



Annual Report 2009
Nordea Eiendomskreditt AS

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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.

It was decided in 2009 that the company would sell all its commercial property loans, together with certain other asset and liability items, to the parent bank, Nordea Bank Norge ASA. The background for this decision was the wish to focus the company's activities on operating as a mortgage credit institution granting secured residential mortgage loans, and principally funding its lending activities by issuing covered bonds.

Over the course of 2008 and 2009, the company purchased a large residential mortgage portfolio from Nordea Bank Norge ASA (NBN) in two stages. The portfolio was funded in part by issuing covered bonds, and in part by taking up short-term loans from the parent bank. Nordea Bank Norge ASA continues to manage the loan portfolio, and Nordea Eiendomskreditt pays a monthly agency fee for the management of the portfolio. The interest rate and credit risk associated with the portfolio have not been transferred to Nordea Eiendomskreditt, hence the portfolio continues to be recorded on the balance sheet of Nordea Bank Norge ASA. As part of the transfer of the loan portfolio, Nordea Bank Norge ASA granted a subordinated loan to Nordea Eiendomskreditt, principally in order to cover any credit losses in the portfolio. Interest rate risk has been hedged by use of interest rate swaps, which ensure that the net cash flow from the portfolio will be zero at all times. The transactions therefore did not have any effect on the profit and loss accounts of Nordea Eiendomskreditt and Nordea Bank Norge ASA respectively in 2008 and 2009. Note 28 provides further information on the transactions.

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 5.9 million internet customers. The Nordea share is listed on Nasdaq OMX Nordic in Stockholm, Helsinki and Copenhagen.

Business activities

Nordea Eiendomskreditt AS changed in 2009 from being a company specialised in long-term financing of commercial property to become a mortgage credit institution. As a result of this, the company's business objective is to make and acquire residential mortgage loans, and to fund its lending activities principally by issuing covered bonds. The company operates from offices in Oslo. As a result of the change in business activities, it is considered appropriate that the company elect an entirely new Board of Directors with effect from 2010.

Key financial figures

Summary of profit and loss account (NOK mill.)	2009	2008	2007	2006	2005
Net interest income	335	358	265	250	263
Net gains/losses on items at fair value	1	18	14	1	-
Other income	4	-0	0	2	0
Total operating income	340	376	279	252	263
Staff costs	(34)	(28)	(29)	(30)	(29)
Other expenses	(13)	(14)	(12)	(14)	(15)
Depreciation	(0)	(0)	(0)	(0)	(0)
Total operating expenses	(48)	(42)	(42)	(44)	(45)
Loan losses (negative figures are reversals)	(5)	(7)	(29)	20	(6)
Operating profit	297	341	266	188	225
Income tax expense	75	96	75	53	63
Net profit for the year	222	245	192	135	161
Summary of balance sheet (NOK mill.)	2009	2008	2007	2006	2005
Instalment loans	57	23.411	23.344	18.166	19.530
Allowance for loan losses	-	(6)	(16)	(44)	(22)
Other assets	3.382	1.025	368	399	522
Debt securities in issue	-	1.189	1.200	1.512	5.068
Other liabilities	678	20.456	19.766	14.334	12.473
Equity	2.761	2.784	2.729	2.675	2.489
Total assets	3.439	24.430	23.696	18.521	20.030
Average total assets	19.913	23.548	20.820	19.495	20.384
Ratios and key figures	2009	2008	2007	2006	2005
Earnings per share (NOK)	14,45	15,97	12,49	8,80	10,52
Equity per share (NOK)	180,02	181,52	177,98	174,40	162,29
Shares outstanding, million	15,34	15,34	15,34	15,34	15,34
Net interest income (% of average total assets)	1,68 %	1,52 %	1,27 %	1,28 %	1,29 %
Profit after tax (% of average total assets)	1,11 %	1,04 %	0,92 %	0,69 %	0,79 %
Operating expenses (% of average total assets)	0,24 %	0,18 %	0,20 %	0,23 %	0,22 %
Cost/income ratio	14,11 %	11,17 %	14,99 %	17,61 %	17,06 %
Tier 1 capital ratio 1)	152,26 %	13,17 %	12,59 %	14,07 %	12,90 %
Total capital ratio	152,26 %	13,17 %	12,59 %	14,07 %	12,90 %
Tier 1 capital (NOK mill.)	2.757	2.723	2.684	2.497	2.473
Risk-weighted assets (NOK mill.)	1.811	20.672	21.315	17.752	19.167
Equity ratio	80,28 %	11,40 %	11,52 %	14,44 %	12,43 %
Post-tax return on equity 2)	7,91 %	8,87 %	7,24 %	5,18 %	6,21 %
Loan disbursements (NOK mill.)	635	2.285	7.508	4.542	3.705
Number of employees	27	29	30	31	35

¹⁾ Based on Basel II for 2009, 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 2009, 2008, 2007 og 2006 the IFRS rules are followed, while Norwegian accounting rules are followed for the year 2005 .

Report for the year

Introduction

Nordea Eiendomskreditt AS was first incorporated in 1927 as a credit institution for commercial property financing. During the course of autumn 2009, the company's commercial property lending activities were sold to the parent bank, and with effect from 2010 the company will operate solely as a mortgage credit institution. The company now purchases mortgage loans from Nordea Bank Norge ASA and funds these loans principally by issuing covered bonds. Since the company has changed its business objective and the content of its activities in 2009, the accounts for the year are affected by the discontinuation of its previous activities and the sale of all its commercial property loans to Nordea Bank Norge ASA in the third and fourth quarters of the year.

Main features of 2009

The company reports pre-tax profit for 2009 of NOK 296.7 million, a decrease from NOK 340.5 million in 2008. The decrease of NOK 43.8 million was principally due to the sale of the commercial property loan portfolio during the second half of 2009, since the revenue generated by this portfolio following the sale was for the account of Nordea Bank Norge ASA.

Net lending was NOK 57.2 million at 31 December 2009 as compared to NOK 23,404.8 million at 31 December 2008. In addition, the company owns a mortgage loan portfolio of approximately NOK 82 billion that it purchased from Nordea Bank Norge ASA. This portfolio is not carried on the balance sheet of Nordea Eiendomskreditt because Nordea Bank Norge ASA continues to carry the entire exposure to interest rate risk, liquidity risk and credit risk for the portfolio. The loan portfolio is therefore carried on the balance sheet of Nordea Bank Norge ASA.

Profit and loss account

Profit after tax for 2009 amounted to NOK 221.6 million (as compared to NOK 245.0 million for 2008). This is equivalent to 1.11% of average total assets (1.04%). The reduction in profit was principally caused by the previously-mentioned sale of the commercial property lending portfolio in the second half of 2009. Net interest income amounted to NOK 334.6 million for 2009 (NOK 358.1 million). This is equivalent to 1.68% of average total assets (1.52%).

