



Interim Report 3rd quarter 2010
Nordea Eiendomskreditt AS

Nordea Eiendomskreditt AS

(Previous year comparable figures for the company are shown in brackets)

Nordea Eiendomskreditt's business objective is to make and acquire residential mortgage loans, and to fund its lending activities principally by issuing bonds with a priority right of recourse to the company's collateral for its lending ("covered bonds").

Profit and loss account

Nordea Eiendomskreditt AS reports a profit from ordinary activities after loan losses but before tax for the first nine months of 2010 of NOK 374.5 million (NOK 273.7 million).

The profit reported is equivalent to a post-tax return on average equity (including accrued profit for the year) of 10.8% (9.4%) on an annualised basis.

Net interest income for the nine months to 30 September 2010 amounted to NOK 473.6 million (NOK 339.5 million), equivalent to 0.95% (1.85%) of average total assets on an annualised basis.

Total operating expenses for the first nine months amounted to NOK 68.6 million (NOK 32.0 million), equivalent to 0.14% (0.17%) of average total assets on an annualised basis.

Loan losses and provisions recognised in the accounts for the first nine months totalled NOK 51.5 million. Of this amount, NOK 44.1 million relates to provision for losses on groups of loans, while NOK 7.4 million relates to provision for losses on individually assessed loans. The same period last year saw net loan losses of NOK 21.2 million recognised in the accounts.

Total assets amounted to NOK 79,494.6 million at 30 September 2010 (NOK 23,896.0 million).

Equity and capital adequacy

The company's share capital is NOK 1,534 million. Total equity at 30 September 2010, including undistributed post-tax profit for the year to date, amounted to NOK 3,628.1 million.

The company's net primary capital in accordance with the Basel II regulations amounted to NOK 3,295 million at the end of the first nine months (NOK 2,444 million), made up solely of core capital.

Risk weighted assets excluding the transition rules totalled NOK 13,590 million at the close of the third quarter as compared to NOK 34,539 million including the transition rules.

The capital ratio was 24.2% excluding the transition rules and 9.5% including the transition rules. Profit for the year to date is not included in the calculation of capital ratio since these earnings are not yet audited.

Primary capital was NOK 2,208 million higher than the minimum Pillar 1 capital requirement of NOK 1,087 million excluding the transition rules. Further explanation of the transition rules can be found at Note 7.

Funding

The company's funding is principally made up of the issue of covered bonds totalling NOK 66.6 billion and short-term borrowing from the parent bank totalling NOK 8.6 billion.

Lending

The gross book value of loans outstanding amounted to NOK 79,101.5 million at 30 September 2010 (NOK 22,938.7 million), which consists entirely of residential mortgage loans that are managed by Nordea Bank Norge ASA. NOK 75.9 billion of the loan portfolio is included in the collateral pool for covered bonds issued. This represents surplus collateral of 13.9% in relation to covered bonds issued.

Interest rate hedging

The company uses interest rate swaps to hedge the interest rate risk that arises as a result of differences between interest rate fixing periods on its lending and funding. At the close of the third quarter of 2010, the company was party to interest rate swaps with nominal value of NOK 8.7 billion. In accordance with IFRS, interest rate swaps and the fixed-rate lending that they hedge are recognised at fair value.

Loans in default and assets repossessed

The Nordea Eiendomskreditt loan portfolio included loans in default totalling NOK 120.1 million at 30 September 2010 (NOK 62.4 million). This is equivalent to 0.15% (0.27%) of the loan portfolio.

Ownership

The entire share capital of Nordea Eiendomskreditt AS is owned by Nordea Bank Norge ASA.

