Annual Report 2008
Nordea Eiendomskreditt AS

Contents

Presentation of Nordea Eiendomskreditt AS

History

Nordea Eiendomskreditt AS was first incorporated in 1927 as a credit association known as Norges Hypotekforening for Næringslivet. The association changed its name to Norgeskreditt in 1998, and became a joint stock company and was listed on the Oslo Stock Exchange in 1992. In 1996 Norgeskreditt AS became a wholly owned subsidiary of Christiania Bank og Kreditkasse ASA, and merged in the same year with Vestenfjelske Bykreditt AS. Christiania Bank og Kreditkasse ASA was acquired by Nordea Companies Finland Abp in 2000.

The company decided in December 2008 to change its name to Nordea Eiendomskreditt AS. The name change came into effect at the start of 2009. The background for the change of name is to make use of Nordea's strong brand image and to identify more clearly the company's ownership.

Nordea Eiendomskreditt AS is part of the Nordea group. Nordea's vision is to be the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders. Nordea strives to help its customers to achieve their objectives by offering a broad range of products, services and solutions in the areas of banking, investment management and insurance. Nordea has around 10 million customers and over 1,400 sales offices, and holds a leading position in internet banking with around 5.1 million internet customers. The Nordea share is listed on Nasdaq OMX Nordic in Stockholm, Helsinki and Copenhagen.

Business activities

Nordea Eiendomskreditt AS specialises in the long-term financing of commercial property. The scale and quality of the company's lending portfolio provides the basis for cost efficient operations and competitive funding. Nordea Eiendomskreditt AS offers loans on both fixed and floating rate interest terms with repayment over periods of up to 30 years. This, together with the ability to offer fixed interest rate terms for up to 20 years, helps to give borrowers the ability to manage their liquidity and financial situation even in periods of changing economic conditions.

The Commercial Property business area of Nordea Bank Norge ASA

Nordea's Commercial Property business area brings together Nordea Eiendomskreditt AS and the bank's large customer unit for commercial property customers under the same management.

The purpose of this structure is to bring together and further develop a strong centre of expertise for commercial property lending as well as to facilitate sales of the bank's other products to Nordea Eiendomskreditt's customer base. The Commercial Property business area currently comprises the Nordea Commercial Property unit and Nordea Eiendomskreditt AS, representing 37 employees in total operating from offices in Oslo and Bergen. The head of the Commercial Property business area is also the Chairman of the Board of Nordea Eiendomskreditt AS.

The business area is committed to providing a high standard of efficient customer service. Each customer is assigned to a specific account manager, who is responsible for giving the customer the best possible attention.

Nordea Commercial Property offers guarantees, construction loans, project loans and long-term repayment loans as well as the entire range of banking products, and accordingly operates as a complementary supplier of products to customers of Nordea Eiendomskreditt AS. This serves to further strengthen the company's position in the market. Merging the two units into a single sales and credit environment strengthened the group's position as the main supplier of financial products to the Norwegian commercial property market.

Key financial figures

Summary of profit and loss account (NOK mill.)	2008	2007	2006	2005	2004
Net interest income	**358**	**265**	**250**	**263**	**294**
Net gains/losses on items at fair value	18	14	1	-	-
Other income	-0	0	2	0	0
Total operating income	**376**	**279**	**252**	**263**	**294**
Staff costs	(28)	(29)	(30)	(29)	(28)
Other expenses	(14)	(12)	(14)	(15)	(16)
Depreciation	(0)	(0)	(0)	(0)	(1)
Total operating expenses	**(42)**	**(42)**	**(44)**	**(45)**	**(44)**
Loan losses (negative figures are reversals)	(7)	(29)	20	(6)	0
Operating profit	**341**	**266**	**188**	**225**	**250**
Income tax expense	96	75	53	63	71
Net profit for the year	**245**	**192**	**135**	**161**	**179**
Summary of balance sheet (NOK mill.)	**2008**	**2007**	**2006**	**2005**	**2004**
Instalment loans	23.411	23.344	18.166	19.530	20.267
Allowance for loan losses	(6)	(16)	(44)	(22)	(72)
Other assets	1.025	368	399	522	393
Debt securities in issue	1.189	1.200	1.512	5.068	5.510
Other liabilities	20.456	19.766	14.334	12.473	12.621
Equity	2.784	2.729	2.675	2.489	2.457
Total assets	**24.430**	**23.696**	**18.521**	**20.030**	**20.588**
Average total assets	23.548	20.820	19.495	20.384	20.790
Ratios and key figures	**2008**	**2007**	**2006**	**2005**	**2004**
Earnings per share (NOK)	15,97	12,49	8,80	10,52	11,69
Equity per share (NOK)	181,52	177,98	174,40	162,29	160,18
Shares outstanding, million	15,34	15,34	15,34	15,34	15,34
Net interest income (% of avarage total assets)	1,52 %	1,27 %	1,28 %	1,29 %	1,41 %
Profit after tax (% of avarage total assets)	1,04 %	0,92 %	0,69 %	0,79 %	0,86 %
Operating expenses (% of average total assets)	0,18 %	0,20 %	0,23 %	0,22 %	0,21 %
Cost/income ratio	11,17 %	14,99 %	17,61 %	17,06 %	14,96 %
Tier 1 capital ratio 1)	13,18 %	12,59 %	14,07 %	12,90 %	12,30 %
Total capital ratio	13,18 %	12,59 %	14,07 %	12,90 %	12,30 %
Tier 1 capital (NOK mill.)	2.725	2.684	2.497	2.473	2.445
Risk-weighted assets (NOK mill.)	20.672	21.315	17.752	19.167	19.873
Equity ratio	11,40 %	11,52 %	14,44 %	12,43 %	11,93 %
Post-tax return on equity 2)	8,87 %	7,24 %	5,18 %	6,21 %	6,89 %
Loan disbursements (NOK mill.)	2.285	7.508	4.542	3.705	3.142
Number of employees	29	30	31	35	39

[1)] Based on Basel II for 2008 and 2007. For previous years based on Basel I

[2)] Average equity is calculated on a monthly basis, including pre-tax profit

[3)] For 2008, 2007 og 2006 the IFRS rules are followed, while Norwegian accounting rules are followed for the years 2005 and 2004.

Report for the year

Introduction
Nordea Eiendomskreditt AS was first incorporated in 1927, and is the oldest credit institution in the country for commercial property financing. Nordea Eiendomskreditt AS and the commercial property lending activities of Nordea Bank Norge ASA are organised as the Commercial Property business area. The company has offices in Oslo and Bergen, and its market is the whole of Norway.

Main features of 2008
The company reports pre-tax profit for 2008 of NOK 340.5 million, an increase from NOK 266.3 million in 2007. The increase in profit was principally due to higher net interest income as a result of an increase in the average volume of lending, higher interest margins and a higher return on invested equity as the result of higher short-term interest rates. Net lending was NOK 23,405 million at 31 December 2008 as compared to NOK 23,328 million at 31 December 2007.

International economic conditions and the Norwegian economy
2008 was characterised by great turbulence in the financial markets. The financial crisis peaked in September with the collapse of the American investment bank Lehman Brothers. The crisis this created could have caused a complete breakdown of the global financial system, leading to a depression similar to that which the world experienced in the 1930s. A succession of national governments announced packages of measures to support their financial sectors, and there was some degree of international coordination in their response to the crisis. The acute crisis was averted, but it left the financial markets operating far below their normal levels.

Economic growth around the world slowed markedly in 2008, and many Western economies saw a decline in GDP in the third and fourth quarters. It also became clear over the second half of the year that the economic slowdown had spread to many emerging economies.

Energy prices and commodity prices rose sharply over the early months of 2008 through to the summer. This caused high inflation around the world. The second half of the year saw a drop in commodity and energy prices, and inflation is now falling. In response to the financial crisis, weaker economic prospects and slowing inflation, central banks around the world took action to cut interest rates sharply over the latter months of 2008.

GDP for mainland Norway slowed markedly in 2008. However, high levels of capacity utilisation and high inflation prompted the Norwegian central bank to increase interest rates over the first half of the year, and by June the central bank call rate had reached 5.75%. Following the collapse of Lehman Brothers, it became clear that the global financial crisis would also have a very marked effect on the Norwegian economy. Sentiment turned very pessimistic, not only in export-oriented sectors but also in the property and construction sector and in consumer-related industries. Consumption fell sharply in the second half of the year, and both real estate prices and new building starts fell sharply.

A significantly weaker outlook for economic growth, combined with signs of a slowdown in price inflation (excluding energy prices) caused the Norwegian central bank to alter its view radically. By the end of December, the central bank had cut its key policy rate to 3%.

The commercial property market
Conditions in the commercial property market were weak in 2008. The yield on commercial property rose throughout the year. This was initially the result of higher market interest rates in the first half of the year, but yields then continued to rise as a result of a higher risk premium for commercial property. This meant that yields remained high despite the sharp decline in market interest rates in the second half of the year. While good quality properties in prime locations with creditworthy long-term tenants were trading on yields of 5.0-5.5% in 2007, the equivalent yield (prime yield) is now around 6.5-7.0%.

Rental levels for office premises in Oslo were stable and in some cases showed slight improvement in the first half of 2008, but then weakened somewhat over the course of the second half of the year. In view of the weak outlook for the Norwegian economy in 2009, rental levels are expected to again follow a declining trend in 2009.

Vacancy levels are also expected to increase somewhat in 2009, but since this will start from a high level of occupancy the overall level of vacant space will be relatively moderate.

The commercial property market saw a marked decline in turnover from around NOK 53 billion in 2007 to an estimated NOK 27 billion in 2008. The main causes of the decline were that investors such as real estate funds and major financial-oriented real estate companies who had played an active role in the market in recent years showed little interest in increasing their investment, and that the financial crisis made it more difficult to arrange finance for commercial property investments.

Profit and loss account

Profit after tax for 2008 amounted to NOK 245.0 million (as compared to NOK 191.5 million for 2007). This is equivalent to 1.04% of average total assets (0.92%). The increase in profit was due in part to higher average outstanding loan volume in 2008, in part to higher lending margins and in part to a higher return on equity as a result of higher short-term interest rates. Net interest income amounted to NOK 358.1 million for 2008 (NOK 265.1 million). This is equivalent to 1.52% of average total assets (1.27%).

Total operating expenses amounted to NOK 42.0 million (NOK 41.8 million). Operating expenses were equivalent to 0.18% of average total assets (0.20%). Nordea Eiendomskreditt AS does not incur any costs for research and development activities.

Investments in bonds and interest rate swaps are entered into as hedging transactions on the basis of an overall evaluation of interest rate risk in the company’s balance sheet. Discounts and premiums in respect of underlying items on the balance sheet are accrued in accordance with the period to maturity or to the next repricing date if this is shorter. Realised gains and losses on sales/redemptions are recognized to profit and loss immediately in accordance with the principles of *IAS 39 Financial Instruments: Recognition and Measurement.*

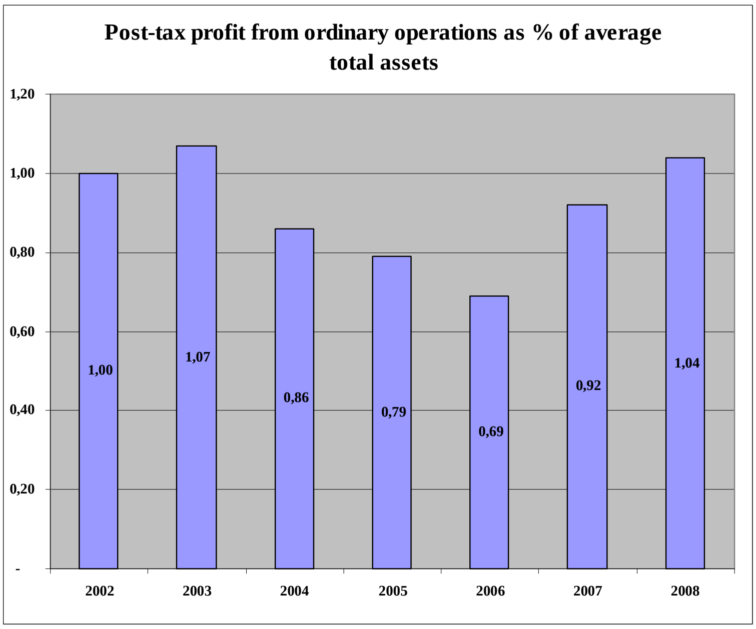
The tax charge for the year amounted to NOK 95.5 million, of which NOK 95.8 million relates to tax payable and NOK -0.3 million was due to changes in deferred tax.

The net profit for the year after tax corresponds to a return on equity of 8.87% (7.24%) based on average equity for the year calculated monthly, and including accrued pre-tax earnings for the year. The post-tax profit for the year represents a return in excess of average short-term interest rates of 4.58%.

