Annual Report 2007
Nordea Bank S.A.

International Private Banking & Funds

Nordea Bank S.A. is a part of the leading financial services group in the Nordic and Baltic Sea regions. The group has 10 million clients and 31,300 employees. Being the leading Nordic pan-European banking entity in Luxembourg and Switzerland, Nordea Bank S.A. focuses on international Wealth Management, Fund Distribution and Fund Management services. Our 385 employees serve a wide spectrum of international clients in many countries world-wide.

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Consolidated Management report

The Bank realised a strong result for 2007 and further consolidated its position. In addition to the strong result, the Bank has during 2007 developed its competencies, products and services in several areas resulting in a strengthened value proposition, improved systems and new partnerships.

The Private Banking operation, including the Swiss branch, continued the positive development during the year and saw high inflows from both existing and new clients. A key supporting factor has been the development of more innovative products and services, plus an increased sales focus and extended co-operation with Nordic Private Banking.

Within the banks subsidiary, Nordea Investment Funds, the product diversification strategy continued, resulting in positive inflows in the non-value funds to balance outflows in the value funds range. During 2007, total assets under management declined, however the diversification strategy and the decision from Nordea Group to launch its new investment funds from the Nordea fund platform in Luxembourg, is expected to deliver positive results in 2008.

Financial position

No events have occurred after the balance sheet date which materially affect the financial position of the Bank as at 31 December 2007.

The Bank remains financially strong with capital and reserves amounting to EUR 276m at the end of 2007.

The profit for the year before depreciation, provisions and tax amounted to EUR 111m.

After deprecation and provisions, the pre-tax profit amounted to EUR 99m and the net profit for the year to EUR 71m.

Risk management

Nordea has clearly defined policies and instructions for risk management. Risks in Nordea are measured and reported according to common principles and policies approved by the overall Board and the relevant local Boards.

The aim of risk management within the Bank is to:

- Identify risks
- Measure risks
- Monitor & control risks, and risk lines & limits
- Report risks and risk limit utilisations

Market risks are measured on the full Bank portfolio. There are Value-at-Risk (VaR) limits for equity risk, foreign exchange risk and interest rate risk. The VaR measures are supplemented with other risk measures such as sensitivity and stress test measures. Liquidity risk is measured on a future daily funding gap basis.

The Bank's granting of credit lines - which is a credit risk to the Bank - are based on individual but consolidated assessments of clients' financial situations. Other risk types are followed as well such as operational risk and counterparty risk.

In 2008 the Bank's risk management will be further strengthened through continued cooperation with the Nordea Group with projects covering, for example, liquidity risk and capital adequacy (Basel-II, Pillar-II)

Further details on the Bank's risk management policies are provided in Note 33 to the annual accounts.

The Bank will continue to focus solely on Private Banking, Fund Management and Fund Distribution and expects continued growth in its business activities in 2008.

Dividend

At the Annual General Meeting the Board of Directors will propose a dividend of EUR 64m.

The members of the Board of Directors are listed on page 22. The Board of Directors wishes to express its sincerest thanks to clients and business associates for their cooperation in 2007 and to the staff for their dedicated and committed efforts.

The Board of Directors

Consolidated Profit and Loss Account

(EUR '000)	Notes	2007	2006
Interest receivable and similar income		202,708	173,033
of which:			
arising from debt securities and other fixed-income securities		17	-
Interest payable and similar charges		(156,990)	(137,641)
Commissions receivable	28	224,136	232,069
Commissions payable		(99,071)	(108,864)
Net profit on financial operations		16,714	19,245
Other operating income	26	5,545	4,522
General administrative expenses:		(80,450)	(75,347)
a) Staff costs	30	(54,549)	(50,749)
Of which:			
- Wages and salaries		(47,373)	(44,579)
- Social security costs		(3,805)	(3,576)
Of which:			
Social security costs relating to pensions		(2,391)	(2,275)
b) Other administrative expenses	34	(25,901)	(24,598)
Value adjustments in respect of tangible assets		(5,655)	(4,661)
Other operating charges	25	(1,956)	(671)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		(1,534)	(3,029)
Transfer to "Special items with a reserve quota portion"		(4,513)	-
Tax on profit on ordinary activities	27	(27,933)	(28,924)
Profit on ordinary activities after tax		**71,001**	**69,732**
Other taxes		(57)	(62)
Profit for the financial year		**70,944**	**69,670**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Balance Sheet at 31 December