Oslo, 26 October 2010
The Board of Directors of
Nordea Eiendomskreditt AS

Key financial figures

| Summary of income statement (NOK mill.) | Jan-Sep 2010 | Jan-Sep 2009 | Year 2009 |
|--|-----------------|-----------------|----------------|
| Net interest income | 473,6 | 339,0 | 334,6 |
| Net gains/losses on items at fair value | 1,3 | -12,0 | 0,6 |
| Other income | 20,5 | - | 4,4 |
| Total operating income | 495,3 | 327,0 | 339,6 |
| Staff costs | -3,8 | -22,0 | -34,3 |
| Other expenses | -65,5 | -10,0 | -13,6 |
| Total operating expenses | -69,3 | -32,0 | -47,9 |
| Loan losses (negative figures are reversals) | 51,5 | 21,0 | -5,1 |
| Operating profit | 374,5 | 274,0 | 296,7 |
| Income tax expense | 104,9 | 77,0 | 75,1 |
| Net profit for the year | 269,6 | 197,0 | 221,6 |
| Summary of balance sheet (NOK mill.) | 30 Sep 2010 | 30 Sep 2009 | 31 Dec 2009 |
| Instalment loans | 79 101,5 | 22 939,0 | 57,2 |
| Allowance for loan losses | -51,5 | -28,0 | - |
| Other assets | 444,5 | 985,0 | 3 382,1 |
| Debt securities in issue | 66 579,2 | 1 183,0 | - |
| Other liabilities | 9 287,3 | 19 977,0 | 678,2 |
| Equity | 3 628,1 | 2 736,0 | 2 760,8 |
| Total assets | 79 494,6 | 23 896,0 | 3 439,0 |
| Average total assets | 66 632,2 | 24 477,0 | 19 913,5 |
| Ratios and key figures | Jan-Sep 2010 | Jan-Sep 2009 | Year 2009 |
| Earnings per share (NOK) | 23,51 | 12,84 | 14,45 |
| Equity per share (NOK) ¹ | 236,57 | 178,41 | 180,02 |
| Shares outstanding, million ¹ | 15,34 | 15,34 | 15,34 |
| Net interest income (% of average total assets) | 0,95 % | 1,85 % | 1,68 % |
| Profit after tax (% of average total assets) | 0,54 % | 1,07 % | 1,11 % |
| Operating expenses (% of average total assets) | 0,14 % | 0,17 % | 0,24 % |
| Cost/income ratio | 13,98 % | 9,79 % | 14,11 % |
| Tier 1 capital ratio, excl. transition rules ^{1,2} | 24,25 % | 17,95 % | 152,24 % |
| Total capital ratio, excl. transition rules ^{1,2} | 24,25 % | 17,95 % | 152,24 % |
| Tier 1 capital ratio ^{1,2} | 9,54 % | 13,29 % | 152,24 % |
| Total capital ratio ^{1,2} | 9,54 % | 13,29 % | 152,24 % |
| Capital base (NOK mill.) ^{1,2} | 3 295 | 2 444 | 2 757 |
| Risk-weighted assets incl transition rules (NOK mill) ¹ | 34 539 | 18 389 | 1 811 |
| Equity ratio ¹ | 4,56 % | 11,45 % | 80,28 % |
| Post-tax return on average equity, annualised basis | 10,77 % | 13,04 % | 7,91 % |

¹⁾ End of period

²⁾ The audited result is included for the year 2009. The unaudited result is not included in the interim figures.