The return on equity reflects the fact that the company is highly capitalised. In relation to the allocated equity that forms the basis for the Nordea group’s internal risk-adjusted return reporting, the company’s return on equity is very satisfactory.

The Board’s expectations for the year were, in all major respects, achieved.

The annual accounts have been prepared on the basis of the going concern assumption since the Board of Directors sees no reason for this not to be the case.



Allocation of profit for the year

Nordea Eiendomskreditt AS produced profit for the year, after calculated tax of NOK 95.5 million, of NOK 245.0 million. The Board of Directors will propose to the Annual General Meeting to be held on 21 April 2009 that the company should transfer NOK 340 million to the parent company Nordea Bank Norge ASA as a group contribution, while NOK 0.2 million should be credited to equity reserves. Equity, including the profit for 2008, will be reduced by NOK 244.8 million following the group contribution. The Board is of the view that the company's total equity and capital adequacy following the group contribution payment will continue to be sound, and well within the limits laid down by Norwegian and international legislation on capital adequacy.

Lending activities

Nordea Eiendomskreditt AS provides mortgage loans for commercial borrowers. Loans are granted on the basis of an overall assessment of the borrower's financial condition, the security offered and the expected long-term cash flow and value of the property to be financed. Any environmental risks associated with the borrower's activities and the property are taken into account when evaluating credit proposals, and this includes checking the official registers for contaminated land.

Loans are secured by mortgages on real estate. In the case of office premises and other commercial buildings, the maximum loan to value ratio is 80%. Loans for other types of property cannot exceed 60% of valuation. In view of Nordea Eiendomskreditt's security requirements and its conservative lending practices, the level of risk in the loan portfolio is considered to be low.

Loan disbursements in 2008 totalled NOK 2,285 million (NOK 7,508 million).

In response to the turbulent conditions in the financial markets and weaker outlook for commercial property, while also taking into account the wish to maintain an unchanged relative share of commercial property lending in the group's overall loan portfolio, total new loan disbursements were lower than in 2007. Nordea Eiendomskreditt AS has continued to focus on ensuring that the properties it finances generate a long-term, reliable and predictable income stream.

Gross instalment lending at 31 December 2008 amounted to NOK 23,411 million (NOK 23,344 million). Details of the composition of gross lending at year-end by sector and geographical location can be found in Notes 11 and 12. The maximum exposure to credit risk by Nordea Eiendomskreditt AS at the close of 2008 was NOK 23,657 million (NOK 24,348 million).

Loan losses and write-downs

Loan losses and write-downs for 2008 showed a net write-back of NOK 6.5 million (write-back of NOK 29.1 million). Total loan write-downs amounted to NOK 6.4 million (NOK 16.1 million) at year-end. The reduction in total loan write-downs is the result of write-backs on individual loans in pace with the repayment of the principal amount of the loan, and changes to write-offs when a loan is closed following the borrower's bankruptcy or insolvency. It did not prove necessary to increase write-downs on groups of loans in 2008 since the number of customers falling into the weakest rating category remained very small, and all of these customers have been reviewed on a case-by-case basis to evaluate the need for individual loan write-downs.

The company did not have any loans that were in default by more than 90 days at the end of 2008 or 2007.

Loan losses of NOK 3.4 million were realised on two lending relationships in 2008. At the start of the year, the loan write-downs for these two customers totalled NOK 4.0 million. In addition, NOK 5.9 million (NOK 10.0 million) was written back in respect of previous loan write-downs.

Nordea Eiendomskreditt AS held no repossessed properties at year-end.

In view of the deterioration in the Norwegian economy and the global economy, Nordea Eiendomskreditt AS has reviewed all lending relationships with a weak rating (rating 3- or weaker). Particular attention has been paid to the rental situation of these borrowers' properties, as well as the collateral provided as security for these loans. The review did not find that any of these lending relationships should be classed as loss-exposed. Against this background, the company considers it to be unlikely that events may have occurred as of the balance sheet date (31 December 2008) which might cause loan losses in the portfolio that have not otherwise been identified.

Nordea Eiendomskreditt's historical level of recognised loan losses

Over the 10-year period 1999 to 2008, the average level of loan losses and allowances for loan losses in the annual profit and loss account Nordea Eiendomskreditt AS was a write back of NOK 3.2 million. This was equivalent to 0.02% of average gross lending outstanding over the period of NOK 20,812 million. Loan losses and allowances for 2008 showed a net write back to profit of NOK 6.5 million, equivalent to 0.03% of gross lending at 31 December 2008. No additional borrowers required loan write-downs in 2008.

The company evaluated all known loans in default and loss-exposed loans as at 31 December 2008. Accumulated individual loan allowances at year-end totalled NOK 2.4 million and relate to five borrowers with net borrowings outstanding of NOK 48.7 million. The loans are secured by charges over commercial properties, and the value of the collateral is taken into account in deciding the amount of loan write-downs required.

Effect of future changes in credit risk

The quality of the Nordea Eiendomskreditt AS lending portfolio is considered good. As in previous years, few customers defaulted on their obligations in 2008. The increases in real estate prices seen over recent years, combined with instalment repayments of borrowings, suggest that Nordea Eiendomskreditt's lending enjoys a satisfactory level of security. Until the international financial crisis impacted the Norwegian economy in the third quarter of 2008, the level of demand in the commercial property market was good and increasing. This caused a general upward trend for rental levels. However, demand fell in September and subsequent months. This has resulted in downward pressure on the rental levels agreed for new leases. The lower level of demand has little or no effect on existing leases until they fall due for renewal, assuming that the tenants are able to maintain rent payments. A combination of new properties coming onto the market and a more cautious approach by occupants of commercial property will cause a slowdown in demand for commercial property. This will have an effect on both rental levels and the volume of vacant space. The upward trend for rental levels that started in 2005 came to a halt in the second half of 2008. Rentals are now on a downward trend. This is particularly marked for prestige properties in the most attractive locations.

Far fewer commercial properties changed hands in 2008 than in 2007. The level of yield acceptable to investors increased over the first half of the year. This was a normal response to higher borrowing costs. However, sellers of properties did not reduce their prices to any great extent in response to higher yield expectations. This meant that relatively few sales transactions were concluded during the first half of the year. The second half of the year was dominated by the international financial crisis. This resulted in investors having very little capital available for investment. In addition, it became difficult to arrange financing. This caused a further slowdown in the commercial property investment market. The market did offer good quality commercial properties in good locations with quality tenants. However, the gap between the prices expected by sellers and purchasers has in general been very large. Lower interest rates will help to make yields look more attractive for investors, and may encourage investors to move closer to the prices expected by sellers. Moreover, the continuing deterioration in the outlook for the Norwegian economy may cause property owners to review their view of the value of their properties.

The factors described above point in general to a decline in rental levels for new lease contracts, and for the prices achieved on sales of commercial properties to level off and decline. We expect these trends to continue throughout 2009. This means that the level of risk associated with financing commercial properties has increased. The properties with the highest level of borrowing are those financed over the last couple of years prior to the financial crisis. These are also the properties with the longest remaining maturity on their leases to tenants. This will serve to mitigate the effect of the fall in their market value.

Credit quality is not solely dependent on the quality of borrowers and collateral. It also depends on the quality of the administrative work carried out by the lender in respect of loan documentation and taking security. Nordea Eiendomskreditt AS's focus on loans secured with real estate means that the company has a standardised 'production line' for this type of lending. This ensures that the procedures are well understood by the staff involved, and are well monitored. The level of administrative risk is accordingly considered low.

Funding

Global economic conditions weakened dramatically in 2008. What started as a sub-prime crisis in the USA has turned into one of the worst global recessions since the 1930s. The banking and finance sector has been particularly hard hit, and this has affected both its capacity and willingness to lend. The major shock came on 16 September with the news that the American investment bank Lehman Brothers had collapsed. This caused panic in the markets. Market interest rates shot sky-high, and the interbank market dried up completely. Central banks responded with big cuts in interest rates, and governments around the world quickly recognized the need to take action and launched various emergency packages. For their part, the Norwegian authorities launched a package that involved exchanging covered mortgage bonds for treasury bills with a total limit of NOK 350 billion, and further measures may be considered to stimulate the financial sector. After around three months there are some signs of improvement, but the Norwegian banks are still very cautious about new lending. Other sectors of the Norwegian economy have also been affected. Unemployment has begun to rise, albeit from record-low levels. Credit growth is slowing, and the oil price dropped sharply after peaking at over USD 140 per barrel at the start of July 2008, to a low of USD 34 per barrel at the end of December. The Oslo stock market fell from a 2008 peak of 523 in May to a low of 188 in November before recovering to 225 at the end of December. The Norwegian krone has weakened very markedly against both the USD and the Euro, and Norwegian economic growth is slowing. The entire world is suffering a pronounced economic downturn, and it will take some time to recover from this situation.

The Norwegian central bank closed 2008 by cutting interest rates by 1.75 percentage points to 3.00%. Of the 10 policy meetings the central bank held in 2008, it increased interest rates at two meetings and reduced interest rates at three meetings. While market expectations were very much for higher interest rates in the first half of the year, the picture changed completely following the collapse of Lehman Brothers. Market interest rates jumped sharply, and at its highest 1-month NIBOR was fixed at 9.13%. Central banks around the world recognized the reality of the crisis, and took action to cut interest rates, in some cases very sharply. The Norwegian central bank followed this pattern and announced cuts totalling 2.75 percentage points. A slowdown in core inflation, lower credit growth, high unemployment, the outlook for low or negative GDP growth and major international economic problems all point to the need for further cuts in Norwegian interest rates. The only restraining factor is the weakness of the Norwegian krone. The market is therefore relatively unanimous in expecting further cuts in interest rates in 2009.

Currency markets were extremely volatile in 2008. The Norwegian krone traded against the euro (EUR) between 7.81 and 9.98. Against the US dollar (USD), the Norwegian krone fluctuated between 4.95 and 7.22. For the year as a whole, the Norwegian krone weakened by 22.4% against the EUR and 27.8% against the USD. The weakness of the Norwegian currency reflects the sharp fall in oil prices and a tendency for investors to move into lower risk currencies such as the USD, EUR and CHF. The yield on long-term Norwegian government bonds fluctuated between 3.66% and 5.13%, and closed the year at 3.88% (NST 472), which was 59 basis points higher than the equivalent German government bond yield.

In order to achieve better funding terms for the Nordea group as a whole in Norway, Nordea Bank Norge ASA sold a portfolio of loans secured against residential property to Nordea Eiendomskreditt AS. Nordea Eiendomskreditt AS issued bonds with a priority claim against the residential mortgage portfolio as security (covered bonds). This allowed Nordea Bank Norge ASA to participate in the Norges Bank arrangement to exchange covered bonds for government securities. In addition, Nordea Eiendomskreditt AS issued a subordinated loan with repayment terms linked to this loan portfolio, together with a seller credit to finance the remainder of the portfolio. Nordea Bank Norge ASA purchased the entire issue of these bonds, and also acted as the lender of the seller credit and the subordinated loan. The result of these transactions is that Nordea Bank Norge ASA still carries the entire risk exposure (credit risk, liquidity risk and interest rate risk) in respect of the loan portfolio. Accordingly, Nordea Eiendomskreditt AS does not carry the loan portfolio in its balance sheet but has recognized a net claim on Nordea Bank Norge ASA against the bonds and the seller credit. As of 31 December 2008, the loan portfolio not carried on the balance sheet amounts to NOK 24.4 billion.

Other than these transactions, the company has arranged its funding in Norwegian krone and foreign currencies through the Nordea group. The company carries no foreign exchange risk since all currency exposure is hedged. Moody's credit rating for Nordea Eiendomskreditt AS was unchanged at A1 in 2008.

Financial and commercial risk factors

Financial risk

The normal activities of Nordea Eiendomskreditt give rise to financial risk (market risk). The Treasury Department of Nordea Bank Norge ASA is responsible for the daily control, monitoring and reporting of the financial risks to which the company is exposed. The Board establishes limits for the maximum permitted exposure to risk.

Interest rate risk

When the company grants loans with fixed rates of interest, this is on the whole covered by taking up funding with the same interest rate fixing period or by entering into other contracts (such as interest rate swaps) which have the same ability to offset interest rate risk. However some degree of interest rate risk is incurred in that Nordea Eiendomskreditt AS grants fixed rate loans on an instalment basis, whilst its own funding in the capital markets is repayable in full on maturity or by pro-active market operations.