Assets (EUR '000)	Notes	2007	2006
Cash, balances with central banks and post office banks	3	3,307	3,061
Loans and advances to credit institutions	3, 4, 10	1,079,066	1,494,709
a) repayable on demand		877,136	1,479,803
b) other loans and advances		201,930	14,906
Loans and advances to customers	3, 4	2,341,786	2,105,723
Debt securities and other fixed-income securities issued by other borrowers	3, 5, 7	10,152	-
Shares and other variable-yield securities	3, 5	40,068	34,215
Shares in affiliated undertakings	3, 5, 7, 29	1,012	1,103
Tangible assets	7, 8	18,969	13,954
Other assets	6	22,958	23,399
Prepayments and accrued income	9	57,027	55,366
Total assets	**11**	**3,574,345**	**3,731,530**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Balance Sheet at 31 December

Liabilities (EUR '000)	Notes	2007	2006
Amounts owed to credit institutions:	3, 17	522,621	397,335
a) repayable on demand		162,887	258,142
b) with agreed maturity dates or periods of notice		359,734	139,193
Amounts owed to customers:	3, 17	2,521,025	2,874,349
other debts			
a) repayable on demand		1,324,455	1,557,927
b) with agreed maturity dates or periods of notice		1,196,570	1,316,422
Other liabilities	6	32,123	28,956
Accruals and deferred income	16	102,146	62,181
Provisions		55,214	46,94
a) provisions for taxation		41,151	33,596
b) other provisions	32	14,063	13,352
Subordinated liabilities	3, 12, 17	51,129	51,129
Special items with a reserve quota portion	13	14,266	9,754
Subscribed capital	14	25,000	25,000
Share premium	14	12,246	12,246
Reserves	15, 27	100,369	93,894
Profit brought forward	15	67,262	60,068
Profit for the financial year		70,944	69,670
Total liabilities	**18**	**3,574,345**	**3,731,530**

Off-balance sheet items			
Contingent liabilities	19	45,129	54,426
Of which:			
• guarantees and assets pledged as collateral security		45,129	54,426
Commitments	20	4,386,287	4,211,289
Fiduciary operations		163,166	205,287

The accompanying notes form an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 General

1.1 Corporate matters

Nordea Bank S.A. (“the Bank”) was incorporated in Luxembourg on 30 September 1976 as a “société anonyme”.

The Bank is a majority-owned subsidiary of Nordea Bank AB (publ), a company incorporated under the laws of Sweden. The members of the Board of Directors are senior executives of companies forming part of the Nordea Group. The business policy and valuation principles, unless prescribed by Luxembourg rules and regulations, are determined and monitored by the Board of Directors in accordance with those applied in the Nordea Group.

The Bank operates both from its Luxembourg head office and from a branch located in Zürich (Switzerland).

Nordea Investment Funds S.A., which was incorporated under Luxembourg law on 12 September 1989 and whose registered office is at 562, rue de Neudorf, L-2220 Luxembourg, is a fully-owned and the sole significant subsidiary of Nordea Bank S.A.

Nordea Bank S.A. and its subsidiary Nordea Investment Funds S.A. are hereafter referred to as “the Bank”.

1.2 Nature of the Bank’s business

The statutory object of Nordea Bank S.A. is to undertake all banking and financial operations whatsoever.

The operations of Nordea Investment Funds S.A. consist essentially of management and distribution of undertakings for collective investment.

1.3 Consolidated financial statements

The Bank prepares its consolidated financial statements in EUR, the currency in which the capital is expressed. The Bank’s financial year is the calendar year.

1.4 Basis, method and of scope of consolidation

The consolidated financial statements have been prepared to provide a comprehensive view of the operations undertaken by the Bank and its subsidiary in Luxembourg.

They have been prepared by integrating the accounts of Nordea Investment Funds S.A. into those of Nordea Bank S.A. using the global consolidation method. In applying this, the necessary adjustments and eliminations have been made in order to present accounts in a uniform manner, eliminate reciprocal balances, and income and costs resulting from intragroup transactions.

Other subsidiaries of Nordea Bank S.A., which are immaterial and are therefore not consolidated into these accounts, are listed in Note 29. These subsidiaries are accounted for in accordance with note 2.9.

Comparative figures for the year ended 31 December 2006 have been prepared using the same basis, method and scope of consolidation as those used for the year ended 31 December 2007.

Notes to Consolidated Financial Statements

Note 2 Summary of significant accounting policies

The Bank's consolidated financial statements are based on the historical cost principle and are prepared in accordance with the laws and regulations in force in the Grand Duchy of Luxembourg and on the basis of accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg.

Accounting principles used for the preparation of the consolidated financial statements are similar to those used for establishing the statutory annual accounts of Nordea Bank S.A.

In observing these, the following significant accounting policies are applied:

2.1 The date of recording of transactions in the balance sheet

Assets and liabilities are recorded in the balance sheet on the date when the amounts concerned become cleared funds, that is, their date of effective transfer.