Income Statement

NOK 1000

| | Note | Pr. 30.09.2010 | Pr. 30.09.2009 | 3. kvartal 2010 | 3. kvartal 2009 |
|---|----------|------------------|----------------|-----------------|-----------------|
| Interest and related income on loans and deposits with financial institutions | | 7.437 | 13.671 | 425 | 4.452 |
| Interest and related income on loans to customers | | 1.717.759 | 802.437 | 696.903 | 216.266 |
| Interest and related income on interest bearing securities | | 0 | 2.193 | 0 | 701 |
| Other interest and related income | | 188 | 23.116 | 179 | 23.057 |
| Total interest and related income | | 1.725.384 | 841.417 | 697.507 | 244.476 |
| Interest and related expense on liabilities to financial institutions | | 143.301 | 382.953 | 65.817 | 76.658 |
| Interest and related expense on securities issued | | 1.065.515 | 70.174 | 465.595 | 24.891 |
| Other interest and related expense | | 42.993 | 48.802 | 11.305 | 23.048 |
| Total income and related expense | | 1.251.809 | 501.929 | 542.717 | 124.597 |
| Net interest income | | 473.575 | 339.488 | 154.790 | 119.879 |
| Fee and commission income | | 20.258 | 284 | 7.912 | 32 |
| Fee and commission expense | | 644 | 658 | 640 | 177 |
| Unrealised gains/losses | | 1.265 | -12.120 | 2.233 | -11.038 |
| Realised gains/losses | | -12 | -61 | -12 | |
| Total net gains/losses on items at fair value | 3 | 1.253 | -12.181 | 2.221 | -11.038 |
| Other operating income | | 215 | | | |
| Other operating income | | 215 | 0 | 0 | 0 |
| Net operating income | | 494.656 | 326.933 | 164.283 | 108.696 |
| Salaries | | 3.384 | 14.308 | -35 | 5.441 |
| Pension costs | | 188 | 4.212 | 83 | 1.397 |
| Social security payments | | 187 | 3.226 | -119 | 1.038 |
| Staff costs | | 3.758 | 21.746 | -70 | 7.876 |
| Other operating expenses | | 64.849 | 10.273 | 27.756 | 3.183 |
| Other operating expenses | | 64.849 | 10.273 | 27.756 | 3.183 |
| Total operating expenses | | 68.607 | 32.019 | 27.686 | 11.059 |
| Operating profit before loan losses and tax | | 426.049 | 294.914 | 136.597 | 97.637 |
| Loan losses (negative figures are reversals) | 4 | 51.547 | 21.219 | 2.076 | -3.857 |
| Operating profit before tax | | 374.501 | 273.695 | 134.521 | 101.494 |
| Income tax expense | | 104.862 | 76.755 | 37.667 | 28.419 |
| Net profit for the year | | 269.640 | 196.940 | 96.854 | 73.075 |
| Allocated to: | | | | | |
| Shareholders of Nordea Eiendoms kreditt AS | | 269.640 | 196.940 | 96.854 | 73.075 |
| Total allocation | | 269.640 | 196.940 | 96.854 | 73.075 |

Statement of comprehensive income

| NOK 1000 | Jan-Sep 2010 | Q3 2010 | Jan-Sep 2009 | Q3 2009 |
|---|----------------|---------------|----------------|---------------|
| Net profit for the period | 269.640 | 96.854 | 196.940 | 73.076 |
| Other comprehensive income | 0 | 0 | 0 | 0 |
| Total comprehensive income | 269.640 | 96.854 | 196.940 | 73.076 |
| Allocated to: | | | | |
| Shareholders of Nordea Eiendomskreditt AS | 269.640 | 96.854 | 196.940 | 73.076 |
| Total allocation | 269.640 | 96.854 | 196.940 | 73.076 |