At the close of 2008, Nordea Eiendomskreditt's interest rate sensitivity was approximately NOK 18.8 million calculated in relation to a parallel shift in the yield curve of 1 percentage point. This implies that Nordea Eiendomskreditt AS would gain/lose NOK 18.8 million in the event of an increase/reduction in all interest rates by one percentage point. In this context, 'gain' refers to an increase in the discounted current value of equity capital. This is not the figure that would be reported in the profit and loss account. The effect of the gain or loss in value would materialise in the form of a change in net interest income over future years. The equivalent interest rate sensitivity at the close of 2007 was NOK 32 million. The Nordea annual report at www.nordea.com provides further information on the methods used in the Nordea group for managing and measuring interest rate risk.

Liquidity risk
Nordea Eiendomskreditt AS refinances its funding arrangements as they fall due for repayment. Mortgage institutions can normally pass on any increase in funding costs to their borrowers. In addition to its own series of issued bonds, Nordea Eiendomskreditt AS has access to credit facilities from its parent bank at market rates. This means that the company's exposure to liquidity risk is low, and will be dependent on Nordea's liquidity risk exposure. Nordea Eiendomskreditt AS adjusts the volume of its short-term funding on a daily basis. The Nordea annual report at www.nordea.com provides further information on liquidity risk in the Nordea group.

Currency risk
Nordea Eiendomskreditt AS does not take on any exposure to currency risk. In the same way as banks, mortgage institutions are subject to limits on the currency positions they can take. Funding denominated in foreign currency is either on-lent to customers in the same currency or swapped to Norwegian krone through swap agreements.

Credit risk
Even though Nordea Eiendomskreditt's lending is secured by charges over real estate, the company's exposure to risk is also related to the individual borrower's ability to service its loan. In the event of any failure to maintain payment, Nordea Eiendomskreditt AS will seek to cover the shortfall from its charge over the property, either through the income from the property or by disposal.

Publication of financial information
Nordea Eiendomskreditt AS is 100% owned by Nordea Bank Norge ASA, which publishes information on Nordea Eiendomskreditt AS on a consolidated basis in its annual report and annual accounts.

However, Nordea Eiendomskreditt AS has a duty to provide certain information at the company level. This applies to the composition of primary capital, and capital adequacy pursuant to the Basle II regulatory framework. This information can be found in Note 21: Capital adequacy.

In addition, Nordea Eiendomskreditt AS is required to provide a description at the company level of the process it uses to evaluate its overall capital requirement. This process is carried out centrally on behalf of Nordea Eiendomskreditt AS by the Nordea group, and the group's evaluation and decisions are then considered for approval by the Board of Directors of Nordea Eiendomskreditt AS. The process carried out in the Nordea group is described in detail in the annual report of Nordea Bank AB (publ.) and in the Pillar 3 report published by Nordea, both of which can be found at www.nordea.com.

Ownership
The company's share capital is NOK 1,533.6 million, made up of 15,336,269 ordinary shares, each of nominal value NOK 100. The entire issued share capital is owned by Nordea Bank Norge ASA.

Capital adequacy
The net capital base of Nordea Eiendomskreditt AS amounted to NOK 2,725 million at the end of 2008, calculated in accordance with Basle II. The capital base is made up entirely of core capital. The capital ratio was 13.18%, (12.59%). The minimum capital requirement is 8.0%.

Total assets
Total assets amounted to NOK 24,430 million at the end of 2008 (NOK 23,696 million). The profit and loss account and balance sheet that follow, together with the notes to the accounts, provide further information on the company's operations and its financial condition at year-end.

Personnel and the working environment

At the end of 2008, Nordea Eiendomskreditt AS had 29 (30) employees. Staffing was equivalent to 27.2 (28.1) full time equivalent positions. One part-time employee of the Nordea Commercial Property unit works partly for Nordea Eiendomskreditt AS and partly for the Nordea Commercial Property unit, hence the number of full-time equivalent employees at 31 December 2008 was 31.2 (29.2). The company conducts an annual survey of employee satisfaction, and pays great attention to ensuring that the company offers an attractive working environment. The working environment is considered to be good.

Absence due to sickness during 2008 amounted to 1.6% (2.1%). A total of 123 (145) working days were lost to sickness in 2008. Nordea Eiendomskreditt actively manages the working environment in its offices to avoid unnecessary occupational strain or injuries. No significant accidents or injuries to staff or any other significant loss or damage were reported in 2008.

Information on remuneration and loans to the company's employees and officers can be found at Note 5 to the accounts.

The Board would like to thank all the company's employees for the loyalty and commitment they have shown in 2008.

External environment

Nordea Eiendomskreditt AS's direct impact on the external environment is limited to its use of materials and energy, and the production of services necessary for the company's business activities. The company strives to ensure that all purchasing is as environmentally friendly as possible. This requirement is not only included in the group's formal purchasing policy, but is also included as a standard clause in its agreements with suppliers. Waste material is sorted by type to the greatest extent possible and disposed of through the relevant recycling and waste arrangements. The company's offices have equipment installed to reduce power consumption outside normal working hours.

Employment equality

45% of the employees of Nordea Eiendomskreditt AS are female.
Work to promote equality in employment is an integrated part of the group's approach to its organisation and human resources. The Nordea Corporate Citizenship Principles specify that "We do not discriminate based on gender, ethnic background, religion or any other ground". In addition, equality is a theme for the company's human resources policy, and this includes areas such as career development and recruitment to senior management positions.

Future prospects

There are good reasons to expect that the scale of the international economic downturn, increasing pessimism and more restricted access to credit will have a major impact on the Norwegian economy. In addition to the adverse impact on exporting industries, investment spending in the mainland economy looks likely to be hit hard, with both residential and commercial construction falling sharply. Growth in consumption will be modest in the extreme. However, there are some factors that may help to prevent the downturn being quite as severe as might be feared. For 2009 at least, it seems likely that offshore-related industry will maintain a high level of activity. In addition, the authorities are likely to introduce further comprehensive measures to offset the worst of the downturn. The Norwegian central bank has already cut interest rates dramatically, and it seems likely that interest rates have further to fall. Low interest rates will on the whole give the household sector greater spending capacity, and may also mean that the decline in residential property prices will come to an end earlier than might otherwise have been the case. In addition, the government will pursue a very expansionary fiscal policy stance, with particular emphasis on public sector investment spending.

The depth and duration of the economic downturn in Norway will be very largely dependent on the state of the global economy. The main challenge faced by many countries is to get the financial system to function again so that companies and consumers can access credit on more normal terms. In many countries this has taken the form of very radical measures to help the financial system to function. The extent to which these measures might succeed, and over what period, remains highly uncertain. This is one of the main factors that make it very difficult to offer any confident forecast of the likely depth and duration of the current economic downturn.

The Board of Directors expects the company's earnings and financial condition to again be satisfactory in 2009.

Oslo, 11 February 2009
The Board of Directors Nordea Eiendomskreditt AS

Translation - not to be signed

Jan Fredrik Thronsen Chairman		Odd Kristian Stavaas Deputy Chairman
Peter Groth	Vigdis Bruland	Per Skaug
Peder B. Backe		

Profit and loss account

NOK 1000

	Note	2008	2007
Interest and related income			
Interest and related income on loans and deposits with financial institutions	25	3.409	1.383
Interest and related income on loans to customers		1.591.947	1.108.149
Interest and related income on commercial paper, bonds and other interest bearing securities		3.009	4.162
Other interest and related income		4.526	7.843
Total interest and related income		**1.602.891**	**1.121.537**
Interest and related expense			
Interest and related expense on liabilities to financial institutions	25	1.195.459	757.245
Interest and related expense on securities issued		53.614	99.176
Other interest and related expense		(4.316)	6
Total interest and related expense		**1.244.757**	**856.427**
Net interest income		**358.133**	**265.110**
Total commission and fee income from banking services	3	**427**	**348**
Total commission and fee expense for banking services	3, 25	**710**	**61**
Net gains/losses on items at fair value			
Unrealised gains/losses		113	5.803
Realised gains/losses		18.061	7.781
Total net gains/losses on items at fair value	4, 25	**18.174**	**13.584**
Other operating income			
Real estate operating income			
Other operating income		8	
Other operating income		**8**	**-**
Net operating income		**376.032**	**278.981**
Staff costs and general administration expenses			
Salaries	5	20.816	20.580
Pension costs	5, 18	3.144	4.172
Social security payments	5	3.918	4.223
Administration expenses	6, 25	10.180	9.367
Total staff costs and general administration expenses		**38.058**	**38.342**
Depreciation of tangible fixed assets	6, 7	**379**	**381**
Other operating expenses			
Real estate operating expenses	6	98	71
Other operating expenses	6, 25	3.486	3.027
Total other operating expenses		**3.584**	**3.098**
Total operating expenses		**42.020**	**41.821**
Operating profit before loan losses and tax		**334.011**	**237.160**
Loan losses (negative figures are reversals)	8	(6.515)	(29.102)
Operating profit before tax		**340.526**	**266.262**
Income tax expense	9	95.534	74.739
Net profit for the year		**244.992**	**191.523**
Allocation of profit for the year			
Transferred to equity reserves		244.992	191.019
Transferred to other reserves			504
Total allocation		**244.992**	**191.523**
Earnings per share, NOK		15,97	12,49

The entire issued share capital is held by Nordea Bank Norge ASA

Balance sheet

NOK 1000	Note	Pr. 31.12.2008	Pr. 31.12.2007
Assets			
Cash and balances with central banks		**3**	**5**
Loans and receivables to credit institutions			
Loans and receivables to credit institutions, payable on demand	25	33.407	17.328
Loans and receivables to credit institutions, fixed terms		500.000	-
Total loans and receivables to credit institutions		**533.407**	**17.328**
Loans and receivables to the public			
Instalment loans	11, 12, 13, 16	23.411.200	23.344.101
Write-downs of individual loans	8, 10	(2.441)	(12.140)
Write-downs of groups of loans	8, 10	(4.000)	(4.000)
Total net loans and receivables to the public		**23.404.760**	**23.327.961**
Interest-bearing securities			
Interest bearing securities issued by central and local government		49.979	49.970
Interest bearing securities - other issuers			-
Total interest-bearing securities	14	**49.979**	**49.970**
Shares and other non fixed-income securities			
Shares		-	-
Total shares and other non fixed-income securities		**-**	**-**
Intangible assets			
Deferred tax assets	9	3.083	2.770
Total intangible assets		**3.083**	**2.770**
Property and equipment			
Machinery and equipment		2.382	2.341
Buildings in own use		1.694	1.694
Total property and equipment	7	**4.076**	**4.035**
Other assets			
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	15	202.295	89.357
Other assets		1.770	6.676
Total other assets		**204.066**	**96.034**
Prepaid expenses and accrued income			
Accrued income	25	230.070	197.067
Prepaid expenses		374	491
Total prepaid expenses and accrued income		**230.445**	**197.559**
Total assets		**24.429.818**	**23.695.661**

Note 22, 23, 24, 26

Balance sheet

NOK 1000	Note	Pr. 31.12.2008	Pr. 31.12.2007
Liabilities and equity			
Deposits by credit institutions			
Deposits by credit institutions - fixed term	17, 25	19.325.612	19.319.134
Total deposits by credit institutions		**19.325.612**	**19.319.134**
Debt securities in issue			
Bond loans		1.423.588	1.438.613
- own holdings of non-amortised bonds		(234.093)	(238.530)
Total debt securities in issue	16, 17	**1.189.494**	**1.200.082**
Other liabilities			
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	15	203.333	118.842
Current tax liabilities	9	95.847	76.062
Accounts payable		136	728
Other liabilities		859	975
Total other liabilities		**300.175**	**196.606**
Accrued expenses and prepaid income	25	**309.074**	**224.802**
Provisions for other liabilities and expenses			
Retirement benefit obligations	18	21.360	24.679
Deferred tax			
Total provisions for other liabilities and expenses		**21.360**	**24.679**
Subordinated liabilities			
Subordinated loan capital	22, 23	500.000	-
Repayable members' contributions		249	860
Total subordinated liabilities		**500.249**	**860**
Equity			
Share capital	25	1.533.627	1.533.627
Retained earnings		1.250.226	1.195.366
Other reserves		-	504
Total equity		**2.783.853**	**2.729.497**
Total liabilities and equity		**24.429.818**	**23.695.660**

Note 22, 23, 24, 26

Analysis of movements in equity

NOK 1000	**2008**	**2007**
Applied directly to equity	163	90
Post-tax profit	244.992	191.523
Total change in equity	**245.156**	**191.613**
Allocated to:		
Shareholders of Nordea Eiendomskreditt AS	245.156	191.613
Minority interests	0	0
Sum	**245.156**	**191.613**

Oslo, 11 February 2009

Board of Directors of
Nordea Eiendomskreditt AS

Translation – not to be signed

Jan Fredrik Thronsen
Chairman

Odd Kristian Stavaas
Deputy Chairman

Peter Groth

Peder B. Backe

Per Skaug

Vigdis Bruland

Svein Dugstad
Managing Director

Cash flow analysis

(NOK 1000)	**2008**	**2007**
Profit before tax	340.526	266.262
Tax	(95.534)	(74.739)
Ordinary depreciation	379	381
Change in write-downs to provide for loan losses	(9.700)	(28.000)
Cash flow from operations	**235.672**	**163.904**
Change in loans to the public	(67.099)	(5.177.975)
Change in debt securities in issue	(10.588)	(311.834)
Change in deposits by credit institutions	6.478	5.405.977
Change in other receivables	(141.231)	(6.053)
Change in other liabilities	184.521	79.680
A Net cash flow from operating activities	**207.753**	**153.698**
Purchase of tangible fixed assets	(420)	(306)
Sale of shares	0	90
Change in loans and receivables to credit institutions, fixed terms	(500.000)	0
Change in subordinated loan capital	500.000	0
Change in holdings of bearer bonds issued by others	(9)	50.896
B Cash flow from invetsting activities	**(429)**	**50.680**
Group contribution/dividend paid	(190.800)	(190.000)
Reduction in members' contibutions	(610)	(418)
Recognised directly in equity	163	90
C Cash flow from financing activities	**(191.247)**	**(190.328)**
A+B+C Net change in liquidity	16.077	14.050
Liquid assets at 1 January	17.333	3.283
Liquid assets as at 31 december	**33.409**	**17.333**

Cash and loans to credit institutions payable on demand are included in the liquid assets .