2.2 Foreign currencies

The Bank maintains a multi-currency accounting system which records all transactions in the currency or currencies of the transaction on the day on which the contract is concluded.

Revenues and expenses in foreign currencies are translated into EUR daily at the prevailing spot exchange rates. Tangible assets in foreign currencies are translated into EUR at the rate of exchange prevailing at the date of their acquisition. All other assets and liabilities are translated into EUR at the indicative spot rates applicable at the balance sheet date. Both realised and unrealised profits and losses arising on revaluation are accounted for in the profit and loss account for the year.

Results on currency swap transactions are accrued at the balance sheet date. The revaluation of these transactions does not affect the result for the financial year.

Currency options are marked to market at the balance sheet date. The revalued amount is translated into EUR at the spot rate. The revalued amount is then accounted for in accordance with note 2.3 below.

2.3 Derivatives financial instruments

The Bank's commitments in respect of financial instruments such as interest rate swaps, currency options, financial futures and options are recorded on the transaction date as off-balance-sheet items.

At year-end, where necessary, a provision is made in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments to market value. This provision is recorded on the liabilities side of the balance sheet under "Provisions for liabilities and charges: other provisions".

2.4 Specific value adjustments in respect of bad and doubtful debts

It is the Bank's policy to establish specific value adjustments in respect of doubtful and irrecoverable debts, as deemed appropriate by the Board of Directors.

Value adjustments, if any, are deducted from the asset items to which they relate.

2.5 Lump-sum provision

In accordance with the Luxembourg tax legislation, it is the Bank's policy to establish a lump-sum provision for banking risk exposures, as defined in the legislation governing prudential supervision of banks. The purpose of the provision is to take account of risks which are likely to crystallise but which have not yet been identified as at the date of preparation of the financial statements.

Pursuant to the instructions issued by the Directeur des Contributions on 16 December 1997, the provision is made before taxation and may not exceed 1.25% of the Bank's weighted assets at risk.

The lump-sum provision for banking risk exposures is broken down in proportion to the weighting of the items which form the basis for its calculation, and is then deducted from those items.

2.6 Transferable securities

Transferable securities are initially recorded at their cost of acquisition. Transferable securities are subsequently measured in accordance with notes 2.7, 2.8 and 2.9 below.

Profits or losses on the sale of securities are determined on the basis of the average cost method.

2.7 Debt securities and other fixed-income securities

At the balance sheet date, debt securities and other fixed-income securities are stated at the lower of cost and market value. They are included in the structural portfolio of the Bank.

2.8 Shares and other variable-yield securities

At the balance sheet date, shares and other variable-yield securities are stated at the lower of cost and market value. They are included in the structural portfolio of the Bank.

2.9 Shares in affiliated undertakings

At the balance sheet date, shares in affiliated undertakings held as financial fixed assets and which are excluded from the consolidation process as immaterial (cfr. Note 1.4), are stated at the lower of cost and market value.

They are included in the investment portfolio of the Bank.

2.10 Tangible assets

Tangible assets are valued at cost. The value of tangible assets with limited useful economic lives is reduced by amortisation intended to write down the value of such assets systematically over their useful economic lives.

2.11 Special items with a reserve quota portion

Special items with a reserve quota portion consist of those amounts which may be eligible for fiscal exemption. The exemption covers increases in value realised in accordance with Articles 53, 54 and 54bis of the Luxembourg income tax law.

2.12 Taxes

Taxes are accounted for on an accrual basis, based on the profit and loss account for the year under review.

Note 3 Maturity analysis of primary financial instruments

Primary financial instruments may be analysed according to their remaining maturity as follows at 31 December:

	2007				
	Up to three months	3-12 months	1-5 years	More than 5 years	Total
Cash, balances with central banks and post office banks	3,307	-	-	-	3,307
Loans and advances to credit institutions	1,077,832	1,234	-	-	1,079,066
Loans and advances to customers	2,045,336	288,194	8,256	-	2,341,786
Debt securities and other fixed-income securities	-	-	-	10,152	10,152
Shares and other variable-yield securities, including in affiliated undertakings	41,080	-	-	-	41,080
Total assets	**3,167,555**	**289,428**	**8,256**	**10,152**	**3,475,391**
Amounts owed to credit institutions	517,803	4,818	-	-	522,621
Amounts owed to customers	2,496,165	17,508	7,352	-	2,521,025
Subordinated liabilities	-	-	-	51,129	51,129
Total liabilities	**3,013,968**	**22,326**	**7,352**	**51,129**	**3,094,775**
Net position	**153,587**	**267,102**	**904**	**(40,977)**	**380,616**