Total operating expenses amounted to NOK 47.9 million (NOK 42.0 million). The increase in operating expenses was principally due to the severance costs incurred in connection with reducing the company's staffing. Operating expenses were equivalent to 0.24% of average total assets (0.18%). Key figures reported for the company are affected by the very significant reduction in total assets over the course of the second half of 2009. Nordea Eiendomskreditt AS does not incur any costs for research and development activities.

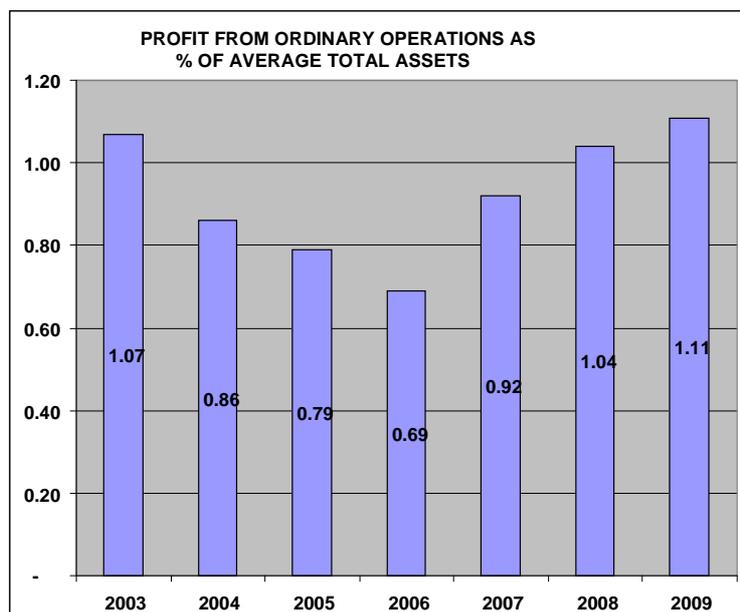
Investments in bonds and interest rate swaps are entered into as hedging transactions on the basis of an overall evaluation of interest rate risk in the company's balance sheet. Discounts and premiums in respect of underlying items on the balance sheet are accrued in accordance with the period to maturity 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 75.1 million, of which NOK 76.2 million relates to tax payable and NOK -1.1 million was due to changes in deferred tax.

The net profit for the year after tax corresponds to a return on equity of 7.91% (8.87%) 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 6.09%.

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 75.1 million, of NOK 221.6 million. The Board of Directors will propose to the Annual General Meeting to be held on 18 March 2010 that the company should transfer the post-tax profit for the year to the company's equity reserves. The Board is of the view that the company's total equity and capital adequacy following the allocation will continue to be sound, and well within the limits laid down by Norwegian and international legislation on capital adequacy.

Lending activities

Gross instalment lending at 31 December 2009 amounted to NOK 57 million (NOK 23,411 million). In addition, the company owns a residential mortgage loan portfolio of approximately NOK 82 billion that it purchased from Nordea Bank Norge ASA. The consideration for this purchase was principally provided by Nordea Bank Norge ASA purchasing covered bonds issued by the company. The loan portfolio is fully guaranteed by Nordea Bank Norge ASA, which accordingly retains the entire risk exposure in respect of the loan portfolio (i.e. credit risk, liquidity risk and interest rate risk). Accordingly, the company does not carry the loan portfolio on its balance sheet, but has netted the amount due to Nordea Bank Norge ASA against the covered bonds in accordance with the IFRS requirements.

The maximum exposure to credit risk by Nordea Eiendomskreditt AS at the close of 2009 was NOK 67 million (NOK 23,657 million).

Plans have been made for Nordea Eiendomskreditt AS to take over the full risk for this mortgage loan portfolio during the course of the first quarter of 2010. Once this has happened, the gross amounts of the loan portfolio and the bonds issued will be carried in full on Nordea Eiendomskreditt's balance sheet.

Loan losses and write-downs

Loan losses and write-downs for 2009 showed a net write-back of NOK 5.1 million (write-back of NOK 6.5 million). Total loan write-downs amounted to NOK 0 million (NOK 6.4 million) at year-end. Following the transfer of the commercial property loan portfolio to Nordea Bank Norge ASA, the company no longer has any basis to recognise loan losses on commercial property lending. The residential mortgage portfolio of

NOK 57.2 million outstanding at year-end is newly acquired, and this portfolio had no bad or doubtful debts at the time of acquisition.

The company did not have any loans that were in default by more than 90 days at the end of 2009 or 2008. Nordea Eiendomskreditt AS held no repossessed properties at year-end. The company does not expect any material losses to arise from its residential mortgage loan portfolio since the portfolio is made up of well secured loans, and the Nordea group has historically incurred only low losses on residential mortgage lending.

Effect of future changes in credit risk

Historically, the company has been exposed to the commercial property market. In 2010, the company will take on full exposure to credit risk, interest rate risk and liquidity risk in respect of the residential mortgage loan portfolio purchased from Nordea Bank Norge ASA. The borrowers that make up this portfolio represent a cross-section of Norwegian households with residential mortgages. The outlook for the financial standing of Norwegian households is therefore of crucial importance for the payment capacity of these borrowers. Their capacity is also of central importance to demand for residential properties and outlook for the prices of residential properties.

Funding

As part of the restructuring of Nordea Eiendomskreditt AS, the debtor for all bonds issued to finance the company's former commercial property portfolio has been changed from Nordea Eiendomskreditt to Nordea Bank Norge ASA. All derivatives contracts related to the former commercial property activities have also been transferred from Nordea Eiendomskreditt to Nordea Bank Norge ASA. With effect from 2010, Nordea Eiendomskreditt will operate as a specialised mortgage credit institution with the business objective of issuing covered bonds that are secured against a portfolio of residential mortgage loans.

Covered bonds are a type of bond that are secured against a portfolio of assets, most usually a portfolio of loans for the purchase of residential property with a charge against the properties financed. The security provided, together with various formal requirements, allow such covered bonds to achieve an extremely good credit rating. Given a good standard of mortgage collateral and satisfactory compliance with the other formal requirements, covered bonds can achieve an AAA ("triple-A") rating, which is the best rating category available. Highly rated bonds achieve a better price in the market than lower rated bonds, and therefore represent an attractively priced source of financing for Nordea. Our most important competitors have already issued triple-A rated covered bonds. Nordea Bank Norge ASA has a sizeable portfolio of suitable residential mortgage loans, and wishes to make use of this lending to arrange cheaper financing by accessing the market for covered bonds.

Financial and commercial risk factors

Starting in 2010, Nordea Eiendomskreditt will be exposed to the residential property market. In addition to the credit risk involved in this market segment, the company will also be exposed to market risk, liquidity risk, and operational risk.