Notes to the accounts

Note 1 Accounting principles

The unconsolidated annual accounts of Norgeskreditt AS have been prepared in accordance with the Norwegian Accounting Act, the legal regulations for annual accounts and the International Financial Reporting Standards (IFRS) issued by the EU. The company's accounts were prepared in accordance with IFRS for the first time with effect from 30 June 2007, but the accounting treatment of retirement benefits has applied *IAS 19: Employee Benefits* with effect from 1 January 2005 in accordance with NRS 6 as approved in September 2005.

Fair value (market value) of financial instruments

Financial assets and financial liabilities that are classified as 'Financial assets and financial liabilities at fair value through profit or loss' and financial derivatives are measured at fair value in the balance sheet, while changes in fair value are recognised directly in the income statement in the item 'Net gains/losses on items at fair value'. Unrealised changes in value are shown as part of financial instruments in the balance sheet in the items 'Other assets' and 'Other liabilities' respectively. In Note 22 'Classification of financial instruments', changes in value are shown in the items 'Derivatives' and 'Fair value changes of the hedged items in portfolio hedge of interest rate risk'. Realised gains/losses arising when items mature are recognized to profit and loss as part of the item 'Net interest income'.

Fair value is defined by IAS 32 and IAS 39 as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For Norgeskreditt's interest rate hedging portfolio, fair value is calculated as the theoretical net present value of the individual contracts, based on independently sourced market parameters and assuming no risks and uncertainties. The valuation models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments. New valuation models are subject to approval by Group Credit and Risk Control and all models are reviewed on a regular basis.

The following financial assets and liabilities are recognized at fair value; fixed-rate lending to customers, interest rate securities, bonds issued and financial derivatives.

Interest rate hedging

The company monitors and manages its interest rate exposure for the balance sheet as a whole. Interest rate management includes funding, lending, investments in bonds and other interest rate instruments. Aggregate interest rate exposure is required to be within the prevailing limits set by the Board of Directors

The company applies principles for *hedge accounting* that are consistent with *IAS 39 Financial Instruments – Recognition and Measurement.* Norgeskreditt uses only fair value hedging. The risk of changes in fair value relates to lending, investments in bonds, bonds issued at fixed interest rates and derivatives. Hedge accounting requires that both the hedging instruments (interest rate swaps) and the items hedged (lending to customers, investments in bonds and bonds issued) are recognized at fair value. The effectiveness of the hedge must be documented. A hedge is regarded as effective if the correlation between changes in fair value of the hedging instrument and the hedged item is in the range 80-125%, so that changes in fair value will be close to zero. Hedging effectiveness is monitored continuously at the portfolio level.

Interest rate agreements

Norgeskreditt uses various off-balance sheet instruments to manage its interest rate risk. Interest rate agreements are entered into with reputable banks to determine future interest rate terms. These agreements include forward rate agreements and interest rate swaps.

Hedging transactions are intended to neutralise existing interest rate risk. To be classified as a hedging contract, a close correlation is required between price movements in the hedging instrument and the item to be hedged. Interest rate contracts used to hedge balance sheet items are valued together with the hedged item, applying a test of hedging effectiveness.

Booking date

Purchases and sales of securities, interest rate swaps and other types of financial contracts are recorded in the accounts with the contract date as the booking date. For short-term placements of liquidity and short-term borrowings, the date of settlement is used as the booking date. The booking date is the date at which the transfer of risk in respect of the contract takes place.

Treatment of problem loans and loan loss allowances for individually assessed loans

The loan portfolio is regularly reviewed in order to identify potential losses. Loan loss allowances for individually assessed loans are recognised in accordance with IAS 39, and apply to loans which are in default, or which for other reasons are regarded as being problem loans.
An allowance for loss of value of an individual loan is made when there is objective evidence that the value of the loan is impaired. Objective evidence can include the borrower experiencing significant financial problems, default in payments or other material breaches of the loan agreement, changes to the terms and conditions of the loan caused by the borrower's financial problems or where it considered likely that the borrower will enter into debt renegotiations or become insolvent.
Where there is objective evidence that a loss-causing development has occurred, consideration is given to whether the development in question will cause a reduction in the loan's estimated future cash flows. If there is objective evidence of a fall in value, the loss on the loan is calculated as the difference between the book value of the loan and the present value of estimated future cash flows discounted at the effective interest rate. In the case of a loan on floating rate terms, the effective interest rate is taken to be the interest rate charged at the date of evaluation. In the case of a loan on fixed rate terms, the effective interest rate is taken to be the original interest rate agreed for the lending. Calculation of future estimated cash flows also takes into account repossession and sale of security for the loan.

Loan loss allowances for collectively assessed loans

In order to apply loan loss allowances to collectively assessed loans, lending is divided into groups with virtually similar risk characteristics. An allowance for loss of value of a group of loans is made when there is objective evidence that the value of the group of loans is impaired.

These same principles are applied to decide whether interest accrued but not received should be reversed and whether future accrual of income on loans should cease.

Realised losses

Realised loan losses are losses that are considered final. These include losses where the claim on the debtor lapses following bankruptcy, debt composition proceedings or similar, or where there are other reasons which make it overwhelmingly likely that the loss is final. Realised losses on loans are applied as a reduction to gross loans in the balance sheet.

Repossessed properties

Repossessed properties are valued at the estimated realisable market value when repossessed. The realisable market value of such properties is monitored continuously, and any reductions in value are recognised as realised loan losses.

Recognition to profit and loss of arrangement fees

Loan arrangement fees are amortised over the maturity of the loan, and are recognized to profit and loss as part of 'Interest and related income'. If a loan is redeemed earlier than expected, the remaining balance of the arrangement fee is taken to income.

Premium/discounts on lending and funding

A premium or discount arising on making a loan or issuing bonds is capitalised and taken to income as an adjustment to current interest income over the life of the loan/bond issued, or where appropriate to the next interest fixing date.

On repayment by a borrower of a loan at a premium prior to the maturity of the loan or an interest fixing date, the premium/discount is recognized to income as ‘Net interest and commission income’ in accordance with the principles of IAS 39.

Premiums/discounts arising from purchases and sales of the company’s own bonds in the secondary market are recognized to profit and loss as gains/losses.

Bonds issued by others

All bond investments are classified as a hedging portfolio and form part of portfolio management with regard to interest rate exposure. In the balance sheet, the hedging portfolio is stated at fair value. Gains and losses on realisation are recognized to income immediately in accordance with the principles of IAS 39.

Sale and repurchase agreements for bonds, under which the purchaser of the bonds is obliged to sell the bonds back to the vendor, are treated in the accounts as loans.

Own bonds

In accordance with the current regulations, the nominal value of redeemed non-amortised own bonds is deducted from total outstanding bond debt. Any premium or discount on redemption is recognized to profit and loss as gains/losses.

Tangible fixed assets

Tangible fixed assets are entered in the balance sheet at cost less write-downs and accumulated ordinary depreciation. Ordinary depreciation is based on cost price and is calculated on a straight-line basis over the economic life of the asset in question. The following rates of depreciation are applied:

IT equipment	25-40%
Other office equipment and fittings	10-25%

If the actual value of any operating asset is substantially lower than the book value for reasons which cannot be regarded as temporary, the asset is written down to fair value.

Foreign currency items

Investments and liabilities denominated in foreign currencies are converted on the basis of exchange rates determined by Nordea on the balance sheet date. Foreign exchange positions are hedged by corresponding items in the balance sheet so that foreign currency exposure is virtually zero at all times.

Any income and expense denominated in foreign currency is converted to Norwegian krone in the accounts, based on the exchange rate applicable on the date of realisation.

Tax

The tax charge in the profit and loss account consists of tax payable and the change in deferred tax. Tax payable is calculated on the basis of the taxable income for the year, while the change in deferred tax is calculated on the basis of temporary timing differences between accounting income and taxable income. The tax charge for the year is the sum of these two items. The nominal tax rate is used for these calculations. Tax increasing and tax decreasing timing differences are netted against each other if they apply to the same period. Deferred tax liabilities are recorded as a separate item under ‘Provisions for other liabilities and expenses’. Any deferred tax assets are calculated on a net basis after set-off, and are shown as a separate item under intangible assets to the extent that it is considered likely that they can be applied against future earnings.

Retirement benefit expense and pension obligations

The company’s liabilities in respect of its retirement benefit commitments to its employees are mainly funded through a group retirement benefit scheme. Technical insurance principles are applied to calculate the present value of estimated future retirement benefit entitlements in accordance with IAS 19 *Employee benefits.* The estimated accrued liability is compared with the accrued value of pension fund investments.

The difference is recognised under ‘Provisions for other liabilities and expenses’ (if negative) or under ‘Prepaid expenses and accrued income’ (if positive). Retirement obligations not covered by the group retirement benefit scheme are calculated and entered in the balance sheet in the same way. The pension cost for the year and the capitalised value of retirement benefit obligations are shown in Note 18 ‘ Retirement benefit obligations’.

When actuarial gains or losses (experience adjustments) exceed a ‘corridor’, equivalent to 10% of the higher of gross pension obligations and the value of pension assets, the difference is recognized to profit and loss over a period of 10 years, or over the expected remaining average period of employment if this is shorter than 10 years.

Note 2 Segment information

The activities of Nordea Eiendomskreditt AS represent a single segment. This is a result of the manner in which the company is organised and managed, including the system for internal reporting whereby the business is to all practical purposes managed as a single segment. The services provided by Nordea Eiendomskreditt AS are judged to be subject to the same risks and yield requirements. Nordea Eiendomskreditt AS is part of the Retail Banking segment of the Nordea Bank Norge

Note 3 Net fee and commission income

NOK 1000	**2008**	**2007**	**2006**
Lending	427	348	366
Guarantees	0	0	0
Total fees from lending	427	348	366
Other fees	0	0	0
Total fee and commission income	**427**	**348**	**366**
Payment expenses	-53	-14	-56
Guarantees payments to Group companies	-656	-47	-33
Total fee and commission expenses	**-710**	**-61**	**-90**
Net fee and commission income	**-283**	**286**	**277**

Note 4 Net gains/losses on items at fair value

NOK 1000	**2008**	**2007**
Shares		31
Interest-bearing securities	1.479	-1.631
Other financial instruments	16.695	15.184
Foreign exchange gains/losses	0	0
Total	**18.174**	**13.584**

Net gains/losses for categories of financial instruments

NOK 1000	**2008**	**2007**
Available for sale assets, realised		31
Foreign currency derivatives	122	
Financial instruments held for trading	19.513	12.020
Financial instruments under hedge accounting	-1.461	1.534
- of which net losses on hedged items	97.980	-36.324
- of which net gains on hedging instruments	-99.441	37.857
Total	**18.174**	**13.584**

Note 5 Staff cost and remuneration to senior executives

NOK 1000	2008	2007
Salary and remuneration	20.658	19.224
Pension costs (note 18)	3.144	4.172
Social security contribution	2.500	2.892
Allocation to profit-sharing	302	937
Other staff costs	1.274	1.750
Total	**27.878**	**28.975**
Number of employees at 31 Dec	29	30
Number of full time equivaqlents at 31 Dec	31,2	29,2
Loans to the Chairman of the Committee of Representatives , members of the Board and Control Committee, or to companys where such persons are officers/board members	-	-
Auditor's fee (statutory audit and half-year review)	173	493

Remuneration to senior executives

Explanation of details regarding individually specified remuneration

Fixed salary and fees - relates to received regular salary for the financial year paid by Nordea Eiendomskreditt/Nordea Bank Norge.