	2006				
	Up to three months	3-12 months	1-5 years	More than 5 years	Total
Cash, balances with central banks and post office banks	3,061	-	-	-	3,061
Loans and advances to credit institutions	1,484,962	8,130	1,617	-	1,494,709
Loans and advances to customers	1,949,435	152,751	3,537	-	2,105,723
Debt securities including other fixed-income securities	-	-	-	-	-
Shares and other variable-yield securities, including in affiliated undertakings	35,318	-	-	-	35,318
Total assets	**3,472,776**	**160,881**	**5,154**	**-**	**3,638,811**
Amounts owed to credit institutions	396,771	564	-	-	397,335
Amounts owed to customers	2,861,196	13,153	-	-	2,874,349
Subordinated liabilities	-	-	-	51,129	51,129
Total liabilities	**3,257,967**	**13,717**	**-**	**51,129**	**3,322,813**
Net position	**214,809**	**147,164**	**5,154**	**(51,129)**	**315,998**

Note 4 Credit risk analysis on primary financial assets

As at 31 December 2007 and 2006, substantially all loans and advances to credits institutions were held with zone A banks on a secured basis. Credit risk on loans and advances to customers may be analysed as follows:

Country of borrower	Lending basis	2007	2006
Zone A	Secured	1,160,670	868,514
Zone A	Unsecured	187,843	311,116
Zone B	Secured	984,356	908,938
Zone B	Unsecured	8,917	17,155
Total		**2,341,786**	**2,105,723**

Note 5 Transferable securities

Transferable securities consist of "Debt securities and other fixed-income securities", "Shares and other variable yield securities" and "Shares in affiliated undertakings".

At 31 December 2007, the Bank only held unlisted securities of EUR 51,232 (2006: EUR 35,318).

The fair value of transferable securities amounts to:

	2007	2006
Debt securities and other fixed-income securities	10,152	-
Shares and other variable-yield transferable securities	40,319	36,638
Shares in affiliated undertakings	2,058	1,967
Total	**52,529**	**38,605**

Note 6 Other assets/ Other liabilities

Other assets represent:	2007	2006
Premiums on options purchased	20,748	18,911
Other	2,210	4,488
Total	**22,958**	**23,399**

Other liabilities represent:	2007	2006
Preferential creditors	9,550	6,726
Premiums on options written	20,646	18,681
Other	1,927	3,549
Total	**32,123**	**28,956**

Other assets "other" and other liabilities "other" mainly consist in cheques for collection and transit payable/receivable amounts on securities deals pending settlement.

Note 7 Movements in fixed assets

The following movements have occurred in the Bank's fixed assets in the course of the financial year:

A = Gross value at the beginning of the financial year
B = Additions
C = Disposals
D = Gross value at the end of the financial year
E = Cumulative value adjustments at the balance sheet date
F = Net value at the end of the financial year

Fixed assets	A	B*	C*	D	E	F
Debt securities and other fixed-income securities	-	10,152	-	10,152	-	10,152
Shares in affiliated undertakings	1,103	-	(91)	1,012	-	1,012
Tangible assets	43,765	14,328	(24,143)	33,950	(14,981)	18,969
of which:						
a) Land and buildings	14,083	9,875	(9,887)	14,071	(2,153)	11,918
b) Plant and machinery	23,646	3,391	(11,774)	15,263	(9,927)	5,336
c) Other fixtures and fittings, tools and equipment	6,036	1,062	(2,482)	4,616	(2,901)	1,715

* including translation adjustments

Note 8 Tangible assets

Tangible assets include a net amount of EUR 18,969 (2006: EUR 6,822) which represents the land and buildings used by the Bank for its own activities.

Note 9 Prepayments and accrued income

Prepayments and accrued income are analysed as follows:

	2007	2006
Accrued interest income	15,442	16,281
Accruals on premium / discount on foreign exchange	12,729	4,219
Accrued fee income	26,930	32,708
Other	1,926	2,158
Total	**57,027**	**55,366**

Note 10 Related-party balances - assets

The following balances with related parties are included in the assets side of the balance sheet:

Affiliated undertakings	2007	2006
Loans and advances to credit institutions	890,755	1,262,182

Note 11 Foreign currency assets

At 31 December 2007, the aggregate amount of the Bank's assets denominated in foreign currencies, translated into EUR, is EUR 2,240,992 (2006: EUR 2,226,788).

Note 12 Subordinated liabilities

The Bank has incurred charges of EUR 2,316 (2006: EUR 2,032) during the year, corresponding to 6 months' LIBOR + 1% p.a., with respect to its subordinated liability amounting to EUR 51,129 issued on 15 July 1992. The subordinated liability is for an indefinite period.

The subordinated liability will be repaid only with prior notice of five (5) years and one (1) day, in one lump sum with all interest accrued to the date of repayment.