Balance sheet

| Assets | Note | 30 Sep 2010 | 30 Sep 2009 | 31 Dec 2009 |
|---|------|-------------------|-------------------|------------------|
| NOK 1000 | | | | |
| Cash and balances with central banks | | 0 | 2 | 2 |
| Loans and receivables to credit institutions, payable on demand | | 224.091 | 2.613 | 8.417 |
| Loans and receivables to credit institutions, fixed terms | | 1 | 500.000 | 3.147.000 |
| Total loans and receivables to credit institutions | | 224.091 | 502.613 | 3.155.417 |
| Instalment loans | | 79.101.498 | 22.938.691 | 57.190 |
| Write-downs of individual loans | 4 | -7.358 | -1.333 | |
| Write-downs of groups of loans | 4 | -44.100 | -26.300 | |
| Total net loans and receivables to the public | | 79.050.041 | 22.911.058 | 57.190 |
| Deferred tax assets | | 0 | 6.995 | 4.144 |
| Total intangible assets | | 0 | 6.995 | 4.144 |
| Machinery and equipment | | | 2.162 | |
| Buildings in own use | | | 1.694 | |
| Total property and equipment | | 0 | 3.856 | 0 |
| Derivatives and fair value changes of the hedged items in portfolio | | | | |
| hedge of interest rate risk | 6 | 93.647 | 114.261 | |
| Other assets | | -102 | 202.828 | 221.865 |
| Total other assets | | 93.544 | 317.089 | 221.865 |
| Accrued income | | 126.893 | 153.957 | 232 |
| Prepaid expenses | | 0 | 479 | 172 |
| Total prepaid expenses and accrued income | | 126.893 | 154.436 | 404 |
| Total assets | | 79.494.569 | 23.896.049 | 3.439.022 |

Note 5

Liabilities and equity

NOK 1000

| | Note | 30 Sep 2010 | 30 Sep 2009 | 31 Dec 2009 |
|---|------|-------------------|-------------------|------------------|
| Loans and deposits from financial institutions | | | 4.680 | 59.840 |
| Deposits by credit institutions - fixed term | | 8.600.001 | 19.120.469 | |
| Total deposits by credit institutions | | 8.600.001 | 19.125.149 | 59.840 |
| Bond loans | | 70.004.171 | 1.413.089 | |
| - own holdings of non-amortised bonds | | -3.425.000 | -230.416 | |
| Total debt securities in issue | | 66.579.171 | 1.182.673 | 0 |
| Derivatives and fair value changes of the hedged items in portfolio | | | | |
| hedge of interest rate risk | 6 | 177.591 | 155.427 | 2.587 |
| Current tax liabilities | | 407.198 | 79.453 | 76.208 |
| Accounts payable | | 15 | 176 | 375 |
| Other liabilities | | 76.680 | 573 | 1.059 |
| Total other liabilities | | 661.484 | 235.629 | 80.229 |
| Accrued expenses and prepaid income | | 22.145 | 95.164 | 15.983 |
| Retirement benefit obligations | | 2.223 | 21.100 | 22.144 |
| Deferred tax | | 1.480 | | |
| Total provisions for other liabilities and expenses | | 3.703 | 21.100 | 22.144 |
| Subordinated loan capital | | | 500.000 | 500.000 |
| Repayable member's contributions | | | 199 | 0 |
| Total subordinated liabilities | | 0 | 500.199 | 500.000 |
| Share capital | | 1.533.627 | 1.533.627 | 1.533.627 |
| Retained earnings | | 1.824.799 | 1.005.568 | 1.005.605 |
| Other reserves | | | | |
| Total | | 3.358.426 | 2.539.195 | 2.539.232 |
| Net profit for the period | | 269.640 | 196.940 | 221.594 |
| Total equity | | 3.628.066 | 2.736.135 | 2.760.826 |
| Total liabilities and equity | | 79.494.569 | 23.896.049 | 3.439.023 |

Note 5

Statement of changes in equity

| NOK 1000 | Share capital ¹⁾ | Other equity | Total equity |
|---|-----------------------------|------------------|------------------|
| Opening balance at 1 Jan 2010 | 1.533.627 | 1.227.199 | 2.760.826 |
| Group contribution 2009 | | 597.600 | 597.600 |
| Share-based payments | | | 0 |
| Total comprehensive income | | 269.640 | 269.640 |
| Closing balance at 30 September 2010 | 1.533.627 | 2.094.439 | 3.628.066 |

| NOK 1000 | Share capital ¹⁾ | Other equity | Total equity |
|---|-----------------------------|------------------|------------------|
| Opening balance at 1 Jan 2009 | 1.533.627 | 1.250.226 | 2.783.853 |
| Group contribution 2008 | | -244.800 | -244.800 |
| Share-based payments | | 142 | 142 |
| Total comprehensive income | | 196.940 | 196.940 |
| Closing balance at 30 September 2009 | 1.533.627 | 1.202.509 | 2.736.136 |

¹⁾ The company's share capital at 30 September 2010 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.