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 2009, Nordea Eiendoms kreditt's interest rate sensitivity was approximately NOK -0.15 million calculated in relation to a parallel shift in the yield curve of 1 percentage point. This implies that Nordea Eiendoms kreditt AS would gain NOK 0.15 million in the event of a 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 change 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 2008 was NOK 18.8 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 Eiendoms kreditt AS refinances its funding arrangements as they fall due for repayment. Mortgage credit institutions can normally pass on any increase in funding costs to their borrowers. In addition to its own series of issued bonds, Nordea Eiendoms kreditt 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 Eiendoms kreditt 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 Eiendoms kreditt AS does not take on any exposure to currency risk. In the same way as banks, mortgage credit 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 Eiendoms kreditt'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 Eiendoms kreditt 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 Eiendoms kreditt AS is 100% owned by Nordea Bank Norge ASA, which publishes information on Nordea Eiendoms kreditt AS on a consolidated basis in its annual report and annual accounts.

However, Nordea Eiendoms kreditt 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 20: Capital adequacy.

In addition, Nordea Eiendoms kreditt 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 Eiendoms kreditt AS by the Nordea group, and the group's evaluation and decisions are then considered for approval by the Board of Directors of Nordea Eiendoms kreditt 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 2,757 million at the end of 2009, calculated in accordance with Basle II. The capital base is made up entirely of core capital.

As a result of the planned transfer of the risk exposure associated with the mortgage loan portfolio of NOK 82 billion, Nordea Eiendomskreditt will be subject to capital adequacy requirements in respect of this portfolio. The authorities have decided to extend the transition period between the Basel I and Basel II regulations, and as a consequence Nordea Eiendomskreditt will need further capital injections. This will be resolved by the company receiving additional capital from Nordea Bank Norge ASA.

The capital ratio at the close of 2009 was 152.26%, (13.17%). The minimum capital requirement is 8.0%.

Total assets

Total assets amounted to NOK 3,439 million at the end of 2009 (NOK 24,430 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 2009, Nordea Eiendomskreditt AS had 27 (29) employees. Staffing was equivalent to 26.3 (27.2) full time equivalent positions. With effect from 1 January 2010, the company will only have one employee. The other employees have either transferred to employment with Nordea Bank Norge ASA or have ceased to work for the group. Employees who have not been offered employment elsewhere in the group have received termination packages. The working environment in 2009 was affected to a large extent by the on-going process of staff reduction and the discontinuation of the company's operational activities.

Absence due to sickness during 2009 amounted to 1.2% (0.87%). A total of 182 (134) working days were lost to sickness in 2009. No accidents or injuries were incurred by employees while at work during the preceding year.

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

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

With effect from the start of 2010, the company only has one employee and no specific measures for gender equality have been implemented.

Future prospects

Nordea expects the Norwegian economy to continue to improve in 2010. Conditions in the credit market are expected to stabilise in pace with the economic recovery. The Board of Directors expects the company's earnings and financial condition to again be satisfactory in 2010.

Oslo, 11 February 2010
Translation - not to be signed

Jon Brenden
Chairman

Børre Gundersen

Fanny Borgström

Eva Jarbekk

Monica Blix

Income Statement

NOK 1000

	Note	2009	2008
Interest and related income			
Interest and related income on loans and deposits with financial institutions	24	34.847	3.409
Interest and related income on loans to customers		815.190	1.591.947
Interest and related income on commercial paper, bonds and other interest bearing securities		2.193	3.009
Other interest and related income		100.599	4.526
Total interest and related income		952.828	1.602.891
Interest and related expense			
Interest and related expense on liabilities to financial institutions	24	373.242	1.195.459
Interest and related expense on securities issued		145.328	53.614
Other interest and related expense		99.650	(4.316)
Total interest and related expense		618.220	1.244.757
Net interest income		334.609	358.133
Total commission and fee income from banking services	3	290	427
Total commission and fee expense for banking services	3, 24	661	710
Net gains/losses on items at fair value			
Unrealised gains/losses		640	113
Realised gains/losses		-61	18.061
Total net gains/losses on items at fair value	4, 24	579	18.174
Other operating income			
Real estate operating income		-	-
Other operating income		4.767	8
Other operating income		4.767	8
Net operating income		339.584	376.032
Staff costs and general administration expenses			
Salaries	5	24.037	20.816
Pension costs	5, 18	6.033	3.144
Social security payments	5	4.259	3.918
Administration expenses	6, 24	9.080	10.180
Total staff costs and general administration expenses		43.409	38.058
Depreciation of tangible fixed assets	6, 7	337	379
Other operating expenses			
Real estate operating expenses	6	120	98
Other operating expenses	6, 24	4.058	3.486
Total other operating expenses		4.178	3.584
Total operating expenses		47.924	42.020
Operating profit before loan losses and tax		291.660	334.011
Loan losses (negative figures are reversals)	8	(5.081)	(6.515)
Operating profit before tax		296.741	340.526
Income tax expense	9	75.147	95.534
Net profit for the year		221.594	244.992
Allocated to:			
Shareholders of Nordea Eiendomskreditt AS		221.594	244.992
Minority interest			0
Total allocation		221.594	244.992
Earnings per share, NOK		14,45	15,97
The entire issued share capital is held by Nordea Bank Norge ASA			

Statement of comprehensive income

NOK 1000	2009	2008
Net profit for the year	221.594	244.992
Other comprehensive income	179	163
Total comprehensive income	221.773	245.156
Allocated to:		
Shareholders of Nordea Eiendomskreditt AS	221.773	245.156
Minority interest	0	0
Total allocation	221.773	245.156

Balance sheet

NOK 1000	Note	Pr. 31.12.2009	Pr. 31.12.2008
Assets			
Cash and balances with central banks		2	3
Loans and receivables to credit institutions			
Loans and receivables to credit institutions, payable on demand	24	8.417	33.407
Loans and receivables to credit institutions, fixed terms		3.147.000	500.000
Total loans and receivables to credit institutions		3.155.417	533.407
Loans and receivables to the public			
Instalment loans	11, 12, 13	57.190	23.411.200
Write-downs of individual loans	8, 10	-	(2.441)
Write-downs of groups of loans	8, 10	-	(4.000)
Total net loans and receivables to the public		57.190	23.404.760
Interest-bearing securities			
Interest bearing securities issued by central and local government		-	49.979
Interest bearing securities - other issuers		-	-
Total interest-bearing securities	14	-	49.979
Shares and other non fixed-income securities			
Shares		-	-
Total shares and other non fixed-income securities		-	-
Intangible assets			
Deferred tax assets	9	4.144	3.083
Total intangible assets		4.144	3.083
Property and equipment			
Machinery and equipment		-	2.382
Buildings in own use		-	1.694
Total property and equipment	7	-	4.076
Other assets			
Derivatives and fair value changes of the hedged items in portfolio		-	202.295
hedge of interest rate risk	15	-	202.295
Other assets		221.865	1.770
Total other assets		221.865	204.066
Prepaid expenses and accrued income			
Accrued income	24	232	230.070
Prepaid expenses		172	374
Total prepaid expenses and accrued income		404	230.445
Total assets		3.439.023	24.429.818
Note 21, 22, 23, 25			