Note 13 Special items with a reserve quota portion

In accordance with the Luxembourg law of 23 July 1983 the Bank has neutralised in the annual accounts unrealised exchange gains on the investment of its equity in currencies other than the Euro - formerly Luxembourg francs - and realised gains on the disposal of buildings. These neutralised gains, amounting to EUR 14,266 (2006: EUR 9,754) have been recorded under this caption in accordance with Luxembourg regulations.

A part of the gains realised on the disposal of buildings has been neutralised by investing in a bond, which is recorded under debt securities and other fixed-income securities.

Note 14 Subscribed capital and share premium

At 31 December 2007, the Bank's subscribed and paid up capital amounts to EUR 25,000 (2006: EUR 25,000), represented by 1,000,000 shares of EUR 25 each.

At 31 December 2007, the Bank's share premium amounts to EUR 12,246 (2006: EUR 12,246).

Note 15 Movements in reserves and profit brought forward

	Legal reserve	Other reserves	Total reserves	Profit brought forward
Balance at 1 January 2007	2,500	91,394	93,894	60,068
Profit for the year ended 31 December, 2006	-	-	-	69,670
Dividend paid for the year ended 31 December, 2006	-	-	-	(56,001)
Appropriation of profit				
- Transfer to reserve	-	6,475	6,475	(6,475)
Balance at 31 December 2007	**2,500**	**97,869**	**100,369**	**67,262**

Under Luxembourg law, the Bank appropriated to a "legal reserve" an amount equivalent to at least 5% of the annual net profit until such reserve equals 10% of the share capital.

Distribution of the legal reserve is restricted.

Included in Other reserves at 31 December 2007 is an amount of EUR 6,475 which relates to a reserve following the 2006 netting of net worth tax against income tax as described in note 27 below.

As at 31 December 2007, the total amount of net worth tax reserve included in other reserves is EUR 30,091.

Note 16 Accruals and deferred income

Accruals and deferred income are analysed as follows:

	2007	2006
Accrued interest expense	10,883	12,427
Accruals on premium/discount and revaluation on foreign exchange	51,122	7,546
Accrued fee expense	20,413	19,828
Other	19,728	22,380
Total	**102,146**	**62,181**

Note 17 Related-party balances - liabilities

The following balances with related parties are included in the liabilities side of the balance sheet:

Affiliated undertakings	2007	2006
Amounts owed to credit institutions	320,568	65,464
Amounts owed to customers	204,909	1,602
Subordinated liabilities	51,129	51,129
Total	**576,606**	**118,195**

Note 18 Foreign currency liabilities

At 31 December 2007, the aggregate amount of liabilities denominated in foreign currencies, translated into EUR, is EUR 1,979,652 (2006: EUR 2,019,807).

Note 19 Contingent liabilities

The Bank's contingent liabilities consist of guarantees and other direct substitutes for credit and of counter-guarantees granted to customers.

At 31 December 2007, the contingent liabilities towards affiliated undertakings amount to EUR 7,110 (2006: EUR 7,392).

They may be analysed according to their remaining lifetime to maturity as follows:

	2007	2006
Up to 3 months	637	4,163
3-12 months	3,216	4,232
1-5 years	15,901	23,706
More than 5 years	25,375	22,325
Total	**45,129**	**54,426**

Split according to geographical location of counterparty is as follows:

	2007	2006
Zone A	29,649	37,651
Zone B	15,480	16,775
Total	**45,129**	**54,426**

Credit risk on such contingent liabilities may be analysed as follows:

Lending basis	2007	2006
Secured	23,364	35,600
Unsecured	21,765	18,826
Total	**45,129**	**54,426**

Note 20 Commitments

The Bank's commitments consist of unutilised confirmed credits (2007: EUR 4,386,287; 2006: EUR 4,211,099) and forward purchases and sales of assets (2007: EUR nil; 2006: EUR 190).

Credit lines are all granted to customers on a secured basis, as utilisation of such lines are generally possible only to the extent that the Bank is satisfied to have received from the customer sufficient collateral to cover the increased exposure.

Details of unutilised credit lines at 31 December are as follows:

	Maturity 2007				
Country of borrower	**Up to 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
Zone A	131,438	419,515	2,157,112	10,924	2,718,989
Zone B	23,917	108,007	1,520,374	15,000	1,667,298
Total	**155,355**	**527,522**	**3,677,486**	**25,924**	**4,386,287**

	Maturity 2006				
Country of borrower	**Up to 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
Zone A	14,829	533,931	2,125,258	10,094	2,684,112
Zone B	382	320,020	1,205,547	1,038	1,526,987
Total	**15,211**	**853,951**	**3,330,805**	**11,132**	**4,211,099**

At 31 December 2007, the Bank has no commitment towards affiliated undertakings (2006:EUR nil).