Cash flow statement

| NOK 1000 | Jan-Sep 2010 | Jan-Sep 2009 | Year 2009 |
|---|--------------------|------------------|--------------------|
| Profit before tax | 374 501 | 273 696 | 296 741 |
| Income tax payable | (104 862) | (76 755) | (75 147) |
| Ordinary depreciation | 0 | 273 | 337 |
| Change in write-downs to provide for loan losses | 51 458 | 21 193 | (6 441) |
| Cash flow from operating activities before changes in op. assets and liab. | 321 097 | 218 407 | 215 490 |
| Change in loans to the public | (79 044 308) | 472 509 | 23 354 010 |
| Change in debt securities in issue | 66 579 171 | (6 822) | (1 189 494) |
| Change in deposits by credit institutions | 8 540 160 | (200 463) | (19 265 772) |
| Change in other receivables | 5 977 | (40 926) | 211 180 |
| Change in other liabilities | 568 974 | (278 716) | (512 253) |
| A Net cash flow from operating activities | (3 028 928) | 163 989 | 2 813 161 |
| Purchase/sale of tangible fixed assets | 0 | (53) | 3 740 |
| Change in loans and receivables to credit institutions, fixed terms | 3 147 000 | 0 | (2 647 000) |
| Change in subordinated loan capital | (500 000) | 0 | 0 |
| Change in holdings of bearer bonds issued by others | 0 | 49 979 | 49 979 |
| B Cash flow from investing activities | 2 647 000 | 49 926 | (2 593 281) |
| Group contributions/dividend paid | 597 600 | (244 800) | (244 800) |
| Reductions in members' contributions | 0 | 0 | (249) |
| Recognised directly in equity | 0 | 92 | 179 |
| C Cash flow from financing activities | 597 600 | (244 708) | (244 870) |
| A+B+C Net change in liquidity | 215 672 | (30 793) | (24 990) |
| Liquid assets at 1 January | 8 419 | 33 409 | 33 409 |
| Liquid assets at 30 September / 31 December | 224 091 | 2 616 | 8 419 |

Notes to the financial statement

Note 1 Accounting policies

The unconsolidated accounts of Nordea Eiendoms kreditt AS have been prepared in accordance with the Norwegian Accounting Act and the International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. The interim accounts for the period 1 January to 30 September 2010 are presented in accordance with *IAS 34 Interim Financial Reporting*. 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. The company's accounting principles are unchanged in comparison with the Annual Report for 2009.

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 is to all practical purposes 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 gains/losses on items at fair value

| NOK 1000 | Q3-2010 | Q3-2009 | Jan-Sep 2010 | Jan-Sep 2009 | Year 2009 |
|-------------------------------|--------------|----------------|--------------|----------------|------------|
| Interest-bearing securities | | -3 757 | | -3 481 | -3 481 |
| Other financial instruments | 2 233 | -7 281 | 1 265 | -8 517 | 4 243 |
| Foreign exchange gains/losses | -12 | 0 | -12 | -183 | -183 |
| Total | 2 221 | -11 038 | 1 253 | -12 181 | 579 |

Net gains/losses for categories of financial instruments

| NOK 1000 | Q3-2010 | Q3-2009 | Jan-Sep 2010 | Jan-Sep 2009 | Year 2009 |
|--|--------------|----------------|--------------|----------------|------------|
| Foreign currency derivatives | -12 | | -12 | -183 | -183 |
| Financial instruments under hedge accounting | 2 233 | -11 038 | 1 265 | -11 998 | 762 |
| - of which net losses on hedged items | 76 295 | -20 771 | 171 234 | -22 835 | -15 442 |
| - of which net gains on hedging instruments | -74 062 | 9 733 | -169 969 | 10 837 | 16 204 |
| Total | 2 221 | -11 038 | 1 253 | -12 181 | 579 |