Balance sheet

NOK 1000	Note	Pr. 31.12.2009	Pr. 31.12.2008
Liabilities and equity			
Deposits by credit institutions			
Loans and deposits from financial institutions - not fixed term	17, 24	59.840	
Deposits by credit institutions - fixed term	17, 24	-	19.325.612
Total deposits by credit institutions		59.840	19.325.612
Debt securities in issue			
Bond loans		-	1.423.588
- own holdings of non-amortised bonds		-	(234.093)
Total debt securities in issue	16, 17	-	1.189.494
Other liabilities			
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	15	2.587	203.333
Current tax liabilities	9	76.208	95.847
Accounts payable		375	136
Other liabilities		1.059	859
Total other liabilities		80.229	300.175
Accrued expenses and prepaid income	24	15.983	309.074
Provisions for other liabilities and expenses			
Retirement benefit obligations	18	22.144	21.360
Deferred tax			
Total provisions for other liabilities and expenses		22.144	21.360
Subordinated liabilities			
Subordinated loan capital	21, 22	500.000	500.000
Repayable members' contributions		-	249
Total subordinated liabilities		500.000	500.249
Equity			
Share capital	24	1.533.627	1.533.627
Retained earnings		1.005.605	1.005.234
Other reserves		-	-
Total		2.539.232	2.538.861
Net profit for the year		221.594	244.992
Total Equity		2.760.826	2.783.853
Total liabilities and equity		3.439.023	24.429.818

Note 21, 22, 23, 25

Analysis of movements in equity

NOK 1000	Share capital ¹⁾	Other equity	Total equity
Balance at 1 Jan 2009	1.533.627	1.250.226	2.783.853
Group contribution 2008		-244.800	-244.800
Share-based payments (LTIP, note 5)		179	179
Net profit for the year		221.594	221.594
Balance at 31 Dec 2009	1.533.627	1.227.199	2.760.826

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	1.250.226	2.783.853

¹⁾ The company's share capital at 31 Dec 2009 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.

Oslo, 11 February 2010
Translation - not to be signed

Jon Brenden
Chairman

Børre Gundersen

Fanny Borgström

Eva Jarbekk

Monica Blix

Cash flow analysis

(NOK 1000)	2009	2008
Profit before tax	296.741	340.526
Tax	(75.147)	(95.534)
Ordinary depreciation	337	379
Change in write-downs to provide for loan losses	(6.441)	(9.700)
Cash flow from operations	215.490	235.672
Change in loans to the public	23.354.010	(67.099)
Change in debt securities in issue	(1.189.494)	(10.588)
Change in deposits by credit institutions	(19.265.772)	6.478
Change in other receivables	211.180	(141.231)
Change in other liabilities	(512.252)	184.521
A Net cash flow from operating activities	2.813.161	207.753
Purchase/sale of tangible fixed assets	3.740	(420)
Change in loans and receivables to credit institutions, fixed terms	(2.647.000)	(500.000)
Change in subordinated loan capital	0	500.000
Change in holdings of bearer bonds issued by others	49.979	(9)
B Cash flow from investing activities	(2.593.281)	(429)
Group contribution/dividend paid	(244.800)	(190.800)
Reduction in members' contributions	(249)	(610)
Recognised directly in equity	179	163
C Cash flow from financing activities	(244.871)	(191.247)
A+B+C Net change in liquidity	(24.991)	16.077
Liquid assets at 1 January	33.409	17.333
Liquid assets as at 31 december	8.419	33.409

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 Nordea Eiendomskreditt 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 21 '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 Nordea Eiendomskreditt'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*. Nordea Eiendomskreditt 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

Nordea Eiendomskreditt 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 is 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.

Reposessed properties

Reposessed properties are valued at the estimated realisable market value when reposessed. 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 Eiendoms kreditt 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 to all practical purposes is managed as a single segment. The services provided by Nordea Eiendoms kreditt AS are judged to be subject to the same risks and yield requirements. Nordea Eiendoms kreditt AS is part of the Nordic Banking segment of the Nordea Bank Norge group.

Note 3 Net fee and commission income

NOK 1000	2009	2008	2007
Lending	290	427	348
Guarantees	0	0	0
Total fees from lending	290	427	348
Other fees	0	0	0
Total fee and commission income	290	427	348
Payment expenses	-18	-53	-14
Guarantees payments to Group companies	-643	-656	-47
Total fee and commission expenses	-661	-710	-61
Net fee and commission income	-371	-283	286

Note 4 Net gain/losses on items at fair value

NOK 1000	2009	2008
Shares		
Interest-bearing securities	-3.481	1.479
Other financial instruments	4.243	16.573
Foreign exchange gains/losses	-183	122
Total	579	18.174

Net gains/losses for categories of financial instruments

NOK 1000	2009	2008
Available for sale assets, realised		
Foreign currency derivatives	-183	122
Financial instruments held for trading	0	19.513
Financial instruments under hedge accounting	762	-1.461
- of which net losses on hedged items	-15.442	97.980
- of which net gains on hedging instruments	16.204	-99.441
Total	579	18.174

Note 5 Staff cost and remuneration to senior executives

NOK 1000	2009	2008
Salary and remuneration	23,333	20,658
Pension costs (note 18)	6,033	3,144
Social security contribution	3,325	2,500
Allocation to profit-sharing	908	302
Other staff costs	730	1,274
Total	34,329	27,878
Number of employees at 31 Dec	27	29
Number of full time equivalents at 31 Dec	28,4	31,2
Loans to the Chairman of the Committee of Representatives, members of the Board and Control Committee, or to companies where such persons are officers/board members	0	0
Auditor's fee (statutory audit and half-year review)	717	173
- of which ordinary audit fee	699	173
-of which other services	18	0

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.

	Fixed salary and fees	Variable salary	Other benefits	Pensions	Total remunerations
Executive management of Nordea Eiendomskreditt AS					
Jan Fredrik Thronsen, working Chairman of the Board					
Svein Dugstad, Managing director	1.308	134	42	397	1.881
Total for the executive management	1.308	134	42	397	1.881
Board of Directors of Nordea Eiendomskreditt AS					
Peter Groth	120				120
Peder Brinkman Backe	120				120
Per Skaug	120				120
Vigdis Bruland (1.1. - 21.4.2009) employee representative (reduced position)	162	7	5	46	220
Erik Tellefsen (21.4. - 31.12.2009) employee representative	581	79	50	141	851
Total for the directors of Nordea Eiendomskreditt AS	1.103	86	55	187	1.431
Control Committee of Nordea Eiendomskreditt AS					
Anders Ingebrigtsen, leder	78				78
Thorleif Haug	54				54
Berit Stokke	54				54
Tom Knoff (varamedlem)	54				54
Total for the Control Committee of Nordea Eiendomskreditt AS	240	-	-	-	240
Total remuneration of executive management and elected officers of Nordea Eiendomskreditt AS	2.651	220	97	584	3.553

No director's fee is paid to directors who are employees of the Nordea group. The chairman of the board is employed by Nordea Bank Norge ASA, and Nordea Eiendomskreditt has during 2009 paid a compensation to Nordea Bank Norge of tnok 1.032 related to services carried out as working chairman of the company.