Note 21 Operations linked to exchange rates, interest rates and other market rates

The following types of forward transactions are outstanding as at 31 December 2007:

Operations linked to exchange rates
• Forward exchange transactions (swaps, outrights);
• Options.

Operations linked to interest rates
• Interest rate swaps;
• Interest rate futures;
• Options.

Operations linked to exchange rates and interest rates are made either for the purpose of managing the effects of fluctuations in exchange or interest rates on the Bank's assets and liabilities, or are contracted for and on behalf of customers.

Operations linked to other market rates
• Options;
• Futures.

Such operations are entered into only on behalf of customers.

Note 22 Maturity analysis of derivative financial instruments

Derivative financial instruments in which the Bank has open positions at 31 December are only dealt on OTC markets and may be analysed according to their remaining maturity as follows:

	2007			
(Notional amounts)	**Up to 3 months**	**3-12 months**	**1-5 years**	**Total**
Financial assets				
Interest rates				
• Futures	94,719	-	-	94,719
• Options	-	6,818	-	6,818
Foreign exchange				
• Forwards	346,300	18,052	-	364,352
• Swaps	2,142,232	385,645	-	2,527,877
• Options	369,797	237,377	203,790	810,964
• Others	49,223	-	-	49,223
Financial instruments linked to other market rates				
• Futures	202,248	-	-	202,248
• Options	215,281	75,457	110,949	401,687
Total	**3,419,800**	**723,349**	**314,739**	**4,457,888**

(Notional amounts)	Up to 3 months	3-12 months	1-5 years	Total
		2007		
Financial liabilities				
Interest rates				
• Swaps	-	-	3,352	3,352
• Futures	79,695	-	-	79,695
• Options	-	6,818	-	6,818
Foreign exchange				
• Forwards	239,834	34,222	-	274,056
• Swaps	897,483	155,506	-	1,052,989
• Options	230,366	242,377	204,790	677,533
• Others	51,809	-	-	51,809
Financial instruments linked to other market rates				
• Futures	202,248	-	-	202,248
• Options	215,281	75,457	110,949	401,687
Total	**1,916,716**	**514,380**	**319,091**	**2,750,187**

As at December 31, 2007, the net fair value of derivatives financial assets and liabilities amounts to EUR (34,485) (2006: EUR (607)).

(Notional amounts)	Up to 3 months	3-12 months	1-5 years	Total
		2006		
Financial assets				
Interest rates				
• Futures	44,895	-	-	44,895
• Options	-	-	-	-
Foreign exchange				
• Forwards	335,004	13,060	-	348,064
• Swaps	1,667,331	82,729	-	1,750,060
• Others	67,026	-	-	67,026
Financial instruments linked to other market rates				
• Futures	157,519	-	-	157,519
• Options	175,178	103,214	241,226	519,618
Total	**2,446,953**	**199,003**	**241,226**	**2,887,182**
Financial liabilities				
Interest rates				
• Swaps	10,000	-	-	10,000
• Futures	44,895	-	-	44,895
• Options	- -	-	-	
Foreign exchange				
• Forwards	264,727	36,488	-	301,215
• Swaps	894,418	48,707	-	943,125
• Options	324,238	25,569	-	349,807
• Others	76,716	-	-	76,716
Financial instruments linked to other market rates				
• Futures	157,519	-	-	157,519
Total	**1,772,513**	**110,764**	**-**	**1,883,277**

Note 23 Credit risk analysis of derivative financial instruments

Credit risk incurred by the Bank at 31 December on OTC derivative financial instruments may be summarised as follows:

				2007		
Counterpart type	Notional amount	Current replacement	Potential future replacement	Overall replacement cost	Collateral	Net risk exposure
Banks	1,405,259	18,191	31,873	50,064	-	50,064
Customers	4,588,024	22,097	27,138	49,235	-	49,235
Total	**5,993,283**	**40,288**	**59,011**	**99,299**	**-**	**99,299**

				2006		
Counterpart type	Notional amount	Current replacement	Potential future replacement	Overall replacement cost	Collateral	Net risk exposure
Banks	3,096,769	23,669	19,155	42,824	-	42,824
Customers	1,673,690	11,381	20,117	31,498	-	31,498
Total	**4,770,459**	**35,050**	**39,272**	**74,322**	**-**	**74,322**

Note 24 Market risk analysis

Market risks are determined on a portfolio basis. Measures and limits are established for exchange and interest rate risk on the basis of Value at Risk (VaR). The VaR-measure reflects a 1%, absolute value, probability that a potential loss due to a market risk will exceed risk measure over a ten-day period. At 31 December 2007, overall VaR- measures were:

Exchange rate risk: EUR 240 (2006: 168)
Interest rate risk: EUR 600 (2006: 325)

Note 25 Other operating charges

Other operating charges include AGDL provision (see Note 32), lump sum provision and miscellaneous losses due to operational errors.