Note 4 Loans and their impairment

Loan losses

| NOK 1000 | Jan-Sep 2010 | Jan-Sep 2009 |
|--|---------------|---------------|
| Change in allowances for individually assessed loans | 7.358 | -1.108 |
| Change in allowances for collectively assessed loans | 44.100 | 22.300 |
| Realised loan losses in the period | 109 | 76 |
| Recoveries of loan losses realised previous years | -19 | -49 |
| Total loan losses for the year | 51.547 | 21.219 |

Reconciliation of allowance accounts for impaired loans

| NOK 1000 | Jan-Sep 2010 | | | Jan-Sep 2009 | | |
|---|-----------------------|-----------------------|---------------|-----------------------|-----------------------|---------------|
| | Individually assessed | Collectively assessed | Total | Individually assessed | Collectively assessed | Total |
| Opening balance at 1 Jan | 0 | 0 | 0 | 2.441 | 4.000 | 6.441 |
| Increased provisions | 0 | 0 | 0 | 0 | 24.350 | 24.350 |
| New provisions | 7.358 | 44.100 | 51.458 | 0 | | 0 |
| Reversals | 0 | 0 | 0 | -1.108 | -2.050 | -3.158 |
| Changes through the income statement | 7.358 | 44.100 | 51.458 | -1.108 | 22.300 | 21.192 |
| Allowances used to cover write-offs | 0 | 0 | 0 | 0 | 0 | 0 |
| Closing balance at 30 September | 7.358 | 44.100 | 51.458 | 1.333 | 26.300 | 27.633 |

Loans and their impairment

| NOK 1000 | 30 Sep 2010 | 30 Sep 2009 |
|--|-------------------|-------------------|
| Loans, not impaired | 79.082.073 | 22.894.412 |
| Impaired loans; | 19.425 | 44.279 |
| - Performing | 6.293 | 44.279 |
| - Non-performing | 13.132 | 0 |
| Loans before allowances | 79.101.498 | 22.938.691 |
| Allowances for individually assessed impaired loans; | -7.358 | -1.333 |
| - Performing | -3.075 | -1.333 |
| - Non-performing | -4.282 | 0 |
| Allowances for collectively assessed impaired loans | -44.100 | -26.300 |
| Allowances | -51.458 | -27.633 |
| Loans, book value | 79.050.040 | 22.911.059 |

Key ratios

| | 30 Sep 2010 | 30 Sep 2009 |
|---|-------------|-------------|
| Impairment rate, gross ¹ , in % | 0,02 | 0,19 |
| Impairment rate, net ² , in % | 0,02 | 0,19 |
| Total allowance rate ³ , in % | 0,07 | 0,12 |
| Allowance rate, impaired loans ⁴ , in % | 0,00 | 3,01 |
| Non-performing loans, not impaired ⁵ , in NOK 1000 | 106.949 | 0 |

¹ Individually assessed impaired loans before allowances divided by total loans before allowances.

² Individually assessed impaired loans after allowances divided by total loans before allowances.

³ Total allowances divided by total loans before allowances.

⁴ Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances, %.