Variable salary - includes profit sharing, incentive- and executive bonuses. The Chief Executive Officer is part of a bonus programme which is based upon achieved results (LTIP). The intention behind this programme is to reward special contributions to achieve the goals set in Nordea. The bonus available is agreed to be set as a percentage of the employee's regular fixed salary, limited to a maximum of six month of fixed salary. All employees receive profit sharing according to common Nordea strategy.

Benefits - includes car allowance, newspaper, insurance and electronic communication allowance.

Pensions - includes changes in the individual's accrued rights under the pension plan during the financial year. The amount stated is the annual change in the present value of the pension obligations (PBO) exclusive of social security tax, which best reflects the change in pension rights for the financial year.

Executive management of Nordea Eiendomskreditt AS	Fixed salary and fees	Variable salary	Other benefits	Pensions	Total remunerations
Jan Fredrik Thronsen, working Chairman of the Board	1.357	309	6	820	2.492
Svein Dugstad, Managing director	1.275	196	36	370	1.877
Total for the executive management	**2.632**	**505**	**42**	**1.190**	**4.370**
Board of Directors of Nordea Eiendomskreditt AS					
Peter Groth	120				120
Peder Brinkman Backe	120				120
Per Skaug	120				120
Svein Dugstad (1.1. - 10.4.2008)					
André Solstad (1.1. - 2.4.2008) employee representative	261	22	5	51	339
Vigdis Bruland (2.4. - 31.12.2008) employee representative (reduced position)	267	11	10	72	361
Total for the directors of Nordea Eiendomskreditt AS	**888**	**33**	**15**	**123**	**1.060**

No director's fee are paid to directors who are employees of the Nordea group.

Control Committee of Nordea Eiendomskreditt AS					
Jan T. Bjerke, Chairman	78				78
Thorleif Haug	54				54
Anders Ingebrigtsen	54				54
Berit Stokke	54				54
Total for the Control Committee of Nordea Eiendomskreditt AS	**240**	**-**	**-**	**-**	**240**

In addition, fees totalling NOK 6.000 were paid to two of the three external members of the Committee of Representatives; Eivind Grov og Kim Erla.

All loans to employees are made from the balance sheet of Nordea Bank Norway.

The company has not entered into any agreements that entitle the Managing Director or the Chairman of the Board to spesific compentation in the event of any change in their employment or office.

Some key personnel in the Nordea Group are part of the share option programme i Nordea Bank AB, called Long Term Incentive Programme (LTIP). Information on this programme will be disclosed in Nordea Bank AB's Annual Report.

Note 6 Administration expenses and other expenses

NOK 1000	**2008**	**2007**	**2006**
IT-related expenses	825	732	2.159
Marketing	1.339	1.598	2.107
Postage, telephone and office expenses	590	1.020	944
Services bought from Group companies	5.634	4.132	4.055
Other adminsitration expenses	1.793	1.886	1.557
Total administration expenses	**10.180**	**9.367**	**10.822**
Depreciation	379	381	403
Real estate	98	71	75
Rents	2.740	2.430	2.819
Auditors' fee	373	209	482
Other operating expenses	372	388	293
Total	**14.143**	**12.846**	**14.894**

Note 7 Property and equipment

	31 Dec 2008		**31 Dec 2007**	
NOK 1000	**Equipment**	**Real estate**	**Equipment**	**Real estate**
Acqusition value at 1 January	6.152	1.694	5.846	1.694
Acqusitions during the year	420		306	
Sales/disposals during the year				
Acquisition value at 31 December	**6.572**	**1.694**	**6.152**	**1.694**
Accumulated depreciation at 1 January	3.811		3.430	
Accumulated depreciation on sales/disposals during the year				
Depreciations according to plan for the year	379		381	
Accumulated depreciation at 31 December	4.190		3.811	
Book value at 31 December	**2.382**	**1.694**	**2.341**	**1.694**

Nordea Eiendomskreditt did not hold any repossessed properties at 31 Dec 2008.

Note 8 Loan losses

NOK 1000	**2008**	**2007**
Specification of changes in loan losses		
Change in allowances for individually assessed loans	-9.700	-6.000
Change in allowances for collectively assessed loans	0	-22.000
Realised loan losses in the period	3.377	0
Recoveries of loan losses realised previous years	-192	-1.102
Total loan losses for the year	**-6.515**	**-29.102**

Specification of allowances for individually assessed loans [1]		
Opening balance at 1 January	12.140	18.140
Increase in allowances made in previous years	0	0
New allowances this year	0	4.000
Reversals of allowances made in previous years	-9.700	-10.000
Closing balance at 31 December	**2.441**	**12.140**

[1] Included in Note 10 Loans and receivables and their impairment.

Accrued interest on impaired loans amounted to NOK 1.6 mill. at 31 Dec 2008.

Note 9 Income tax expense

Income tax expense for the year

NOK 1000	2008	2007
Current tax	95.847	76.062
Deferred tax	-313	-1.323
Total	**95.534**	**74.739**

Calculation of income tax expense

NOK 1000	2008	2007
Profit before tax	340.526	266.262
Tax calculated at a tax rate of 28%	95.347	74.553
Non-deductable expenses	187	186
Adjustments relating to prior years		
Total tax charge	**95.534**	**74.739**
Average effective tax rate	28,1 %	28,1 %

Deferred tax

NOK 1000	2008	2007
Deferred tax expense (-) / income (+)		
Deferred tax due to temporary differences	313	1.323
Income tax expense, net	**313**	**1.323**
Deferred tax assets		
Deferred tax assets due to tax losses		0
Deferred tax assets due to temporary differences:		
- Retirement benefit obligations	5.981	6.910
- Tangible assets	228	281
- Financial instruments	-555	-1.208
- Other	-2.570	-3.213
Deferred tax assets, net	**3.083**	**2.770**

Current and deferred tax recognised directly in equity		
Deferred tax relating to changed accounting policies	0	0
Total	**0**	**0**

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

Deferred tax totalling NOK 3.083.141,- is carried in the balance sheet in full since the company expects to be able to offset this against future earnings. Nordea Eiendomskreditt had no tax losses carried forward at 31.12.2008.

Current tax liabilities will be reduced by NOK 95.2 mill. if the suggested group contribution amounting to NOK 340.0 mill. is declared.

Note 10 Loans and receivables and their impairment

NOK 1000	**31 Dec 2008**	**31 Dec 2007**
Loans and receivables, not impaired	23.362.460	23.283.205
Impaired loans and receivables;	48.740	60.896
- Performing	47.979	60.896
- Non-performing	762	0
Loans and receivables before allowances	**23.411.200**	**23.344.101**
Allowances for individually assessed impaired loans;	-2.441	-12.140
- Performing	-2.441	-12.140
- Non-performing	0	0
Allowances for collectively assessed impaired loans	-4.000	-4.000
Allowances	**-6.441**	**-16.140**
Loans and receivables, book value	**23.404.760**	**23.327.961**

Ramaining maturity	**31 Dec 2008**	**31 Dec 2007**
Payable on demand	-4.000	-4.000
Maximin 3 months	233.442	220.773
3–12 months	510.686	471.660
1–5 years	3.285.334	3.127.130
More than 5 years	19.379.298	19.512.398
Total	**23.404.760**	**23.327.961**

Reconciliation of allowance accounts for impaired loans[1]

NOK 1000	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2008	**12.140**	**4.000**	**16.140**
Provisions	0	0	0
Reversals	-9.700	0	-9.700
Changes through the income statement	**-9.700**	**0**	**-9.700**
Allowances used to cover write-offs	0	0	0
Closing balance at 31 Dec 2008	**2.441**	**4.000**	**6.441**
Opening balance at 1 Jan 2007	**18.140**	**26.000**	**44.140**
Provisions	4.000	0	4.000
Reversals	-10.000	-22.000	-32.000
Changes through the income statement	**-6.000**	**-22.000**	**-28.000**
Allowances used to cover write-offs	0	0	0
Closing balance at 31 Dec 2007	**12.140**	**4.000**	**16.140**

[1] See Note 8 Loan losses

Key figures

	31 Dec 2008	**31 Dec 2007**
Impairment rate, gross[2], in %	0,21	0,26
Impairment rate, net[3], in %	0,20	0,21
Total allowance rate[4], in %	0,03	0,07
Allowance rate, impaired loans[5], in %	5,01	19,94
Non-performing loans, not impaired[6], in NOK 1000	0	1.016

[2] Individually assessed impaired loans and receivables before allowances divided by total loans and receivables before allowances, %.

[3] Individually assessed impaired loans and receivables after allowances divided by total loans and receivables before allowances, %.

[4] Total allowances divided by total loans and receivables before allowances, %.

[5] Allowances for individually assessed impaired loans and receivables divided by individually assessed impaired loans and receivables before allowances, %.

[6] Past due loans and receivables, not impaired due to future cash flows (included in Loans and receivables, not impaired).

Note 11 Breakdown of lending, impairment and individual write-offs by industry

NOK mill.	2008			2007		
	Gross lending	Impaired loans	Individual write-offs	Gross lending	Impaired loans	Individual write-offs
Municipal and county authorities						
Other financial enterprises						
Retail market	22			48		
Primary industries	7			5		
Industry and mining	380			442		
Building and construction, power and water supply	18			14		
Wholesale and retail trade, hotels and restaurants	1.023	3	0	724	7	3
International shipping and pipelines	37			42		
Other transportation, post and telecommunications	1			1		
Real estate and commercial services	21.614	44	2	21.572	46	5
Other service industries	309	2	-	495	9	4
Total	**23.411**	**49**	**2**	**23.344**	**61**	**12**

Note 12 Geographical breakdown of lending

NOK mill.	2008	2007
Østfold	444	477
Akershus	2.415	2.354
Oslo	9.709	10.096
Hedmark	144	184
Oppland	429	428
Buskerud	2.107	2.233
Vestfold	437	530
Telemark	378	392
Aust-Agder	32	41
Vest-Agder	101	112
Rogaland	1.080	646
Hordaland	4.302	4.030
Sogn og Fjordane	223	273
Møre og Romsdal	926	947
Sør-Trøndelag	16	17
Nord-Trøndelag	98	117
Nordland	380	392
Troms	188	75
Finnmark	1	1
Total	**23.411**	**23.344**

Note 13 Breakdown of lending by category

NOK 1000

Category	At 31 Dec 2008	% 2008	% 2007	% 2006
6 (+ and -)	233.000	1,00 %	0 %	0 %
5 (+ and -)	3.560.450	15,21 %	16,70 %	11,75 %
4 (+ and -)	13.879.370	59,29 %	60,16 %	52,81 %
3 (+ and -)	5.615.685	23,99 %	22,47 %	33,46 %
2 (+ and -)	44.826	0,19 %	0,08 %	0,46 %
1 (+ and -)	1.128	0,00 %	0,01 %	0,73 %
Impaired loans	48.740	0,21 %	0,26 %	0,58 %
Not categorised	28.001	0,12 %	0,32 %	0,20 %
Total	**23.411.200**	**100,00 %**	**100,00 %**	**100,00 %**

Nordea Eiendomskreditt quantifies credit risk by calculating the expected losses and capital requirement related to its lending activities. The expected losses and capital requirement form part of the calculation of risk-adjusted profitability and are also used for other purposes such as providing a basis for loan pricing. Expected losses are estimated in terms of an average level across the economic cycle.

Nordea has developed a credit rating system for corporate customers that is used throughout the group. Nordea Eiendomskreditt moved onto the Nordea system in 2002. The system allocates customers to one of 18 categories, from 6+ to 1-, with customers in category 6+ representing the best capacity to service indebtedness and category 1- representing the weakest debt service capacity.

Customers are categorised on the basis of historic financial key figures and an evaluation of other factors that are considered likely to affect their future debt service capacity. Internal data and statistical models are then used to estimate the probability of insolvency for each category. The probability of insolvency is then used to estimate likely losses and the capital required.

In addition to categorising loans on the basis of the borrower's financial position, loans are also categorised on the basis of the security taken. All lending by Nordea Eiendomskreditt is secured on real estate within loan to valuation ratios specified in the Articles of Association.

Individual loan loss write-offs of NOK 2.4 million represent the expected losses on impaired loans. In addition, the accounts at 31.12.2008 include a grouped loan write-off of NOK 4.0 million.