In addition, fees totalling NOK 9.000 were paid to the three external members of the Committee of Representatives; Eivind Grov, Kim Erla and Kaare Krane.

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 specific compensation 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	2009	2008	2007
IT-related expenses	1.254	825	732
Marketing	653	1.339	1.598
Postage, telephone and office expenses	714	590	1.020
Services bought from Group companies	5.348	5.634	4.132
Other administration expenses	1.111	1.793	1.886
Total administration expenses	9.080	10.180	9.367
Depreciation	337	379	381
Real estate	120	98	71
Rents	3.083	2.740	2.430
Auditors' fee	467	373	209
Other operating expenses	508	372	388
Total	13.595	14.143	12.846

Note 7 Property and equipment

NOK 1000	31 Dec 2009		31 Dec 2008	
	Equipment	Real estate	Equipment	Real estate
Acquisition value at 1 January	6.572	1.694	6.152	1.694
Acquisitions during the year	53		420	
Sales/disposals during the year	-6.625	-1.694		
Acquisition value at 31 December	0	0	6.572	1.694
Accumulated depreciation at 1 January	4.190		3.811	
Accumulated depreciation on sales/disposals during the year	-4.527			
Depreciations according to plan for the year	337		379	
Accumulated depreciation at 31 December	0		4.190	
Book value at 31 December	0	0	2.382	1.694

Nordea Eiendoms kreditt did not hold any repossessed properties at 31 Dec 2009.

Note 8 Loan losses

NOK 1000	2009	2008
Specification of changes in loan losses		
Change in allowances for individually assessed loans	-1.108	-9.700
Change in allowances for collectively assessed loans	-4.000	0
Realised loan losses in the period	76	3.377
Recoveries of loan losses realised previous years	-49	-192
Total loan losses for the year	-5.081	-6.515

Specification of allowances for individually assessed loans ¹

Opening balance at 1 January	2.441	12.140
Increased and new allowances this year	0	0
Allowances on loans sold during the year	-1.333	0
Reversals of allowances made in previous years	-1.108	-9.700
Closing balance at 31 December	0	2.441

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

Accrued interest on impaired loans amounted to NOK 0,0 mill. at 31 Dec 2009.

Note 9 Income tax expense

Income tax expense for the year

NOK 1000	2009	2008
Current tax	76.208	95.847
Deferred tax	-1.061	-313
Total	75.147	95.534

Calculation of income tax expense

NOK 1000	2009	2008
Profit before tax	296.741	340.526
Tax calculated at a tax rate of 28%	83.087	95.347
Non-deductible expenses	25.170	187
Tax exempt income	-32.784	
Dissolution of temporary differences	-327	
Adjustments relating to prior years		
Total tax charge	75.147	95.534

Average effective tax rate	25,3 %	28,1 %
----------------------------	--------	--------

Deferred tax

NOK 1000	2009	2008
Deferred tax expense (-) / income (+)		
Deferred tax due to temporary differences	1.061	313
Income tax expense, net	1.061	313

Deferred tax assets

Deferred tax assets due to tax losses

Deferred tax assets due to temporary differences:

- Retirement benefit obligations	6.200	5.981
- Tangible assets	0	228
- Financial instruments	0	-555
- Other	-2.056	-2.570
Deferred tax assets, net	4.144	3.083

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 4.144.207,- is carried in the balance sheet in full since the company expects to be able to offset this against future earnings. Nordea Eiendoms kreditt had no tax losses carried forward at 31.12.2009.

Note 10 Loans and receivables and their impairment

NOK 1000	31 Dec 2009	31 Dec 2008
Loans and receivables, not impaired	57.190	23.362.460
Impaired loans and receivables;	0	48.740
- Performing	0	47.979
- Non-performing	0	762
Loans and receivables before allowances	57.190	23.411.200
Allowances for individually assessed impaired loans;	0	-2.441
- Performing	0	-2.441
- Non-performing	0	0
Allowances for collectively assessed impaired loans	0	-4.000
Allowances	0	-6.441
Loans and receivables, book value	57.190	23.404.760

Remaining maturity	31 Dec 2009	31 Dec 2008
Payable on demand	20.744	-4.000
Maximin 3 months	0	233.442
3–12 months	31.278	510.686
1–5 years	4.168	3.285.334
More than 5 years	1.000	19.379.298
Total	57.190	23.404.760

Reconciliation of allowance accounts for impaired loans¹

NOK 1000	Individually assessed	Collectively assessed	Total
Opening balance at 1 Jan 2009	2.441	4.000	6.441
Provisions	0	0	0
Reversals	-2.441	-4.000	-6.441
Changes through the income statement	-2.441	-4.000	-6.441
Allowances used to cover write-offs	0	0	0
Closing balance at 31 Dec 2009	0	0	0

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

¹ See Note 8 Loan losses

Key figures

	31 Dec 2009	31 Dec 2008
Impairment rate, gross ² , in %	0,00	0,21
Impairment rate, net ³ , in %	0,00	0,20
Total allowance rate ⁴ , in %	0,00	0,03
Allowance rate, impaired loans ⁵ , in %		5,01
Non-performing loans, not impaired ⁶ , in NOK 1000	0	0

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.	2009			2008		
	Gross lending	Impaired loans	Individual write-offs	Gross lending	Impaired loans	Individual write-offs
Municipal and county authorities						
Other financial enterprises						
Retail market	57			22		
Primary industries				7		
Industry and mining				380		
Building and construction, power and water supply				18		
Wholesale and retail trade, hotels and restaurants				1.023	3	0
International shipping and pipelines				37		
Other transportation, post and telecommunications				1		
Real estate and commercial services				21.614	44	2
Other service industries				309	2	-
Total	57	-	-	23.411	49	2

Note 12 Geographical breakdown by category

NOK mill.	2009	2008
Østfold		444
Akershus	12	2.415
Oslo	41	9.709
Hedmark		144
Oppland		429
Buskerud		2.107
Vestfold	0	437
Telemark		378
Aust-Agder		32
Vest-Agder	1	101
Rogaland		1.080
Hordaland		4.302
Sogn og Fjordane		223
Møre og Romsdal		926
Sør-Trøndelag		16
Nord-Trøndelag		98
Nordland	1	380
Troms		188
Finnmark		1
	56	23.411
USA	1	
Switzerland	0	
Total	57	23.411

Note 13 Breakdown of lending by category

NOK 1000

Category	At 31 Dec 2009	% 2009	At 31 Dec 2008	% 2008
6 (+ and -)	-	0,00 %	233.000	1,00 %
5 (+ and -)	-	0,00 %	3.560.450	15,21 %
4 (+ and -)	-	0,00 %	13.879.370	59,29 %
3 (+ and -)	-	0,00 %	5.615.685	23,99 %
2 (+ and -)	-	0,00 %	44.826	0,19 %
1 (+ and -)	-	0,00 %	1.128	0,00 %
Impaired loans	-	0,00 %	48.740	0,21 %
Not categorised	57.190	100,00 %	28.001	0,12 %
Total	57.190	100,00 %	23.411.200	100,00 %

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.