⁵ Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Note 5 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.

| Assets | Loans and receivables | Assets at fair value through profit and loss | Derivatives used for hedging | Available for sale | Non-financial assets | Total |
|---|-----------------------|--|------------------------------|--------------------|----------------------|-------------------|
| NOK 1000 | | | | | | |
| Cash and balances with sentral banks | 0 | | | | | 0 |
| Loans to credit institutions | 224.091 | | | | | 224.091 |
| Loans to the public | 73.190.040 | 5.860.000 | | | | 79.050.040 |
| Interest-bearing securities | | | | | | 0 |
| Derivatives | | | | | | 0 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | 93.647 | | | | 93.647 |
| Property and equipment | | | | | | 0 |
| Deferred tax assets | | | | | | 0 |
| Other assets | -103 | | | | | -103 |
| Prepaid expenses and accrued income | 126.891 | | | | | 126.891 |
| Total 30 September 2010 | 73.540.919 | 5.953.647 | 0 | 0 | 0 | 79.494.568 |
| Total 31 December 2009 | 3.434.878 | 0 | 0 | 0 | 4.144 | 3.439.022 |
| Total 30 September 2009 | 21.638.112 | 2.177.602 | 69.484 | 0 | 10.852 | 23.896.050 |

| Liabilities | Liabilities at fair value through profit and loss | Derivatives used for hedging | Other financial liabilities | Non-financial liabilities | Total | |
|---|---|------------------------------|-----------------------------|---------------------------|-------------------|-------------------|
| NOK 1000 | | | | | | |
| Deposits by credit institutions | | | 8.600.001 | | 8.600.001 | |
| Debt securities in issue | | | 66.579.171 | | 66.579.171 | |
| Derivatives | | 255.178 | | | 255.178 | |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | -77.588 | | | -77.588 | |
| Current tax liabilities | | | | 407.198 | 407.198 | |
| Other liabilities | | | | 76.695 | 76.695 | |
| Accrued expenses and prepaid income | | | | 22.145 | 22.145 | |
| Retirement benefit obligations | | | | 2.223 | 2.223 | |
| Subordinated liabilities | | | | 1.480 | 1.480 | |
| Total 30 September 2010 | 0 | 0 | 177.590 | 75.179.172 | 509.741 | 75.866.503 |
| Total 31 December 2009 | 0 | 2.587 | 559.840 | 115.769 | 678.196 | |
| Total 30 September 2009 | 927.170 | 100.430 | 19.935.648 | 196.665 | 21.159.913 | |

Note 6 Derivatives

30 September 2010

| 30 September 2018 | | | |
|-------------------------------------|------------|----------------|----------------------|
| NOK 1000 | Fair value | | Total nominal amount |
| | Positive | Negative | |
| Derivatives used for hedging | | | |
| Interest rate swaps | 0 | 255.178 | 8.735.000 |
| Total | 0 | 255.178 | 8.735.000 |
| | | | |
| Total derivatives | 0 | 255.178 | 8.735.000 |

30 September 2009

| 30 September 2009 | | | |
|-------------------------------------|---------------|----------------|----------------------|
| NOK 1000 | Fair value | | Total nominal amount |
| | Positive | Negative | |
| Derivatives used for hedging | | | |
| Interest rate swaps | 69.484 | 100.430 | 3.007.825 |
| Total | 69.484 | 100.430 | 3.007.825 |
| | | | |
| Total derivatives | 69.484 | 100.430 | 3.007.825 |

Note 7 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.

Capital base

| NOK mill. | 30 Sept 2010 | 31 Dec 2009 | 30 Sept 2009 |
|-----------------------------|--------------|-------------|--------------|
| Tier 1 capital ¹ | 3 295 | 2 757 | 2 444 |
| Total capital base | 3 295 | 2 757 | 2 444 |

¹ The result for the period is not audited and therefore not included in the capital base.