Note 14 Interest-bearing securities

NOK 1000	31 Dec 2008			31 Dec 2007		
	Cost	Book value	Market value	Cost	Book value	Market value
Government and government-guaranteed bonds	49.908	49.979	55.350	49.908	49.970	53.863
Bonds issued/guaranteed by financial institutions	0	0	0	0	0	0
Bonds issued/guaranteed by others	0	0	0	0	0	0
Total	**49.908**	**49.979**	**55.350**	**49.908**	**49.970**	**53.863**
Listed securities	49.908	49.979	55.350	49.908	49.970	53.863
Unlisted securities	0	0	0	0	0	0
Total	**49.908**	**49.979**	**55.350**	**49.908**	**49.970**	**53.863**

Maturity information	Book value	Average effective interest rate	Book value	Average effective interest rate
Remaining maturity				
Maximum 1 year	0	0,00 %	0	0,00 %
More than 1 year	49.979	6,01 %	49.970	6,01 %
Total	**49.979**	**6,01 %**	**49.970**	**6,01 %**

Note 15 Derivatives

31 Dec 2008

NOK 1000	Fair value Positive	Negative	Total nominal amount
Derivatives held for trading:			
Interest rate derivatives			
Interest rate swaps			
FRA's			
Total	0	0	0
Derivatives used for hedge accounting:			
Interest rate derivatives			
Interest rate swaps	107.975	123.130	3.203.925
Total	**107.975**	**123.130**	**3.203.925**
Foreign exchange derivatives:			
FX Forward	122		6.053
Total derivatives	**108.097**	**123.130**	**3.209.978**

31 Dec 2007

NOK 1000	Fair value Positive	Negative	Total nominal amount
Derivatives held for trading:			
Interest rate derivatives			
Interest rate swaps		3.435	210.000
FRA's		1.501	6.000.000
Total	**0**	**4.936**	**6.210.000**
Derivatives used for hedge accounting:			
Interest rate derivatives			
Interest rate swaps	136.213	78.224	4.352.257
Total	**136.213**	**78.224**	**4.352.257**
Total derivatives	**136.213**	**83.160**	**10.562.257**

Note 16 Fair value changes of the hedged items in portfolio hedge of interest rate risk

Assets

NOK 1000	**2008**	**2007**
Booked unrealised gain/loss at beginning of the year	-46.856	16.625
Revaluation of hedged items during the year	141.054	-63.481
Booked unrealised gain/loss at end of the year	**94.199**	**-46.856**
Whereof expected maturity later than 1 year	93.279	-45.362

Liabilities

NOK 1000	**2008**	**2007**
Booked unrealised gain/loss at beginning of the year	35.683	62.839
Revaluation of hedged items during the year	43.075	-27.157
Booked unrealised gain/loss at end of the year	**78.757**	**35.682**
Whereof expected maturity later than 1 year	78.756	35.682

Note 17 Debt securities in issue and loans from financial institutions

NOK 1000	**31 Dec 2007**	**31 Dec 2007**
Loans and deposits from financial institutions with no fixed maturity	0	0
Loans and deposits from financial institutions for a fixed term	19.825.612	19.319.134
Bond loans issued	1.423.588	1.438.612
Holdings of own bonds	-234.093	-238.530
Total	**21.015.106**	**20.519.216**
Maturity information		
Maximum 1 year	19.149.138	19.175.759
More than 1 year	1.865.968	1.343.457
Total	**21.015.106**	**20.519.216**

Note 18 Retirement benefit obligations

Pension plans

Nordea Eiendomskreditt is obliged to have an occupational pension scheme under the Mandatory Occupational Pension Plan Act. Nordea Eiendomskreditt's pension schemes meet the demands required by this act. The company has three different funded pension schemes. Two of these are with Nordea Liv, while the third is with the Nordea Norge Pensjonskasse (Nordea Norge Pension Fund), which is administered and managed by Gabler & Partners AS. The company also has unfunded pension liabilities towards certain former employees. The pension schemes encompass 46 people (47), of whom 18 (18) received pension as at 31 December 2008. The average member age in the pension schemes is 58 (57).

Defined benefit plans

IAS 19 secures that the market based value of pension obligations net of assets backing these obligations will be reflected in Norgeskreditt's balance sheet. All plans in Nordea Eiendomskreditt are defined benefit plans. The major plans are funded schemes covered by assets in Nordea Liv/Nordea Norge Pensjonskasse. Some other pension plans are recognised directly on the balance sheet as a liability. Actuarial gains/losses arising from changed assumptions or deviation between expected and actual return on assets may not be recognised in the balance sheet at once, but will be recognised over a fixed period of 10 years if they in total exceeded 10% of gross pension liabilites or assets in the previous reporting period.

The ordinary retirement age is 67. The schemes carry, based on present social security regulations, an entitlement to an old age pension corresponding to 70 per cent of pensionable income at the time of retirement. The amount is reduced correspondingly in the event of less than 30 years' service at the time of retirement. From the age of 67 onwards pensions paid by Nordea Eiendomskreditt are coordinated with those paid under the National Insurance Scheme.

IAS 19 Pension calculations and assumptions

Calculations on all plans are performed by external liability calculators and are based on the actuarial assumptions fixed for Nordea Eiendomskreditt's pension plans.

Assumptions	**2008**	**2007**
Discount rate	4,5 %	5,0 %
Salary increase	3,5 %	3,5 %
Inflation	2,0 %	2,0 %
Expected return on assets before taxes	5,5 %	6,0 %
Expected adjustments of current pensions	2,0 %	2,0 %
Expected adjustments of basic Social Security	2,5 %	2,5 %

The expected return on assets is based on long-term expectations for return on the different asset classes. On bonds, this is linked to the discount rate while equities and real estate have an added risk premium.

Asset composition

The combined return on assets held by the Nordea Norge Pension Fund in 2008 was -3.1% (7.0%) reflecting that the return on equities and real estate is affected by the financial turmoil. At the end of the year, the equity exposure in the pension fund represented 9% (12%) of total assets.

Asset composition in Nordea Norge Pension Fund

	2008	**2007**
Equity	9 %	12 %
Bonds	71 %	65 %
Real estate	20 %	23 %

Defined benefit pension liabilities - balance sheet

None of the company's pension schemes was over-funded at the close of the year, and excess pension assets therefore amounted to NOK 0 mill. (NOK 0 mill.), while net recognised pension liabilities amounted to NOK 21,4 mill. (NOK 24,7 mill.).

Amounts recognised in the balance sheet

NOK 1000	2008	2007
PBO (present value of pension obligations) (incl. soc. sec. tax)	82.646	69.775
Assets	39.832	37.741
Funded status - surplus/deficit (-)	**-42.814**	**-32.034**
Unrecognised actuarial gains(-)/losses	21.454	7.355
Unrecognised past service costs		
Funded status in the balance sheet	**21.360**	**24.679**
Of which		
retirement benefit assets	0	0
retirement benefit obligations	21.360	24.679
- whereof related to unfunded plans (PBO)	15.049	15.290

The following tables show changes in pension liabilities and in the value of pension assets:

Changes in the PBO

NOK 1000	2008	2007
PBO at 1 January	65.816	70.896
Service cost	2.277	3.045
Interest cost	3.234	2.791
Pensions paid	-2.919	-6.999
Curtailments and settlements	0	0
Past service cost	0	0
Actuarial gains (-) / losses	11.598	-3.917
Change in provision for Social Security Contribution	0	0
PBO at 31 December	**80.006**	**65.816**

Changes in the fair value of assets

NOK 1000	2008	2007
Assets at 1 January	37.741	41.655
Expected return on assets	2.265	2.106
Pensions paid	-1.634	-8.181
Contributions	4.399	3.422
Actuarial gains (-) / losses	-2.939	-1.261
Assets at 31 December	**39.832**	**37.741**
Actual return on plan assets	**-674**	**845**

Defined benefit pension costs

The total net pension cost recognised in Norgskreditt's income statement (as staff costs) for 2008 is NOK 3.153.000,- (NOK 4.172.000,-). The amount covers both funded and unfunded pension plans.

Recognised net defined benefit cost

NOK 1000	2008	2007
Service cost	2.277	3.045
Interest cost	3.234	2.791
Expected return on assets	-2.265	-2.106
Recognised actuarial gains(-) / losses	0	0
Recognised past service cost	0	0
Curtailments and settlements	0	0
Amortisation of effect of changes to estimates	438	326
Net cost	**3.684**	**4.056**
Accrued Social Security Contribution	-540	116
Pension cost on defined benefit plans	**3.144**	**4.172**

The pension cost is lower than expected at the start of the year both because the number of members has decreased and because provisions for social security tax was dissolved due to a change in principles. The company's net pension cost is expected to be NOK 6.057.000,- in 2009.

Note 19 Equity

NOK 1000	**Share capital** [1)]	**Other equity**	**Total equity**
Balance at 1 Jan 2008	**1.533.627**	**1.195.870**	**2.729.497**
Group contribution 2007		-190.800	-190.800
Share-based payments (LTIP, note 5)		163	163
Net profit for the year		244.992	244.992
Balance at 31 Dec 2008	**1.533.627**	**1.250.225**	**2.783.852**

NOK 1000	**Share capital** [1)]	**Other equity**	**Total equity**
Balance at 1 Jan 2007	**1.533.627**	**1.141.057**	**2.674.684**
Group contribution 2006		-136.800	-136.800
Share-based payments (LTIP, note 5)		90	90
Net profit for the year		191.523	191.523
Balance at 31 Dec 2007	**1.533.627**	**1.195.870**	**2.729.497**

[1] The company's share capital at 31 Dec 2008 was NOK 1.533.626.900,-. The number of shares was 15.336.269, each with a quota value of NOK 100,-. 100 percent of the shares are owned by Nordea Bank Norge ASA.

Note 20 Commitments

NOK 1000	**31 Dec 2008**	**31 Dec 2007**
Financial derivatives	3.209.978	10.562.257
Accepted, not disbursed loans	32.535	965.461
Credit commitments	213.000	38.300
Other commitments (note 27)	6.270	7.000
Total	**3.461.783**	**11.573.018**

Note 21 Capital adequacy

Nordea Eiendomskreditt is subject to capital requirements according to Basel II regulations.
Total capital base consists of Tier 1 capital (paid-up share capital and other equity) and Tier 2 capital (suborinated loan capital). Nordea Eiendomskreditt does not have subordinated loan capital.
The transition rules states that institutions using IRB method for calculating the capital requirement, in 2007, 2008 and 2009 must have a total capital base of 95% (2007), 90% (2008) and 80% (2009) respectively, of the requirement according to Basel I.

Calculation of total capital base

NOK mill.	31 Dec 2008	31 Dec 2007
Equity [1]	**2.784**	**2.729**
Deferred tax assets	-3	-3
IRB-provisions excess (+) / shortfall (-) [2]	-61	-53
Actuarial loss on pension liabilities booked against equity [3]	4	10
Tier 1 capital	**2.723**	**2.684**
Tier 2 capital	**0**	**0**
- of which perpetual subordinated loans	0	0
IRB-provisions excess (+) / shortfall (-) [2]	0	0
Total capital base	**2.723**	**2.684**

[1] 72% of profit for the year before tax is included in Equity.

[2] A shortfall exists if expected loss calculated in accordance with the capital requirement regulations using the IRB method exceeds write-downs according to the lending regulations for the same engagements. According to Basel II, a deduction shall be made both in Tier 1 and Total capital relating to the shortfall. Figures for 2007 above have been calculated according to Basel II while comparable 2006 figures are in accordance with Basel I.

[3] Net actuarial loss related to pension liabilities is booked against equity at 1 January 2005. According to transitional rules from FSA 4/5 of the gross change in recognised pension liabilities can be added to the Tier 1 capital in 2005, 3/5 in 2006, 2/5 in 2007 and 1/5 in 2008.

Capital requirements according to Basel II

	31 Dec 2008		31 Dec 2007	
NOK mill.	Capital requirement	Risk-weighted assets (RWA)	Capital requirement	Risk-weighted assets (RWA)
Credit risk	**997**	**12.464**	**945**	**11.813**
IRB foundation	984	12.301	920	11.502
- of which corporate	975	12.176	918	11.475
- of which institutions	0	4	1	16
- of which retail	9	118	i.a.	i.a.
of which retail SME	4	54	i.a.	i.a.
of which retail real estate	3	33	i.a.	i.a.
of which retail other	2	30	i.a.	i.a.
- of which other	0	4	1	11
Standardised	13	163	25	311
- of which sovereign	0	4	2	30
- of which other	13	159	23	281
Market risk	**0**	**0**	**0**	**0**
Operational risk	**33**	**408**	**32**	**405**
Standardised	33	408	32	405
Sub total	**1.030**	**12.875**	**977**	**12.218**
Adjustment for floor rules				
Additional capital requirement according to transition rules 2007-2009	624	7.797	728	9.098
Total	**1.654**	**20.672**	**1.705**	**21.315**

Capital ratio

	31 Dec 2008	31 Dec 2007
Tier 1 ratio, in %	13,2 %	12,6 %
Capital ratio, in %	13,2 %	12,6 %

Analysis of capital requirements

	31 Dec 2008	
Exposure classes	**Average risk weight**	**Capital requirement**
Corporate	52 %	974
Institutions	17 %	
Retail	40 %	9
Sovereign	6 %	
Other	20 %	13
Total credit risk		**997**

Minimum capital ratio requirement is 8.0%, which has been fulfilled though the last financial year.

