classes, e.g. Retail and Sovereign are calculated according to the standardised methods. Nordea will gradually apply the advanced IRB approach. The next step will be to start the implementation according to the IRB method for the Retail exposure class. The foundation IRB method allows the institution to use its internal rating system and own estimates of Probability of Default (PD) whereas the advanced IRB method also allows the institution to use internal models and estimates of Loss Given Default (LGD) and Credit Conversion Factors (CCF).

For market risk, Nordea received the approval Q4 2006 under Basel I for using the internal VaR models for calculating general and specific risk for the larger part of the trading book portfolio. Under a transition period the remaining part of the market risk in the trading book is calculated using the standardised methods.

For operational risk, Nordea has chosen to use the standardised approach for calculating the minimum capital requirement. The method and the operational risk management framework have been reviewed by the supervisors and assessed to fulfil all requirements for using the standardised approach. Nordea has for several years been collecting data on operational risk events, but no outright date for applying for the advanced measurement approach has been set.

In May 2007 Nordea submitted an ICAAP report to the supervisors, i.e. a report stating and explaining Nordea's required and available capital including stressed scenarios. The required capital is calculated based on Nordea's Economic Capital framework with adjustments for stressed scenarios and other input, such as strategic objectives. The available capital is calculated as the capital base. The conclusion in the report is that Nordea is well capitalised even under stressed scenarios. The supervisors will review the report under the Supervisory Review and Evaluation Process.

The final Basel II report will be submitted to the FSAs at a later date and the RWAs presented in this report may be subject to adjustments.

Note 8, continued

Capital Base	30 Jun 2007[1]	30 Jun 2007[1]	31 Dec 2006	30 Jun 2006[1]
EURm	Basel II	Basel I	Basel I	Basel I
Tier 1 capital	9,107	9,107	8,998	11,558
Total capital base	10,332	10,306	10,433	13,002

[1] Excluding the result for the period

Capital requirements	30 Jun 2007	30 Jun 2007 Basel II	30 Jun 2007 Basel I	31 Dec 2006 Basel I	30 Jun 2006 Basel I
EURm	Capital requirement	RWA	RWA	RWA	RWA
Credit risk	**4,843**	**60,532**	**63,016**	**59,151**	**55,307**
IRB foundation	1,922	24,027	na	na	na
- of which corporate	1,496	18,704	na	na	na
- of which institutions	394	4,927	na	na	na
- of which other	32	396	na	na	na
Standardised	2,921	36,505	na	na	na
- of which retail	1,183	14,787	na	na	na
- of which sovereign	8	95	na	na	na
- of which other	1,730	21,623	na	na	na
Basel I	na	na	na	59,151	na
Market risk	**85**	**1,063**	**6,600**	**6,119**	**12,715**
- of which trading book, VaR	60	752	na	842	na
- of which trading book, non-VaR	25	311	na	5,277	na
- of which FX, non-VaR	0	0	na	0	na
Operational risk	**272**	**3,403**	**na**	**na**	**na**
Standardised	272	3,403	na	na	na
Total	**5,200**	**64,998**	**69,616**	**65,270**	**68,022**
Adjustment for floor rules					
Additional capital requirement according to floor rules	117	1,462	na	na	na
Total reported	**5,317**	**66,460**	**69,616**	**65,270**	**68,022**

Capital ratio	30 Jun 2007	30 Jun 2007	31 Dec 2006[2]	30 Jun 2006[2]
Tier I ratio, %, incl. profit	14.5	13.9	13.8	17.8
Capital ratio, %, incl. profit	16.4	15.6	16.0	19.9
Tier I ratio, %, excl. profit	13.7	13.1	11.8	17.0
Capital ratio, %, excl. profit	15.5	14.8	14.0	19.1

[2] No floor applied for 2006

Analysis of capital requirements Exposure class	Average risk weight, %	Capital requirement EURm
Corporate	57	1,496
Institutions	21	394
Retail	51	1,183
Sovereign	1	8
Other	43	1,762
Total credit risk		4,843

Note 9 Off-balance sheet commitments, EURm

EURm	30 Jun 2007	31 Dec 2006	30 Jun 2006
Guarantees	8,609	6,628	5,886
Other contingent liabilities	2,066	1,813	1,668
Stand-by facilities	7,914	6,645	6,389
Unused credit lines	7,853	8,994	8,152
Other commitments	371	488	603
Total	**26,813**	**24,568**	**22,698**
Of which on behalf of associated companies	20	13	13

Note 10 Assets pledged, EURm

30 Jun 2007	Pledges	Mortgages	Other collateral	Total
Assets pledged as security for own liabilities	-	-	20	20
Assets pledged on own behalf for other purposes	-	-	6,998	6,998
Assets pledged on behalf of Nordea group undertakings	-	-	-	-
Assets pledged on behalf of other parties	-	-	252	252
- of which to related party management	-	-	-	-
Total	-	-	**7,270**	**7,270**

31 Dec 2006				
Assets pledged as security for own liabilities	-	-	-	-
Assets pledged on own behalf for other purposes	-	-	8,159	8,159
Assets pledged on behalf of Nordea group undertakings	-	-	100	100
Assets pledged on behalf of other parties	-	-	388	388
- of which to related party management	-	-	-	-
Total	-	-	**8,647**	**8,647**

30 Jun 2006				
Assets pledged as security for own liabilities	-	-	-	-
Assets pledged on own behalf for other purposes	-	-	6,335	6,335
Assets pledged on behalf of Nordea group undertakings	-	-	101	101
Assets pledged on behalf of other parties	-	-	-	-
- of which to related party management	-	-	-	-
Total	-	-	**6,436**	**6,436**

In addition to the above commitments, NBF had sold EUR 3m debt securities with repurchase agreements.

Stockholm, 18 July 2007
Board of Directors