Note 26 Other operating income

Other operating income includes the release of litigation provisions and profit on sale of fixed assets.

Note 27 Tax on profit on ordinary activities

In accordance with paragraph 8a of the net worth tax law, the Bank has deducted from its tax basis for net worth tax, the net worth tax incurred during the financial year amounting to EUR 1,325. Such a deduction is subject to allocating an amount equal to five times the net worth tax deducted by a resolution of the 2007 Annual General Meeting of Shareholders.

If the amount of the reserve is not maintained (for a reason other than a change in capital) for a five year period, the Bank's liability to income tax will be increased by one-fifth of the amount of the reduction for the year in which the reduction took place. The above has been taken into consideration in calculating the tax charge from 1998 onwards.

Note 28 Investment management services

Management services consist of:
- Portfolio management and advice;
- Custody and administration of transferable securities;
- Safe depositary;
- Fiduciary representations.

Note 29 Subsidiaries and associated undertakings

The Bank holds an interest of at least 20% of the capital of the following undertakings:

Name	Registered office	Proportion of the capital held	Own funds at 31 December 2007
Nordea Fonds Services GmbH (Germany)	95 Friedrichstrasse, Fach 159 D-10117 Berlin	100%	547
Dantrust Management Guernsey Limited	Rue du Commerce, St Peter Port, Guernsey	93.00%	524
Nordea Trust Company (Isle of Man) Limited	29-31, Athol Street, Douglas, Isle of Man	99.99%	987
Nordea Secretarial Services (Isle of Man) Limited	29-31, Athol Street, Douglas, Isle of Man	99.99%	-
Nordea Nominees (Isle of Man) Limited	29-31, Athol Street, Douglas, Isle of Man	99.99%	
Nordea Option Fund 1 Limited	P.O. Box 309 George Town, Grand Cayman, British West Indies	100%	-

Note 30 Staff numbers and management remuneration

The average number of persons employed by the Bank is as follows:

Number:	2007	2006
Senior management	6	4
Middle management	21	21
Employees	353	348
Non-clerical staff	4	6
Total	**384**	**379**

Remuneration of EUR 8.029 has been paid to the senior and middle management (27 persons) in respect of the year ended 31 December 2007 (2006: EUR 6,746 for 25 persons). At 31 December 2007, loans and advances totalling EUR 64 had been granted to the members of the senior and middle management (2006: EUR 204).

No remuneration was paid to the Board of Directors in the year ended 31 December 2007 and 2006. At 31 December 2007, no loans and advances had been granted to members of the Board of Directors (2006: EUR 0).

As at 31 December 2007, the Bank did not have a commitment relating to pension on behalf of senior and middle management nor on behalf of Board of Directors members (2006: EUR 0).

Note 31 Parent undertaking

The Bank is a majority-owned subsidiary of Nordea Bank AB (publ), a company incorporated under the laws of Sweden and whose registered office is situated in Stockholm.
The consolidated accounts of Nordea Bank AB (publ) may be obtained from Nordea, Investor relations, SE-10571 Stockholm.

Note 32 Deposit and investment guarantee scheme

In other provisions, is included an AGDL provision for an amount of EUR 5,738 (2006: EUR 5,260).

On 25 September 1989, all credit institutions in the Luxembourg banking sector became members of the non-profit making association "Association pour la Garantie des Dépôts, Luxembourg" ("AGDL").

In accordance with the law of 5 April 1993 as amended by the law of 11 June 1997, the sole object of the AGDL is the establishment of a mutual guarantee scheme covering deposits made by customers of member credit institutions ("the Guarantee"). The customers covered by the Guarantee include all depositors who are physical persons, whatever their nationality or country of residence. Also covered by the Guarantee are small companies constituted under the law of a Member State of the European Union, whose size is such that they would be permitted to draw up abbreviated accounts pursuant to Article 215 of the law of 10 August 1915 on commercial companies, as amended.

With respect to each member, the Guarantee is limited to a maximum amount per customer of EUR 20,000 (twenty thousand) or its foreign currency equivalent. No depositor can receive more than this sum, regardless of the number of accounts or deposits held in the sole or joint name of the depositor with the same credit institution.

The Law of July 27, 2000 stipulates that banks must also belong to an investment guarantee scheme. This additional Guarantee covers the reimbursement of claims resulting from investment transactions up to the amount of EUR 20,000 (twenty thousand).