The loan portfolio at 31 December 2009 is residential mortgage loans. Residential loans are not categorised.

Note 14 Interest-bearing securities

NOK 1000

	31 Dec 2009			31 Dec 2008		
	Cost	Book value	Market value	Cost	Book value	Market value
Government and government-guaranteed bonds	0	0	0	49.908	49.979	55.350
Bonds issued/guaranteed by financial institutions	0	0	0	0	0	0
Bonds issued/guaranteed by others	0	0	0	0	0	0
Total	0	0	0	49.908	49.979	55.350
Listed securities	0	0	0	49.908	49.979	55.350
Unlisted securities	0	0	0	0	0	0
Total	0	0	0	49.908	49.979	55.350
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	0		0,00 %	49.979		6,01 %
Total	0		0,00 %	49.979		6,01 %

Note 15 Derivatives

31 Dec 2009

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
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	0	0	0
Total	0	0	0
Foreign exchange derivatives:			
FX Forward	0		0
Total derivatives	0	0	0

31 Dec 2008

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
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

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

Assets

NOK 1000	2009	2008
Booked unrealised gain/loss at beginning of the year	94.199	-46.856
Revaluation of hedged items during the year	-94.199	141.054
Booked unrealised gain/loss at end of the year	0	94.199

Whereof expected maturity later than 1 year 93.279

Liabilities

NOK 1000	2008	2008
Booked unrealised gain/loss at beginning of the year	78.756	35.682
Revaluation of hedged items during the year	-78.756	43.075
Booked unrealised gain/loss at end of the year	0	78.756

Whereof expected maturity later than 1 year 78.756

Note 17 Debt securities in issue and loans from financial institutions

NOK 1000	31 Dec 2009	31 Dec 2008
Loans and deposits from financial institutions with no fixed maturity	59.840	0
Loans and deposits from financial institutions for a fixed term	500.000	19.825.612
Bond loans issued	0	1.423.588
Holdings of own bonds	0	-234.093
Total	559.840	21.015.106

Maturity information

Maximum 1 year	559.840	19.149.138
More than 1 year	0	1.865.968
Total	559.840	21.015.106

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 Wassum AS. The company also has unfunded pension liabilities towards certain former employees. The pension schemes encompass 46 people (46), of whom 16 (18) received pension as at 31 December 2009. The average member age in the pension schemes is 58 (58).

Defined benefit plans

IAS 19 secures that the market based value of pension obligations net of assets backing these obligations will be reflected in Nordea Eiendomskreditt'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 liabilities 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	2009	2008
Discount rate	4,5 %	4,5 %
Salary increase	3,5 %	3,5 %
Inflation	2,0 %	2,0 %
Expected return on assets before taxes	5,5 %	5,5 %
Expected adjustments of current pensions	2,5 %	2,0 %
Expected adjustments of basic Social Security	3,0 %	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 2009 was 7.8% (-3.1%) 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 12% (9%) of total assets.

Asset composition in Nordea Norge Pension Fund

	2009	2008
Equity	12 %	9 %
Bonds	68 %	71 %
Cash	6 %	
Real estate	15 %	20 %

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 22,1 mill. (NOK 21,4 mill.).

Amounts recognised in the balance sheet

NOK 1000	2009	2008
PBO (present value of pension obligations) (incl. soc. sec. tax)	85.910	82.646
Assets	41.574	39.832
Funded status - surplus/deficit (-)	-44.336	-42.814
Unrecognised actuarial gains(-)/losses	22.191	21.454
Unrecognised past service costs		
Funded status in the balance sheet	22.145	21.360
Of which		
retirement benefit assets	0	0
retirement benefit obligations	22.145	21.360
- whereof related to unfunded plans (PBO)	16.956	15.049

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

Changes in the PBO

NOK 1000	2009	2008
PBO at 1 January	80.006	65.816
Service cost	2.704	2.277
Interest cost	3.546	3.234
Pensions paid	-2.064	-2.919
Curtailments and settlements	0	0
Past service cost	0	0
Actuarial gains (-) / losses	-1.018	11.598
Change in provision for Social Security Contribution	0	0
PBO at 31 December	83.174	80.006

Changes in the fair value of assets

NOK 1000	2009	2008
Assets at 1 January	39.832	37.741
Expected return on assets	2.286	2.265
Pensions paid	-1.251	-1.634
Contributions	3.807	4.399
Actuarial gains (-) / losses	-3.100	-2.939
Assets at 31 December	41.574	39.832
Actual return on plan assets	-814	-674

Defined benefit pension costs

The total net pension cost recognised in Nordea Eiendomskredit's income statement (as staff costs) for 2009 is NOK 6.033.000,- (NOK 3.153.000,-). The amount covers both funded and unfunded pension plans.

Recognised net defined benefit cost

NOK 1000	2009	2008
Service cost	2.704	2.277
Interest cost	3.546	3.234
Expected return on assets	-2.286	-2.265
Recognised actuarial gains(-) / losses	0	0
Recognised past service cost	0	0
Curtailments and settlements	0	0
Amortisation of effect of changes to estimates	1.345	438
Net cost	5.309	3.684
Accrued Social Security Contribution	724	-540
Pension cost on defined benefit plans	6.033	3.144

The pension cost in 2009 is as expected at the start of the year. In 2010, the company will not have other employees than the managing director, and the net pension cost is expected to be NOK 220.000,-.

Note 19 Commitments

NOK 1000	31 Dec 2009	31 Dec 2008
Financial derivatives	0	3.209.978
Accepted, not disbursed loans	10.001	32.535
Credit commitments	0	213.000
Other commitments (note 26)	5.506	6.270
Total	15.507	3.461.783

Note 20 Capital adequacy

Nordea Eiendoms kreditt 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 (subordinated loan capital). Nordea Eiendoms kreditt 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. The transition rules was late 2009 extended to apply also for 2010 and 2011 with 80% of the capital requirement according to Basel I.