The process of assessing total capital requirement (ICAAP) is described in the section Publication of financial infomation in the Report for the year.

Note 22 Classification of financial instruments

Of the assets listed below, Loans and receivables to credit institutions, Loans and receivables to the public, Interest-bearing securities, Derivatives, as well as accrued interest on these items, are exposed to credit risk. The exposure equals the book value presented in the tables below.

31 Dec 2008

NOK 1000	Loans and receivables	Held for trading	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets							
Cash and balances with sentral banks	3						3
Loans and receivables to credit institutions	533.407						533.407
Loans and receivables to the public	21.075.835		2.328.925				23.404.760
Interest-bearing securities			49.979				49.979
Shares					0		0
Derivatives				108.097			108.097
Fair value changes of the hedged items in portfolio hedge of interest rate risk			94.199				94.199
Property and equipment						4.076	4.076
Deferred tax assets						3.083	3.083
Other assets	1.770						1.770
Prepaid expenses and accrued income	230.445						230.445
Total assets	**21.841.459**	**0**	**2.473.102**	**108.097**	**0**	**7.160**	**24.429.818**

	Held for trading	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions				19.325.612		19.325.612
Debt securities in issue		875.000		314.494		1.189.494
Derivatives			123.130			123.130
Fair value changes of the hedged items in portfolio hedge of interest rate risk		78.756				78.756
Current tax liabilities					95.847	95.847
Other liabilities					2.441	2.441
Accrued expenses and prepaid income					309.074	309.074
Retirement benefit obligations					21.360	21.360
Subordinated liabilities					500.249	500.249
Total liabilities	**0**	**953.756**	**123.130**	**19.640.106**	**928.972**	**21.645.964**

31 Dec 2007

NOK 1000	Loans and receivables	Held for trading	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets							
Cash and balances with sentral banks	5						5
Loans and receivables to credit institutions	17.328						17.328
Loans and receivables to the public	19.850.704		3.477.257				23.327.961
Interest-bearing securities			49.970				49.970
Shares					0		0
Derivatives				136.213			136.213
Fair value changes of the hedged items in portfolio hedge of interest rate risk			-46.856				-46.856
Property and equipment						4.035	4.035
Deferred tax assets						2.770	2.770
Other assets	6.676						6.676
Prepaid expenses and accrued income	197.559						197.559
Total assets	**20.072.272**	**0**	**3.480.371**	**136.213**	**0**	**6.805**	**23.695.660**

NOK 1000	Held for trading	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities						
Deposits by credit institutions				19.319.134		19.319.134
Debt securities in issue		875.000		325.082		1.200.082
Derivatives	4.936		78.224			83.160
Fair value changes of the hedged items in portfolio hedge of interest rate risk		35.682				35.682
Current tax liabilities					76.062	76.062
Other liabilities					1.703	1.703
Accrued expenses and prepaid income					224.802	224.802
Retirement benefit obligations					24.679	24.679
Subordinated liabilities					860	860
Total liabilities	**4.936**	**910.682**	**78.224**	**19.644.216**	**328.105**	**20.966.163**

Note 23 Assets and liabilities at fair value

NOK 1000	31 Dec 2008 Book value	31 Dec 2008 Fair value	31 Dec 2007 Book value	31 Dec 2007 Fair value
Assets				
Cash and balances with sentral banks	3	3	5	5
Loans and receivables to credit institutions	533.407	533.407	17.328	17.328
Loans and receivables to the public	23.404.760	23.433.400	23.327.961	23.333.309
Interest-bearing securities	49.979	49.979	49.970	49.970
Shares	0	0	0	0
Derivatives	108.097	108.097	136.213	136.213
interest rate risk	94.199	94.199	-46.856	-46.856
Property and equipment	4.076	4.076	4.035	4.035
Deferred tax assets	3.083	3.083	2.770	2.770
Other assets	1.770	1.770	6.676	6.676
Prepaid expenses and accrued income	230.445	230.445	197.559	197.559
Total assets	**24.429.818**	**24.458.458**	**23.695.661**	**23.701.009**

	Book value	Fair value	Book value	Fair value
Liabilities				
Deposits by credit institutions	19.325.612	19.349.236	19.319.134	19.308.961
Debt securities in issue	1.189.494	1.217.736	1.200.082	1.216.970
Derivatives	123.130	123.130	83.160	83.160
interest rate risk	78.756	78.756	35.682	35.682
Current tax liabilities	95.847	95.847	76.061	76.061
Other liabilities	2.441	2.441	1.703	1.703
Accrued expenses and prepaid income	309.074	309.074	224.802	224.802
Retirement benefit obligations	21.360	21.360	24.679	24.679
Subordinated liabilities	500.249	500.249	860	860
Total liabilities	**21.645.963**	**21.697.829**	**20.966.163**	**20.972.878**

Estimation of fair value for assets and liabilities

Financial assets and financial liabilities are measured at fair value in the balance sheet regarding fixed interest rate loans to the public and issued securities in the portfolio hedge of interest rate risk.

The book values on loans and receivables, deposits and issued securities are adjusted for the value of the fixed interest term in order to estimate the fair values that are presented in the tables above. The value of the fixed interest term is a result of changes in the relevant market interest rates. The discount rates used are based on current market rates for each term.

Fair value is set to book value in the tables above, for assets and liabilities for which no reliable fair value has been possible to estimate. This is valid for intangible assets, property and equipment and provisions.

The total amount of unrealised changes in fair value of financial assets and liabilities recognised in the income statement, (loans to the public, issued securities and derivatives) are based on observable market rates.

For further information about valuation of items normally measured at fair value, see Note 1 Accounting Principles.

Determination of fair value from quoted market prices or valuation techniques

The following table presents the valuation methods used to determine fair value

NOK 1000	31 Dec 2008 Instruments with quoted prices (Level 1)[1]	31 Dec 2008 Valuation technique using observable data (Level 2)[2]	31 Dec 2007 Instruments with quoted prices (Level 1)[1]	31 Dec 2007 Valuation technique using observable data (Level 2)[2]
Assets				
Loans and receivables to the public		2.419.643		3.428.398
Interest-bearing securities	53.460		51.973	
Derivatives		108.097		136.213
Total assets	**53.460**	**2.527.740**	**51.973**	**3.564.611**
Liabilities				
Debt securities in issue		953.756		910.682
Derivatives		123.130		78.224
Total liabilities	**0**	**1.076.886**	**0**	**988.906**

[1]Level 1 consist of financial assets and financial liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. This category includes listed equity shares, exchange-traded derivatives, and government issued securities.

[2] Level 2 consists of financial assets and financial liabilities which do not have quoted market prices directly available from an active market, and where fair values are estimated using valuation techniques or models, based wherever possible on assumptions supported by observable market prices or rates prevailing at the balance sheet date. This is the case for the majority of OTC derivatives, and for many unlisted instruments and other items which are not traded in active markets. As for example certificates where issuers are non-government.

Level 3 consists of those types of financial instruments which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates. This is generally the case for private equity instruments in unlisted securities and private equity funds, and for certain complex or structured financial instruments. Norgeskreditt AS has no financial assets or financial liabilities measured according to level 3.

Note 24 Assets and liabilities in foreign currencies

31 Dec 2008

NOK 1000	EUR	SEK	NOK	USD	Other	Total
Assets						
Loans and receivables to credit institutions	50	1.181	532.031	143	2	533.407
Loans and receivables to the public	1.768	243.427	23.005.956	15.269	138.340	23.404.759
Interest-bearing securities			49.979			49.979
Other assets	8	2.452	437.977	3	1.233	441.672
Total assets	**1.826**	**247.059**	**24.025.943**	**15.414**	**139.575**	**24.429.817**
Liabilities						
Deposits by credit institutions	1.768	243.548	19.426.875	15.269	138.153	19.825.612
Debt securities in issue			1.189.494			1.189.494
Subordinated liabilities			249			249
Other liabilities and equity	6	2.154	3.411.082	3	1.217	3.414.462
Total liabilities	**1.773**	**245.702**	**24.027.701**	**15.272**	**139.370**	**24.429.817**
Position not reported in the balance sheet					**924**	**6.053**
Net position currencies	**52**	**1.357**	**-1.758**	**143**	**1.129**	**6.053**

31 Dec 2007

NOK 1000	EUR	SEK	NOK	USD	Other	Total
Assets						
Loans and receivables to credit institutions	21	47	16.913	9	338	17.328
Loans and receivables to the public	1.685		23.299.201		27.074	23.327.960
Interest-bearing securities			49.970			49.970
Other assets	7		300.201		194	300.402
Total assets	**1.713**	**47**	**23.666.285**	**9**	**27.606**	**23.695.660**
Liabilities						
Deposits by credit institutions	1.685		19.290.375		27.074	19.319.134
Debt securities in issue			1.200.082			1.200.082
Subordinated liabilities			860			860
Other liabilities and equity	5		3.175.420		159	3.175.584
Total liabilities	**1.690**	**0**	**23.666.737**	**0**	**27.233**	**23.695.660**
Position not reported in the balance sheet						**0**
Net position currencies	**23**	**47**	**-452**	**9**	**373**	**0**

Note 25 Related-party transactions

NOK 1000	2008			2007		
	Nordea Bank Norge ASA	**Nordea Bank Finland Plc**	**Livsforsikrings-selskapet Nordea Liv Norge AS**	**Nordea Bank Norge ASA**	**Nordea Bank Finland Plc**	**Livsforsikrings-selskapet Nordea Liv Norge AS**
Profit and loss account						
Interest income	3.409			1.383		
Net gains/losses on items at fair value		15.319			-2.287	
Total income	3.409	15.319		1.383	-2.287	
Interest expenses - kredittinst	1.175.937	54		757.220	60	
Interest and related expense on securities issued	9.920	-5.204			-7.709	
Total commission and fee expense for banking services	710			61		
Other operating expenses	8.811		2.207	6.812		2.920
Total expenses	1.195.378	-5.150	2.207	764.093	-7.649	2.920
Proposed group contribution	244.800	-		190.800	-	
Balance sheet						
Loans and receivables to credit institutions	533.407	-		17.327	-	
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	-	72.767		-	56.948	
Total assets	533.407	72.767		17.327	56.948	
Deposits by credit institutions	19.323.844	1.768		19.317.449	1.685	
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk		28.260			19.441	
Accrued expenses and prepaid income	230.406	6		153.684	155	
Subordinated loan capital	500.000					
Share capital	1.533.627	-		1.533.627	-	
Total libilities and equity	21.587.878	30.033		21.004.760	21.282	

Nordea Eiendomskreditt AS does not have essential transactions with Group companies other than recognised above. Nordea Eiendomskreditt AS is a wholly owned subsidiary of Nordea Bank Norge ASA. Nordea Bank Finland Plc is an associated company of Nordea Bank Norge ASA. Transactions between Nordea Eiendomskreditt AS and other legal entities in the Nordea Group are performed according to arm's length principles in conformity with OECD requirements on transfer pricing.

Note 26 Maturity structure of balance sheet items

Specification of balance sheet items distributed by maturity date	Up to 1 month	1-3 months	3-12 months	1-5 years	More than 5 years	Without maturity	Total
NOKm	NOK	NOK	NOK	NOK	NOK	NOK	NOK
Assets							
Cash and balances with central banks						0	0
Loans and receivables to credit institutions	33			500			533
Loans to the public	143	90	511	3.285	19.379	-4	23.405
Interest-bearing securities				50			50
Shares							0
Derivatives				105	3		108
Fair value changes of the hedged items in portfolio hedge of interest rate risk		0	1	82	11		94
Property and equipment				1		3	4
Deferred tax assets						3	3
Other assets		2					2
Prepaid expences and accrued income		231					231
Total assets	**177**	**323**	**512**	**4.023**	**19.393**	**2**	**24.430**
Liabilities and equity							
Liabilities to financial institutions	16.043	3.074	29	94	85		19.326
Debt securities in issue			2	1.155	33		1.189
Derivatives		0	1	112	10		123
Fair value changes of the hedged items in portfolio hedge of interest rate risk				79			79
Current tax liabilities			96				96
Other liabilities			2				2
Accrued expenses and prepaid income	217	34	58				309
Retirement benefit obligations					21		21
Subordinated liabilities				500	0		500
Equity						2.784	2.784
Total liabilities and equity	**16.261**	**3.109**	**189**	**1.939**	**149**	**2.784**	**24.430**
Liquidity exposure gap on balance sheet items	-16.084	-2.786	323	2.085	19.244	-2.782	0
Net cash flow from financial derivatives	-40	-6	-14				-60
Net total on all items	**-16.124**	**-2.792**	**309**	**2.085**	**19.244**	**-2.782**	**-60**

Explanation to the note:

- Loans to the public is classified according to maturity dates.
- The certificates and bonds portfolio is classified according to maturity dates.
- Other assets and Prepaid expenses and accrued income are classified according to their most likely realisation date.