The total amount of the Guarantees which will in no case exceed EUR 40,000 (forty thousand) per customer -EUR 20,000 deposit guarantee and EUR 20,000 investor compensation- represents an absolute figure and cannot be increased by any interest, charges or any other amount.

The Bank has set up a provision in recognition of the potential liabilities under the Guarantee within the limits set out in the Grand Ducal Regulation of 21 December 1991 enacting Article 167, section 1(5) of the income tax law of 4 December 1967.

Note 33 Risk management policies

General
The policy aim of the risk management within the Bank is to ensure that risks to which the Bank is exposed are effectively monitored and kept within the relevant framework and limits established for the various types of risks.

Risk management at Nordea Bank S.A. is generally performed in accordance with principles and instructions defined by the Nordea Group.

Credit Risk
The Bank's granting of credit is based on an individual assessment of each borrower's financial situation.

Credit applications must be completed and approved in accordance with the Bank's procedures.

The general monitoring of credits is done through a risk exposure system inherent to the core banking system.

Market Risks
Market risks are monitored on a portfolio basis. Limits are established on the basis of Value at Risk (VaR) measures. The limits for risks in equity prices are determined as portfolio limits, including related derivatives. When appropriate, the VaR measures are supplemented with other risk management measures, such as position measures.

Settlement Risk
In relation to customers' transactions, "Delivery versus payment" principle is applied, as both sides of the asset transaction are generally processed by the Bank.

In relation to financial counter parties (banks) the exposure is limited to the maximum daily settlement line set towards bank counter parties.

Exchange Rate Risk
The risk of loss due to an adverse movement in exchange rates is monitored by maintaining approved currency risks (e.g. VaR and option risk limits).

The currency position limits applied to the Bank have been approved to by the Executive Management in the Bank and Group Risk Management, Nordea Group.

Interest Rate Risk
Interest rate risk is the potential impact on the Bank's earnings and net asset values arising from changes in interest rates. Interest rate risk arises, when the Bank's principal and interest cash flows (including final maturity), both on- and off-balance sheet, have mismatched re-pricing dates or there is a mismatch of floating versus fixed interests.

The Bank has a measurement system for interest rate risk which incorporates each of these risk items. The system for linear risk is based on VaR on the interest rate risk ladders from all interest bearing items, and will thereby cover the usual yield curve and basic risk. The non-linear risk coming from option risk is based on scenario simulation.

Liquidity Risk
The Bank participates daily in the loan market only for hedging purposes.

In accordance with the Nordea Group Risk Management/ Group Treasury liquidity limits, maximum funding gaps have been set for Bank.

Operational Risk
Several procedures exist to manage operational risk, such as matching between input in the safe custody system to that of custodian bank confirmations, reconciliation of nostro accounts, control of transfers between non-related clients, monitoring of performance deviations, control of exchange rates, control of out-going transfers dependent on the size of amount, control of manual credit bookings to a client with the Bank as counterpart, etc.

The Bank's accounting system permits monitoring of the losses arising as a result of these risks, in terms of frequency of occurrence, losses by department and on a consolidated basis.

Note 34 Auditor´s fees

Fees billed and accrued (excluding VAT) to the Bank and its subsidiaries by KPMG Audit S.à r.l., Luxembourg and other member firms of the KPMG network during the year are as follows:

in EUR	2007	2006
Audit fees (annual accounts / consolidated accounts)	172	169
Audit-related fees	44	40
Other fees	373	74

Such fees are presented under other administrative expenses in the profit and loss account.

Directors
At 31 December 2007

Gunn Wærsted, Chairman	Member of Nordea Group Executive Management	Nordea Bank AB (publ)
Jhon Mortensen	Head of International Private Banking & Funds	Nordea Bank S.A.
Henrik Priergaard	Head of Nordic Private Banking	Nordea Bank Danmark A/S
Allan Polack	Head of Savings Products & Asset Management	Nordea Investment Management AB
Jeroen van der Molen	Legal Counsel	Nordea Bank S.A.

Auditor's report

To the board of directors,
Nordea Bank S.A.
562, rue de Neudorf
L-2220 Findel
Luxembourg

Report of the reviseur d'entreprises

Report on the consolidated financial statements

Following our appointment by the board of directors, we have audited the accompanying consolidated financial statements of Nordea Bank S.A., which comprise the consolidated balance sheet as at December 31, 2007 and the consolidated profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the réviseur d'entreprises, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall consolidated presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Nordea Bank S.A. as of December 31, 2007, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated financial statements.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the board of directors, is in accordance with the consolidated financial statements.

Luxembourg, February 20, 2008

KPMG Audit S.à r.l.
Réviseurs d'Entreprises

J. Li D. Wallace

4/2008 Nordea Bank S.A. R.C.S. Luxembourg no. B 14157

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