Capital requirement

| NOK mill. | 30 Sept 2010 | | 31 Dec 2009 | | 30 Sept 2009 | |
|--|---------------------|----------------------------|---------------------|----------------------------|---------------------|----------------------------|
| | Capital requirement | Risk-weighted assets (RWA) | Capital requirement | Risk-weighted assets (RWA) | Capital requirement | Risk-weighted assets (RWA) |
| Credit risk | 1 041 | 13 011 | 99 | 1 233 | 1 043 | 13 035 |
| IRB foundation | 1 040 | 12 995 | 18 | 222 | 1 008 | 12 595 |
| - of which corporate | 0 | 0 | 0 | 0 | 986 | 12 329 |
| - of which institutions | 0 | 0 | 0 | 0 | 0 | 0 |
| - of which retail | 1 040 | 12 995 | 0 | 0 | 4 | 56 |
| of which retail SME | 0 | 0 | 0 | 0 | 1 | 15 |
| of which retail real estate | 982 | 12 275 | 0 | 0 | 3 | 41 |
| of which retail other | 58 | 721 | 0 | 0 | 0 | 0 |
| - of which other | 0 | 0 | 18 | 222 | 17 | 207 |
| Standardised | 1 | 16 | 81 | 1 011 | 35 | 439 |
| - of which sovereign | 0 | 0 | 0 | 0 | 0 | 0 |
| - of which other | 1 | 16 | 81 | 1 011 | 35 | 439 |
| Market risk | 0 | 0 | 0 | 0 | 0 | 0 |
| Operational risk | 46 | 579 | 46 | 578 | 46 | 578 |
| Standardised | 46 | 579 | 46 | 578 | 46 | 578 |
| Sub total | 1 087 | 13 590 | 145 | 1 811 | 1 089 | 13 613 |
| Adjustment for transition rules | | | | | | |
| Additional capital requirement according to transition rules | 1 676 | 20 949 | 0 | 0 | 382 | 4 776 |
| Total | 2 764 | 34 540 | 145 | 1 811 | 1 471 | 18 389 |

Capital ratio

| | 30 Sept 2010 | 31 Dec 2009 | 30 Sept 2009 |
|----------------------------------|--------------|-------------|--------------|
| Tier 1 ratio incl. profit, in % | 10,3 % | 152,2 % | 14,0 % |
| Capital ratio incl. profit, in % | 10,3 % | 152,2 % | 14,0 % |
| Tier 1 ratio excl. profit, in % | 9,5 % | - | 13,3 % |
| Capital ratio excl. profit, in % | 9,5 % | - | 13,3 % |

Analysis of capital requirements

| Exposure class, 30 Sept 2010 | Average risk weight | Capital requirement |
|------------------------------|---------------------|---------------------|
| Corporate | na | 0 |
| Institutions | na | 0 |
| Retail | 15 % | 1 040 |
| Sovereign | na | 0 |
| Other | 20 % | 1 |
| Total credit risk | 15 % | 1 041 |

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

The process of assessing total capital requirement (ICAAP) is described in the section Publication of financial information in the Annual Report for 2009.

Note 8 Risks and uncertainties

Nordea Eiendomskreditt's sole business activity is secured residential lending, and the company's only exposure is therefore to the residential property market. Aside from trends in prices of residential property, the company's main risk exposure is accordingly the ability of its borrowers to service their loans. Despite uncertainty over the macroeconomic prospects for the Norwegian economy, Nordea Eiendomskreditt does not expect any material increase in loan losses since the company's loan portfolio is considered to be well secured.

Nordea Eiendomskreditt is also exposed to risks such as market risk, liquidity risk and operational risk. Further information on the composition of the company's risk exposure can be found in the Annual Report for 2009.

The company does not anticipate that the exposures and risks mentioned above will have any material adverse effect on the company over the next three months.

Note 9 Transactions with connected parties

Nordea Eiendomskreditt considers that its connected parties are its parent company, other companies in the Nordea group, and key persons in senior positions.

In February 2010, Nordea Eiendomskreditt took over the full exposure to interest rate risk, liquidity risk and credit risk in respect of the loan portfolio purchased from its parent company Nordea Bank Norge ASA in 2008 and 2009. In accordance with IFRS, the portfolio is therefore reported in the balance sheet of Nordea Eiendomskreditt with effect from the first quarter of 2010. With effect from the same time, the loan portfolio of approximately NOK 80 billion has been removed from the balance sheet of Nordea Bank Norge ASA.