Calculation of total capital base

NOK mill.	31 Dec 2009	31 Dec 2008
Equity ¹	2.761	2.784
Deferred tax assets	-4	-3
IRB-provisions excess (+) / shortfall (-) ²	0	-61
Actuarial loss on pension liabilities booked against equity ³	0	4
Tier 1 capital	2.757	2.723
Tier 2 capital	0	0
- of which perpetual subordinated loans	0	0
IRB-provisions excess (+) / shortfall (-) ²	0	0
Total capital base	2.757	2.723

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 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

NOK mill.	31 Dec 2009		31 Dec 2008	
	Capital requirement	Risk-weighted assets (RWA)	Capital requirement	Risk-weighted assets (RWA)
Credit risk	99	1.233	997	12.464
IRB foundation	18	222	984	12.301
- of which corporate	0	0	975	12.176
- of which institutions	0	0	0	4
- of which retail	0	0	9	118
of which retail SME	0	0	4	54
of which retail real estate	0	0	3	33
of which retail other	0	0	2	30
- of which other	18	222	0	4
Standardised	81	1.011	13	163
- of which sovereign	0	0	0	4
- of which other	81	1.011	13	159
Market risk	0	0	0	0
Operational risk	46	578	33	408
Standardised	46	578	33	408
Sub total	145	1.811	1.030	12.875
Adjustment for floor rules				
Additional capital requirement according to transition rules	0	0	624	7.797
Total	145	1.811	1.654	20.672

Capital ratio

	31 Dec 2009	31 Dec 2008
Tier 1 ratio, in %	152,3 %	13,2 %
Capital ratio, in %	152,3 %	13,2 %

Analysis of capital requirements

Exposure classes	31 Dec 2009	
	Average risk weight	Capital requirement
Corporate	0 %	0
Institutions	0 %	0
Retail	0 %	0
Sovereign	0 %	0
Other	23 %	99
Total credit risk		99

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 information in the Report for the year.

Note 21 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 2009

NOK 1000	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Assets						
Cash and balances with central banks		2				2
Loans and receivables to credit institutions	3.155.417					3.155.417
Loans and receivables to the public	57.190					57.190
Interest-bearing securities						0
Shares						0
Derivatives						0
Fair value changes of the hedged items in portfolio hedge of interest rate risk						0
Property and equipment						0
Deferred tax assets					4.144	4.144
Other assets	221.865					221.865
Prepaid expenses and accrued income	404					404
Total assets	3.434.878	0	0	0	4.144	3.439.023

	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Liabilities					
Deposits by credit institutions			59.840		59.840
Debt securities in issue					0
Derivatives		2.587			2.587
Fair value changes of the hedged items in portfolio hedge of interest rate risk					0
Current tax liabilities				76.208	76.208
Other liabilities				1.434	1.434
Accrued expenses and prepaid income				15.983	15.983
Retirement benefit obligations				22.144	22.144
Subordinated liabilities			500.000		500.000
Total liabilities	0	2.587	559.840	115.769	678.196

31 Dec 2008

NOK 1000	Loans and receivables	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	2.473.102	108.097	0	7.160	24.429.818

NOK 1000	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			500.000	249	500.249
Total liabilities	953.756	123.130	20.140.106	428.972	21.645.964

Note 22 Assets and liabilities at fair value

NOK 1000	31 Dec 2009		31 Dec 2008	
	Book value	Fair value	Book value	Fair value
Assets				
Cash and balances with sentral banks	2	2	3	3
Loans and receivables to credit institutions	3.155.417	3.155.352	533.407	533.434
Loans and receivables to the public	57.190	57.190	23.404.760	23.433.400
Interest-bearing securities	0	0	49.979	49.979
Derivatives	0	0	108.097	108.097
interest rate risk	0	0	94.199	94.199
Property and equipment	0	0	4.076	4.076
Deferred tax assets	4.144	4.144	3.083	3.083
Other assets	221.865	221.865	1.770	1.770
Prepaid expenses and accrued income	404	404	230.445	230.445
Total assets	3.439.023	3.438.958	24.429.818	24.458.485

	Book value	Fair value	Book value	Fair value
Liabilities				
Deposits by credit institutions	59.840	59.840	19.325.612	19.349.236
Debt securities in issue	0	0	1.189.494	1.217.736
Derivatives	2.587	2.587	123.130	123.130
interest rate risk	0	0	78.756	78.756
Current tax liabilities	76.208	76.208	95.847	95.847
Other liabilities	1.434	1.434	2.441	2.441
Accrued expenses and prepaid income	15.983	15.983	309.074	309.074
Retirement benefit obligations	22.144	44.336	21.360	42.814
Subordinated liabilities	500.000	507.396	500.249	514.956
Total liabilities	678.196	707.783	21.645.963	21.733.990

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 where this equals book value, and where fair value differs from nominal value:

NOK 1000	31 Dec 2009		31 Dec 2008	
	Instruments with quoted prices (Level 1) ¹	Valuation technique using observable data (Level 2) ²	Instruments with quoted prices (Level 1) ¹	Valuation technique using observable data (Level 2) ²
Assets				
Loans and receivables to the public				2.419.643
Interest-bearing securities			53.460	
Derivatives				108.097
Total assets	0	0	53.460	2.527.740
Liabilities				
Debt securities in issue				953.756
Derivatives				123.130
Total liabilities	0	0	0	1.076.886

¹Level 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 23 Assets and liabilities in foreign currencies

31 Dec 2009

NOK 1000	EUR	SEK	NOK	USD	Other	Total
Assets						
Loans and receivables to credit institutions	61	1.462	3.152.085	307	1.501	3.155.417
Loans and receivables to the public	0	0	57.190	0	0	57.190
Interest-bearing securities			0			0
Other assets	0	0	226.416	0	0	226.416
Total assets	61	1.462	3.435.691	307	1.501	3.439.023
Liabilities						
Deposits by credit institutions	0	0	559.840	0	0	559.840
Debt securities in issue			0			0
Subordinated liabilities			0			0
Other liabilities and equity	0	0	2.879.183	0	0	2.879.183
Total liabilities	0	0	3.439.023	0	0	3.439.023
Position not reported in the balance sheet	0	0	0	0	0	0
Net position currencies	61	1.462	-3.331	307	1.501	0

31 Dec 2008

NOK 1000	EUR	SEK	NOK	USD	Andre	Sum
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	24.429.818
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	24.429.818
Position not reported in the balance sheet					924	6.053
Net position currencies	52	1.357	-1.758	143	1.129	6.053

Note 24 Related-party transactions

NOK 1000	2009			2008		
	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	34.847			3.409		
Net gains/losses on items at fair value		-31.616			15.319	
Total income	34.847	-31.616		3.409	15.319	
Interest expenses - kredittinst	372.751	45		1.175.937	54	
Interest and related expense on securities issued	81.658	-20.872		9.920	-5.204	
Total commission and fee expense for banking services	661			710		
Other operating expenses	8.886		4.223	8.811		2.207
Total expenses	463.955	-20.826	4.223	1.195.378	-5.150	2.207
Proposed group contribution	-	-		244.800	-	
Balance sheet						
Loans and receivables to credit institutions	3.155.415	-		533.407	-	
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-		-	72.767	
Other assets	222.026					
Total assets	3.377.441	-		533.407	72.767	
Deposits by credit institutions	59.840	-		19.323.844	1.768	
Derivatives and fair value changes of the hedged items in portfolio hedge of interest rate risk		-			28.260	
Accrued expenses and prepaid income	9.039	-		230.406	6	
Subordinated loan capital	500.000			500.000		
Share capital	1.533.627	-		1.533.627	-	
Total liabilities and equity	2.102.506	-		21.587.878	30.033	