- Financial derivatives:

FRA:	Cash flow not known
Interest rate swaps:	Fixed cash margin until next interest rate fixing

Note 27 Joint and several contingent liability

Den norske Bank ASA (formerly DnB Boligkreditt AS/Den Østenfjelske Bykredittforening), Nordea Eiendomskreditt AS (formerly Vestenfjelske Bykreditt AS/Den Vestenfjelske Bykredittforening) and Den Nordenfjelske Bykredittforening have jointly and severally guaranteed the 2nd – 7th series of bearer bonds issued by De Norske Bykredittforeninger.

The aggregate debt outstanding at 31 December 2008 amounted to NOK 6.3 mill. Nordea Eiendomskreditt's share of the portfolio amounted to NOK 0.0 mill.

Note 28 Information relating to third parties

Set out below is a summary of the matters and transactions covered by the provisional Norwegian accounting standard on information concerning connected parties as it applies to Nordea Eiendomskreditt AS. For more detailed information, reference is made to information given in other notes or in the Directors' Report.

Nordea Eiendomskreditt AS provides the following information about connected parties for 2008:

Names of the most important group companies (parent company and other companies in the group). See list below.
Receivables due from, debt due to and transactions with other group companies. See Note 25.
The names of elected offices and the executive management of Nordea Eiendomskreditt AS, as shown in the section "Governing bodies and organisation".
Receivables due from, debt due to and transactions with Board members and employees. See Note 5.

Parent company:
Nordea Bank Norge ASA, Middelthunsgt. 17, 0368 Oslo
The consolidated accounts of Nordea Bank Norge ASA can be found on the bank's web site at: www.nordea.no

Other important companies in the group:
Nordea Bank Finland Plc, Nordea Bank Danmark A/S, Nordea Bank AB (publ), Livsforsikringsselskapet Nordea Liv Norge AS, Nordea Finans Norge AS, Nordea Fondene Norge AS and Nordea Investment Management AB Norge (branch of foreign company).

Note 29 Covered bonds

In Q4 2008 the Norwegian authorities decided to present an offer to the banks intended to achieve better conditions for funding. The facility included issuance of treasury bills or other 3 years' government bonds regarded as more liquid in the financial market compared to other securities. As collateral for the government bonds issued by Norges Bank, the banks may provide covered bonds. Nordea Bank Norge is not defined as a credit institution and, therefore, cannot issue these types of securities. However, Nordea Bank Norge's fully owned subsidiary Nordea Eiendomskreditt AS is a credit institution and can issue covered bonds in accordance with the regulations. Therefore, in December, Nordea Bank Norge sold off parts of its loan portfolio to Nordea Eiendomskreditt consisting of well secured housing/household loans. The compensation from Nordea Eiendomskreditt partly consisted of covered bonds and a trade credit in the form of a deposit from Nordea Bank Norge. In addition, Nordea Bank Norge issued a subordinated loan to Nordea Eiendomskreditt in order to cover any credit losses in the portfolio and for liquidity purposes.

If necessary, Nordea Bank Norge will supply Nordea Eiendomskreditt with more capital by increasing the subordinated loan if the credit losses exceed the principal and interest on the subordinated loan. A swap agreement has been made to eliminate interest rate risk in Nordea Eiendomskreditt as a consequence of this transaction. Furthermore, Nordea Bank Norge will act as an agent for Nordea Eiendomskreditt and manage the portfolio, which means that the customer will have the same contact person and customer relationship with Nordea as before.

Based on an overall evaluation, the nominal value of the transferred loans was determined to be the best estimate of their fair value. This is in principal explained by the loans in the portfolio that have a floating market rate and that the credit risk will still remain in Nordea Bank Norge after the transfer. Furthermore, the customer relationships will remain in Nordea Bank Norge as the customer administration and contact will remain in Nordea Bank Norge, and Nordea Bank Norge will act as agent for Nordea Eiendomskreditt. The transfer will not create any added value in this respect.

The actual transaction has been reported as a net amount in both Nordea Bank Norge and Nordea Eiendomskreditt, in accordance with IAS 32 and IAS 39 with respect to netting and derecognition. As most of the risk related to the loan portfolio will remain in Nordea Bank Norge, this is still to be included in Nordea Bank Norge's balance as a consequence of IFRS. All cash flows relating to the different elements of this transaction will also be offset, and therefore the impact of the transaction on both Nordea Bank Norge and Nordea Eiendomskreditt's financial statements will be approximately zero. This means that NOK 24.4 bn will still be classified as loans to the public in Nordea Bank Norge's books and not in Nordea Eiendomskreditt's books at year end, in line with IFRS. Below shows the gross balance sheet figures at year-end:

Main figures relating to the transaction, in NOKm:	**Balanse Nordea Eiendomskreditt AS**
Mortgage portfolio, bought from Nordea Bank Norge	24.402
Covered bonds issued as partial payment for the mortgage portfolio	(15.000)
Loan from Nordea Bank Norge as partial payment for the mortgage portfolio (trade credit)	(9.402)
Subordinated loan from Nordea Bank Norge	(500)
Deposit, received from Nordea Bank Norge for the subordinated loan	500
Net balance sheet effect per 31 December 2008	-

Governing bodies and organisation

Committee of Representatives

Members	**Title**
Anne Stärk-Johansen, Chair	Executive Vice President, Nordea Bank Norge ASA
Jon Kristian Abel, Deputy Chair	General Manager, Nordea Bank Norge ASA, Regionbank CMB & Oslo Area
Eivind Grov	Managing Director, Hotel Alexandra AS, Loen
Kim Erla	Managing Director, City Finansiering AS, Oslo
Lars Krüger	Assistant Director, Nordea Eiendomskreditt AS, Oslo
Elected by and from among the employees	
Linda Køster	Administrative assistant, Nordea Eiendomskreditt AS, Bergen
Rita Honoré	Assistant Manager, Nordea Eiendomskreditt AS, Oslo
Deputy members	
Egil Stenshagen	Managing Director, Egil Stenshagen, Oslo
Kaare Krane	Managing Director, T. Klaveness Eiendom AS, Oslo
Deputy for the employee's representatives	
Erik Tellefsen	Assistant Director, Nordea Eiendomskreditt AS, Oslo

Control Committee

Members	**Title**
Anders Ingebrigtsen, Chair	Managing Director, Ocean Link Management AS, Oslo
Thorleif Haug, Deputy Chair	Consultant, Oslo
Berit Stokke	Lawyer, Thommesen Krefting Greve Lund, Oslo
Deputy member	
Tom Knoff	Partner, Norscan Partners AS

Auditor

KPMG AS
Bjarne Haldorsen (State Authorised Public Accountant)
Folke Bernadottes vei 38
5845 Bergen

Board of Directors

Members	Title	Member since
Jan Fredrik Thronsen, Chair	General Manager, Nordea Bank Norge ASA	2002
Odd Kristian Stavaas, Deputy Chair	Credit Manager, Nordea Bank Norge ASA	2006
Peter Groth	Managing Director, Aspelin-Ramm Gruppen AS	1992
Per Skaug	Managing Director, Trajan AS	1998
Peder B. Backe	Managing Director, AS Backe	1998
Vigdis Bruland (Elected by the employees)	Senior Relationship Manager, Nordea Eiendomskreditt AS	2007
André Solstad (Elected by the employees)	Assistant Director, Nordea Eiendomskreditt AS	2007

Management of Nordea Eiendomskreditt AS

Name	Title
Jan Fredrik Thronsen	Working Chairman, Oslo
Svein Dugstad	Managing Director, Oslo
Lending	
Erik Tellefsen	Assistant Director, Oslo
Lars Krüger	Assistant Director, Oslo
André Solstad	Assistant Director, Oslo
Truls Blakstad	Assistant Director, Oslo
Oddbjørn Sæbø	Assistant Director, Bergen
Credit Control	
Svein Dugstad	Head of Credit, Oslo
Management Accounting /Financial Control	
Tore Vatne	Assistant Director, Oslo
Jørn-Ove Misje	Finance and Accounting Manager, Bergen
Marianne Glatved	Accounting Manager, Bergen
Administration / IT / Loan Administration	
Jan-Petter Løland	Head of IT and Administration
Legal / Recoveries / Collateral security	
Stig Skottun	Assistant Director, Oslo

Statement by the members of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director have today considered and approved the annual report and accounts of Nordea Eiendomskreditt AS as at 31 December 2008 including comparative figures as at 31 December 2007 (the “2008 annual report”).

The annual report has been prepared in accordance with IFRS as adopted by the EU and additional Norwegian disclosure requirements pursuant to the Accounting Act, the Regulations for Annual Accounts and the Securities Trading Act. The Board of Directors and the Managing Director consider that to the best of their knowledge the 2008 annual report has been prepared in accordance with the current accounting standards, and the information contained in the accounts gives a true and fair view of the company’s assets, liabilities and financial position as at 31 December 2008 and as at 31 December 2007.

The Board of Directors and the Managing Director consider that to the best of their knowledge the Board of Director’s report gives a true and fair view of the company’s activities, its commercial position and results. The Board of Directors and the Managing Director also consider that to the best of their knowledge the description of the most relevant risk factors the company faces gives a true and fair view.

Oslo, 11 February 2009
The Board of Directors Nordea Eiendomskreditt AS

Translation - not to be signed

Jan Fredrik Thronsen Chairman		Odd Kristian Stavaas Deputy Chairman
Peter Groth Board Member	Peder B. Backe Board Member	Per Skaug Board Member
Vigdis Bruland Board Member [1]		Svein Dugstad Managing Director

[1] Employee representative

Report of the Control Committee

ANNUAL ACCOUNTS 2008

To the Committee of Representatives and the General Assembly of Nordea Eiendomskreditt AS

The Control Committee has supervised the company's activities during the 2008 accounting year pursuant to the Financial Institutions Act, Section 3-11 and in accordance with the instructions laid down by the Financial Supervisory Authority of Norway on 18 December 1995.

The Committee has reviewed the Annual Accounts for 2008. In the opinion of the Committee, the Annual Accounts have been prepared in accordance with current legislation and generally accepted Norwegian accounting standards. The Control Committee considers the Board of Director's assessment of the company's financial position to be satisfactory, and recommends that the profit and loss account and balance sheet be adopted as the company's Annual Accounts for 2008.

With regard to other aspects of the Annual Report and Accounts, the Committee refers to the Auditor's Report of 11 February 2009 and concurs with the auditor's statement concerning the submitted accounts.

Oslo, 12 February 2009

Anders Ingebrigtsen (Chairman)	Thorleif Haug (Deputy Chairman)	Berit Stokke (Member)	Tom Knoff (Deputy Member)

Auditor's report for 2008

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To the Annual Shareholders' Meeting of Nordea Eiendomskreditt AS

AUDITOR'S REPORT FOR 2008

Respective Responsibilities of Directors and Auditors
We have audited the annual financial statements of the Nordea Eiendomskreditt AS as of 31 December 2008, showing a profit of NOK 244 992 000, including the proposal for the allocation of the profit. We have also audited the information in the Board of Directors' report concerning the financial statements and the going concern assumption. The annual financial statements comprise the balance sheet, the statements of income and cash flows, the statement of changes in equity and the accompanying notes. The rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU have been applied to produce the financial statements. These financial statements and the Board of Directors' report are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on the other information according to the requirements of the Norwegian Act on Auditing and Auditors.

Basis of Opinion
We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and good auditing practice in Norway, including standards on auditing adopted by Den norske Revisorforening. These auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and good auditing practice an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion,

- the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Company as of 31 December 2008, the results of its operations, its cash flows and the changes in equity for the year then ended, in accordance with the rules of the Norwegian accounting act and International Financial Reporting Standards as adopted by the EU
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information
- the information in the Board of Directors' report concerning the financial statements and the going concern assumption are consistent with the financial statements and comply with the law and regulations.
- the proposal for the allocation of the profit in the annual financial statements is in compliance with the law and regulations.

Oslo, February 11, 2009
KPMG AS

Bjarne Haldorsen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only