Nordea Eiendomskredit AS does not have essential transactions with Group companies other than recognised above. Nordea Eiendomskredit 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 Eiendomskredit 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 25 Maturity structure of balance sheet items

Specification of balance sheet items distributed by maturity date	Payable on demand	Max 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	8	2.647	500				3.155
Loans to the public			31	1	4	21	57
Interest-bearing securities							0
Shares							0
Derivatives							0
Fair value changes of the hedged items in portfolio hedge of interest rate risk							0
Property and equipment							0
Deferred tax assets						4	4
Other assets		222					222
Prepaid expenses and accrued income		0					0
Total assets	8	2.869	531	1	4	25	3.439
Liabilities and equity							
Liabilities to financial institutions	60						60
Debt securities in issue							0
Derivatives		3					3
Fair value changes of the hedged items in portfolio hedge of interest rate risk							0
Current tax liabilities			76				76
Other liabilities			1				1
Accrued expenses and prepaid income		6	10	0			16
Retirement benefit obligations					22		22
Subordinated liabilities		500					500
Equity						2.761	2.761
Total liabilities and equity	60	508	88	0	22	2.761	3.439
Net total on all items	-51	2.361	443	1	-18	-2.736	0

Explanation to the note:

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

Note 26 Joint and several contingent liability

Den norske Bank ASA (formerly DnB Boligkreditt AS/Den Østenfjelske Bykredittforening), Nordea Eiendomskreditt AS (formerly Norgeskreditt AS/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 2009 amounted to NOK 5.5 mill. Nordea Eiendomskreditt's share of the portfolio amounted to NOK 0.0 mill.

Note 27 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 2009:

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 24.

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 28 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. This was further increased to 5 years' government bonds in May 2009 for new transactions. 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.

Further in May 2009 Nordea Bank Norge and Nordea Eiendomskreditt entered into the same type of transaction as described above, at same conditions and agreement. The amount of loans sold in May 2009 was NOK 62bn. 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, both for the transfer done in December 2008 and in May 2009. This is in principal explained by the fact that the loans in the portfolio 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 82,0 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 transactions, in NOKm:

	Balanse Nordea Eiendomskreditt AS 31 Dec 2009	Balanse Nordea Eiendomskreditt AS 31 Dec 2008
Mortgage portfolio, bought from Nordea Bank Norge	82.038	24.402
Covered bonds issued as partial payment for the mortgage portfolio	(65.000)	(15.000)
Loan from Nordea Bank Norge as partial payment for the mortgage portfolio (trade credit)	(17.038)	(9.402)
Subordinated loan from Nordea Bank Norge	(500)	(500)
Deposit, received from Nordea Bank Norge for the subordinated loan	500	500
Net balance sheet effect per 31 December	0	0

The long term goal is to transfer the corresponding risk related to the loan portfolio to NE and to use the issued covered bonds in other business transactions to raise competitive funding. In Q4 2009 a small amount of loans, a total of 60 loans at total NOK 57m was transferred including the risk. This transfer was done to test the technical and accounting solutions in order to secure a low risk when transferring the total remaining loan volume in the two previous transactions in 2010. According to IFRS, such transfer of credit risk will also affect the balance sheet of each legal entity, since the loans will be derecognised from NBNs balance sheet and recognised in NE. The NBN Group figures will remain unchanged. The arrangements to net the balance and PL effect in the previous set-up will then be terminated.

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
Bente Gram Rode	Administrative assistant, 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	
Vigdis Bruland	Assistant Manager, Nordea Eiendomskreditt AS, Bergen
Rita Honoré	Assistant Manager, Nordea Eiendomskreditt AS, Oslo

Control Committee

Members	Title
Anders Ingebrigtsen, Chair	Managing Director, Ocean Link Management AS, Oslo
Thorleif Haug, nestleder	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)
St. Jakobs plass 9
5008 Bergen

Board of Directors until January 12, 2010

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
Erik Tellefsen	Assistant Director, Nordea Eiendomskreditt AS	2009
(Elected by the employees)		
Anne Helen Birkeland	Nordea Eiendomskreditt AS	2009
(Deputy, elected by the employees)		

Board of Directors from January 12, 2010

Members	Title
Jon Brenden, (Chair)	Deputy Head of Banking Norway, Nordea Bank Norge ASA
Fanny Borgström	Head of group funding i Group Treasury, Nordea Bank AB
Børre Gundersen	Management partner for Head of Banking Norway, Nordea Bank Norge Asa
Eva Jarbekk	Lawyer and partner, Brækhus, Dege Advokatfirman ANS
Monica Blix	Controller, Infratek ASA

Management of Nordea Eiendomskreditt AS until 31.12.2009

Name	Title
Jan Fredrik Thronsen	Working Chairman, Oslo
Svein Dugstad	Managing Director, Oslo
Lending	
Erik Tellefsen	Assistant Director, Oslo
Lars Krüger	Assistant Director, Oslo
Andrè 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, Bergen
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 2009 including comparative figures as at 31 December 2008 (the “2009 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 2009 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 2009 and as at 31 December 2008.

The Board of Directors and the Managing Director consider that to the best of their knowledge the Board of Directors’ 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 2010
The Board of Directors Nordea Eiendomskreditt AS

Translation - not to be signed

Jon Brenden
Chairman

Børre Gundersen
Board member

Fanny Borgström
Board member

Eva Jarbekk
Board member

Monica Blix
Board member

Marianne Glatved
Managing Director

Report of the Control Committee

ANNUAL ACCOUNTS 2009

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

The Control Committee has supervised the company's activities during the 2009 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 2009. In the opinion of the Committee, the Annual Accounts have been prepared in accordance with the Norwegian Accounting Act and international standards for financial reporting issued by the EU. 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 2009.

With regard to other aspects of the Annual Report and Accounts, the Committee refers to the Auditor's Report of 11 February 2010 and concurs with the auditor's statement concerning the submitted accounts.

Oslo, 3 March 2010

Translation - not to be signed

Anders Ingebrigtsen
(Chairman)

Thorleif Haug
(Deputy Chairman)

Berit Stokke
(Member)

Tom Knoff
(Deputy Member)

Auditor's report for 2009



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To the Annual Shareholders' Meeting of Nordea Eiendomskreditt AS

AUDITOR'S REPORT FOR 2009

Respective Responsibilities of Directors and Auditors

We have audited the annual financial statements of the Nordea Eiendomskreditt AS as of 31 December 2009, showing a profit of NOK 221 594 000, 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 2009, 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, 2010

KPMG AS

Bjarne Haldorsen

State Authorised Public Accountant

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

Offices in:

Oslo	Haugesund	Sandefjord
Bodø	Kristiansand	Sandnessjøen
Ålesund	Larvik	Stavanger
Arendal	Lillehammer	Stord
Bergen	Mo i Rana	Tromsø
Everum	Molde	Trondheim
Frimoens	Narvik	Tønsberg
Hamar	Roros	Ålesund
Grimstad		

KPMG AS is a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening