



**Interim Report 2<sup>nd</sup> quarter 2011**  
**Nordea Eiendomskreditt AS**

## Nordea Eiendoms kreditt AS

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

Nordea Eiendoms kreditt's business objective is to acquire long term Norwegian 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"). Nordea Eiendoms kreditt AS is a wholly owned subsidiary of Nordea Bank Norge ASA.

### Income Statement

Profit from ordinary activities after loan losses but before tax for the first six months of 2011 was NOK 378.1 million (NOK 240.0 million). The profit reported is equivalent to a post-tax return on average equity of 14.7% (10.8%) on an annualised basis. Included in the profit is a realised gain of NOK 146.5 million related to buy backs of issued debt.

Net interest income for the six months ending 30 June 2011 amounted to NOK 317.8 million (NOK 318.8 million), equivalent to 0.78% (1.08%) of average total assets on an annualised basis.

Total operating expenses for the first six months amounted to NOK 58.6 million (NOK 40.9 million), equivalent to 0.15% (0.14%) of average total assets on an annualised basis..

Loan losses and provisions recognised in the accounts for the first six months totalled NOK 23.1 million (NOK 49.5 million), of which NOK 5.7 million relates to individually assessed loans (NOK 3.5 million) and NOK 17.4 million relates to collectively assessed loans (NOK 46.0 million).

Total assets amounted to NOK 83,496 million as at 30 June 2011 (NOK 82,534 million).

### Equity and capital adequacy

The company's share capital was NOK 1,534 million at the end of the second quarter. Total equity as at 30 June 2011, including undistributed post-tax profit for the year to date, amounted to NOK 4,015 million.

The company's net primary capital in accordance with the Basel II regulations amounted to NOK 3,655 million (NOK 3,275 million) at the end of the first six months, and was made up solely of core capital. Risk weighted assets excluding the transition rules totalled NOK 13,826 million at the close of the second quarter as compared to NOK 36,047 million including the transition rules.

The capital ratio was 26.4% excluding the transition rules and 10.1% including the transition rules. Profit for the year to date is not included in the calculation of the capital ratio since these earnings are not yet audited.

Primary capital was NOK 2,549 million higher than the minimum Pillar 1 capital requirement of NOK 1,106 million excluding the transition rules. The transition rules states that the capital requirements until the end of 2011 should be calculated as 80% of the Basel I capital requirements.

### Funding

The company's funding is principally made up of issues of covered bonds totalling NOK 66,748 million equivalents in nominal values, consisting of NOK 55,968 million and USD 2,000 million. In addition, the company has short-term borrowing from the parent bank of NOK 11,800 million as at 30 June 2011.

### Rating

The company has since April 2010 had the rating Aaa from Moody's Investor Service for the covered bonds issued by the company.

### Lending

The gross book value of loans outstanding amounted to NOK 82.9 billion as at 30 June 2011 (NOK 82.3 billion), which consists entirely of residential mortgage loans that are managed by Nordea Bank Norge ASA.

NOK 78.4 billion of the loan portfolio is included in the collateral pool for the covered bonds issued. This represents surplus collateral of 16.6% in relation to covered bonds issued.

### Interest rate and currency hedging

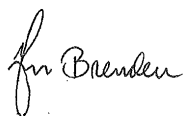
The company uses interest rate and currency swaps to hedge interest rate and currency risk. At the close of the second quarter of 2011, the company was party to interest rate swaps with nominal value of NOK 33.8 billion. In accordance with IFRS, fair value changes of interest rate swaps and the corresponding hedged items (fixed-rate lending and fixed-rate issued bonds) due to changes in market rates, are recognised in the profit and loss accounts.

The company has in April 2011 issued a USD 2 bn bond. In order to eliminate the foreign exchange risk, the company has entered into currency swaps totalling USD 2 bn.

### Impaired loans

Impaired loans amounted to NOK 42.6 million which corresponds to 0.05% of the total lending portfolio. Individual allowances of NOK 10.5 million have been made, and net impaired loans were NOK 32.1 million at 30 June 2011, compared to NOK 6.3 million at 30 June 2010.

Nordea Eiendoms kreditt AS  
Oslo, 15 August 2011



Jon Brenden  
Chairman of the Board



Børre Gundersen  
Board member



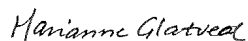
Fanny Borgström  
Board member



Eva Jarbekk  
Board member



Monica Blix  
Board member



Marianne Glatved  
Managing director

## Key financial figures

Summary of income statement (NOK mill.)	Jan-Jun 2011	Jan-Jun 2010	Year 2010
<b>Net interest income</b>	<b>318</b>	<b>319</b>	<b>649</b>
Net gains/losses on items at fair value	127	-1	4
Other income	16	13	28
<b>Total operating income</b>	<b>461</b>	<b>330</b>	<b>681</b>
Staff costs	-1	-4	-5
Other expenses	-58	-37	-95
<b>Total operating expenses</b>	<b>-60</b>	<b>-41</b>	<b>-99</b>
Loan losses (negative figures are reversals)	23	49	37
<b>Operating profit</b>	<b>378</b>	<b>240</b>	<b>544</b>
Income tax expense	106	67	160
<b>Net profit for the year</b>	<b>272</b>	<b>173</b>	<b>385</b>
Summary of balance sheet (NOK mill.)	Jan-Jun 2011	Jan-Jun 2010	Year 2010
Instalment loans	82.906	82.330	80.786
Allowance for loan losses	-57	-49	-36
Other assets	647	253	303
Debt securities in issue	66.330	65.000	59.271
Other liabilities	13.151	14.002	18.039
Equity	4.015	3.531	3.743
<b>Total assets</b>	<b>83.496</b>	<b>82.534</b>	<b>81.054</b>
Average total assets	82.105	59.603	70.551
Ratios and key figures	Jan-Jun 2011	Jan-Jun 2010	Year 2010
Earnings per share (NOK)	35,80	22,72	25,07
Equity per share (NOK)	261,81	230,25	244,06
Shares outstanding, million	15,34	15,34	15,34
Net interest income (% of average total assets)	0,78 %	1,08 %	0,92 %
Profit after tax (% of average total assets)	0,67 %	0,58 %	0,55 %
Operating expenses (% of average total assets)	0,15 %	0,14 %	0,14 %
Cost/income ratio	12,93 %	12,39 %	14,60 %
Tier 1 capital ratio, excl. transition rules	26,44 %	22,38 %	26,68 %
Total capital ratio, excl. transition rules	26,44 %	22,38 %	26,68 %
Tier 1 capital ratio	10,14 %	8,93 %	10,34 %
Total capital ratio	10,14 %	8,93 %	10,34 %
Capital base (NOK mill.)	3.655	3.275	3.667
Risk-weighted assets incl. transition rules (NOK mill)	36.047	36.675	35.470
Equity ratio	4,81 %	4,28 %	4,62 %
Post-tax return on average equity, annualised basis	14,67 %	10,78 %	11,21 %

The equity ratio is calculated as a percentage of total assets.

## Income Statement

NOK 1000	Note	Jan-Jun 2011	Jan-Jun 2010	Q2 2011	Q2 2010	Year 2010
Interest income		1.417.582	1.027.876	720.328	652.280	2.448.220
Interest expense		1.099.778	709.092	585.418	464.443	1.799.486
<b>Net interest income</b>		<b>317.804</b>	<b>318.784</b>	<b>134.910</b>	<b>187.837</b>	<b>648.734</b>
Fee and commission income		15.611	12.346	7.856	7.774	28.254
Fee and commission expense		957	4	418	3	865
<b>Net fee and commission income</b>		<b>14.654</b>	<b>12.342</b>	<b>7.438</b>	<b>7.771</b>	<b>27.388</b>
Net result from items at fair value	3	127.333	-968	8.121	-566	3.849
Other operating income		0	215	0	215	215
<b>Total operating income</b>		<b>459.791</b>	<b>330.373</b>	<b>150.469</b>	<b>195.257</b>	<b>680.186</b>
Staff costs		1.115	3.828	516	1.128	4.728
Other expenses		57.514	37.093	31.900	23.962	93.824
<b>Total operating expenses</b>		<b>58.628</b>	<b>40.921</b>	<b>32.416</b>	<b>25.090</b>	<b>98.552</b>
<b>Profit before loan losses</b>		<b>401.160</b>	<b>289.452</b>	<b>118.052</b>	<b>170.167</b>	<b>581.634</b>
Loan losses (negative figures are reversals)	4	23.054	49.471	19.754	49.477	37.239
<b>Operating profit</b>		<b>378.106</b>	<b>239.981</b>	<b>98.298</b>	<b>120.690</b>	<b>544.395</b>
Income tax expense		105.870	67.195	24.912	33.793	159.893
<b>Net profit for the period</b>		<b>272.236</b>	<b>172.786</b>	<b>73.386</b>	<b>86.897</b>	<b>384.502</b>
<b>Allocated to:</b>						
Shareholders of Nordea Eiendomskreditt AS		272.236	172.786	73.386	86.897	384.502
<b>Total allocation</b>		<b>272.236</b>	<b>172.786</b>	<b>73.386</b>	<b>86.897</b>	<b>384.502</b>

## Statement of comprehensive income

NOK 1000	Jan-Jun 2011	Jan-Jun 2010	Q2 2011	Q2 2010	Year 2010
Net profit for the period	272.236	172.786	73.386	86.897	384.502
Other comprehensive income	0	0	0	0	0
<b>Total comprehensive income</b>	<b>272.236</b>	<b>172.786</b>	<b>73.386</b>	<b>86.897</b>	<b>384.502</b>
<b>Allocated to:</b>					
Shareholders of Nordea Eiendomskreditt AS	272.236	172.786	73.386	86.897	384.502
<b>Total allocation</b>	<b>272.236</b>	<b>172.786</b>	<b>73.386</b>	<b>86.897</b>	<b>384.502</b>

## Balance sheet

NOK 1000	Note	30 Jun 2011	30 Jun 2010	31 Dec 2010
<b>Assets</b>				
Loans to credit institutions, payable on demand		225.814	32.205	100.462
Loans to credit institutions, fixed term		0	0	0
<b>Total loans and receivables to credit institutions</b>		<b>225.814</b>	<b>32.205</b>	<b>100.462</b>
<b>Loans and receivables to the public</b>	4	<b>82.848.976</b>	<b>82.280.982</b>	<b>80.750.256</b>
Deferred tax assets		21.599	0	0
<b>Total intangible assets</b>		<b>21.599</b>	<b>0</b>	<b>0</b>
Derivatives	6	98.698	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk		171.704	94.939	75.957
Other assets		0	751	578
<b>Total other assets</b>		<b>270.402</b>	<b>95.691</b>	<b>76.535</b>
<b>Accrued income and prepaid expenses</b>		<b>129.497</b>	<b>124.652</b>	<b>126.459</b>
<b>Total assets</b>		<b>83.496.288</b>	<b>82.533.531</b>	<b>81.053.711</b>
<b>Liabilities and equity</b>				
Deposits by credit institutions, payable on demand		0	0	0
Deposits by credit institutions, fixed term		11.800.000	13.400.000	17.600.000
<b>Total deposits by credit institutions</b>		<b>11.800.000</b>	<b>13.400.000</b>	<b>17.600.000</b>
<b>Debt securities in issue</b>		<b>66.330.021</b>	<b>65.000.000</b>	<b>59.271.440</b>
Derivatives	6	1.499.326	145.863	479.320
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-356.029	0	-282.168
Current tax liabilities		129.218	370.036	153.794
Other liabilities		1.181	76.035	712
<b>Total other liabilities</b>		<b>1.273.696</b>	<b>591.934</b>	<b>351.658</b>
<b>Accrued expenses and prepaid income</b>		<b>74.930</b>	<b>7.257</b>	<b>83.443</b>
Provisions		467	0	0
Retirement benefit obligations		2.011	2.152	2.286
Deferred tax		0	977	1.955
<b>Total provisions for other liabilities and expenses</b>		<b>2.478</b>	<b>3.129</b>	<b>4.242</b>
Share capital		1.533.627	1.533.627	1.533.627
Retained earnings		2.209.302	1.824.799	2.209.302
<b>Total</b>		<b>3.742.929</b>	<b>3.358.426</b>	<b>3.742.929</b>
<b>Net profit for the period</b>		<b>272.236</b>	<b>172.786</b>	
<b>Total equity</b>		<b>4.015.165</b>	<b>3.531.212</b>	<b>3.742.929</b>
<b>Total liabilities and equity</b>		<b>83.496.288</b>	<b>82.533.531</b>	<b>81.053.711</b>
Assets pledged as security for own liabilities		78.414.050	78.828.705	77.838.376
Contingent liabilities		7.556.797	7.968.443	7.829.280
Commitments		44.933.210	5.860.000	11.210.000

## Statement of changes in equity

NOK 1000	Share capital <sup>1)</sup>	Other equity	Total equity
<b>Opening balance at 1 Jan 2011</b>	<b>1.533.627</b>	<b>2.209.301</b>	<b>3.742.928</b>
Group contribution		0	0
Total comprehensive income		272.236	272.236
<b>Closing balance at 30 June 2011</b>	<b>1.533.627</b>	<b>2.481.537</b>	<b>4.015.165</b>

NOK 1000	Share capital <sup>1)</sup>	Other equity	Total equity
<b>Opening balance at 1 Jan 2010</b>	<b>1.533.627</b>	<b>1.227.199</b>	<b>2.760.826</b>
Group contribution		597.600	597.600
Total comprehensive income		172.786	172.786
<b>Closing balance at 30 June 2010</b>	<b>1.533.627</b>	<b>1.997.585</b>	<b>3.531.212</b>

<sup>1)</sup> The company's share capital at 30 June 2011 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.

Nordea Eiendoms kreditt AS  
Oslo, 15 August 2011



Jon Brenden  
Chairman of the Board



Børre Gundersen  
Board member



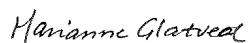
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Monica Blix  
Board member



Marianne Glatved  
Managing director

## Cash flow statement

NOK 1000	Jan-Jun 2011	Jan-Jun 2010
<b>Operating activities</b>		
Operating profit before tax	378.106	239.981
Income taxes	(105.870)	(67.195)
Change in write-downs to provide for loan losses	20.545	49.485
<b>Cash flow from operating activities before changes in op. assets and liab.</b>	<b>292.781</b>	<b>222.271</b>
<b>Changes in operating assets and liabilities</b>		
Change in loans to the public	(2.119.266)	(82.273.277)
Change in other assets	(218.505)	6.071
Change in deposits by credit institutions	(5.800.000)	13.340.160
Change in debt securities in issue	7.058.581	65.000.000
Change in other liabilities	911.761	483.961
<b>Cash flow from operating activities</b>	<b>125.352</b>	<b>(3.220.814)</b>
<b>Investing activities</b>		
Change in loans and receivables to credit institutions, fixed terms	0	3.147.000
Change in subordinated loan capital	0	(500.000)
<b>Cash flow from investing activities</b>	<b>0</b>	<b>2.647.000</b>
<b>Financing activities</b>		
Group contributions/dividend paid	0	597.600
Recognised directly in equity	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>597.600</b>
<b>Cash flow for the year</b>	<b>125.352</b>	<b>23.786</b>
Cash and cash equivalents at 1 January	100.462	8.419
Cash and cash equivalents at 30 June	225.814	32.205
<b>Change</b>	<b>125.352</b>	<b>23.786</b>

**Liquid assets** comprise loans to finance institutions with no fixed maturity (bank deposits).

## Notes to the financial statement

### Note 1 Accounting policies

The unconsolidated accounts of Nordea Eiendomskreditt 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 June 2011 are presented in accordance with *IAS 34 Interim Financial Reporting*. The company's accounting principles are unchanged in comparison with the Annual Report for 2010.

### Note 2 Segment information

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

### Note 3 Net gains/losses on items at fair value

NOK 1000	Jan-Jun 2011	Jan-Jun 2010	Year 2010
Interest-bearing securities	146.500		
Other financial instruments	-19.167	-968	3.861
Foreign exchange gains/losses			-12
<b>Total</b>	<b>127.333</b>	<b>-968</b>	<b>3.849</b>

#### Net gains/losses for categories of financial instruments

NOK 1000	Jan-Jun 2011	Jan-Jun 2010	Year 2010
Foreign currency derivatives			-12
Financial instruments under hedge accounting	-19.167	-968	3.861
- of which net losses on hedged items	136.350	94.939	358.125
- of which net gains on hedging instruments	-155.518	-95.907	-354.264
Other financial liabilities	146.500		
<b>Total</b>	<b>127.333</b>	<b>-968</b>	<b>3.849</b>

The realised gains on interest bearing securities is related to buy backs of issued debt during the first half year of 2011.

## Note 4 Loans and their impairment

### Loan losses

	Jan-Jun 2011	Jan-Dec 2010	Jan-Jun 2010
NOK 1000			
Change in allowances for individually assessed loans	2.679	7.359	3.485
Change in allowances for collectively assessed loans	17.400	28.800	46.000
Realised loan losses in the period	2.985	1.115	0
Recoveries of loan losses realised previous years	-10	-35	-14
<b>Total loan losses for the period</b>	<b>23.054</b>	<b>37.239</b>	<b>49.471</b>

### Reconciliation of allowance accounts for impaired loans

NOK 1000	Jan-Jun 2011			Jan-Dec 2010			Jan-Jun 2010		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at beginning of period	7.359	28.800	36.159	0	0	0	0	0	0
Provisions	5.295	19.400	24.695	8.208	28.800	37.008	3.485	46.000	49.485
Reversals	-388	-2.000	-2.388	-20	0	-20	0	0	0
<b>Changes through the income statement</b>	<b>4.907</b>	<b>17.400</b>	<b>22.307</b>	<b>8.188</b>	<b>28.800</b>	<b>36.988</b>	<b>3.485</b>	<b>46.000</b>	<b>49.485</b>
Allowances used to cover write-offs	-1.761	0	-1.761	-828	0	-828	0	0	0
<b>Closing balance at end of period</b>	<b>10.505</b>	<b>46.200</b>	<b>56.705</b>	<b>7.359</b>	<b>28.800</b>	<b>36.159</b>	<b>3.485</b>	<b>46.000</b>	<b>49.485</b>

### Loans and their impairment

	30 Jun 2011	31 Dec 2010	30 Jun 2010
NOK 1000			
Loans, not impaired	82.863.101	80.759.146	82.320.699
Impaired loans;	42.580	27.269	9.768
- Performing	4.702	5.671	2.523
- Non-performing	37.878	21.599	7.245
<b>Loans before allowances</b>	<b>82.905.680</b>	<b>80.786.415</b>	<b>82.330.467</b>
Allowances for individually assessed impaired loans;	-10.505	-7.359	-3.485
- Performing	-1.947	-1.735	-1.679
- Non-performing	-8.558	-5.624	-1.806
Allowances for collectively assessed impaired loans	-46.200	-28.800	-46.000
<b>Allowances</b>	<b>-56.705</b>	<b>-36.159</b>	<b>-49.485</b>
<b>Loans, book value</b>	<b>82.848.976</b>	<b>80.750.256</b>	<b>82.280.982</b>

### Key ratios

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Impairment rate, gross <sup>1</sup> , in %	0,05	0,03	0,01
Impairment rate, net <sup>2</sup> , in %	0,04	0,02	0,01
Total allowance rate <sup>3</sup> , in %	0,07	0,04	0,06
Allowance rate, impaired loans <sup>4</sup> , in %	0,25	0,27	0,36
Non-performing loans, not impaired <sup>5</sup> , in NOK 1000	127.094	110.372	96.100

<sup>1</sup> Individually assessed impaired loans before allowances divided by total loans before allowances.

<sup>2</sup> Individually assessed impaired loans after allowances divided by total loans before allowances.

<sup>3</sup> Total allowances divided by total loans before allowances.

<sup>4</sup> Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances, %.

<sup>5</sup> 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.

<b>Assets</b> NOK 1000	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale	Non-financial assets	Total
Loans to credit institutions	225.814					225.814
Loans to the public	82.848.976					82.848.976
Derivatives			98.698			98.698
Fair value changes of the hedged items in portfolio hedge of interest rate risk	171.704					171.704
Deferred tax assets					21.599	21.599
Other assets	0					0
Prepaid expenses and accrued income	129.497					129.497
<b>Total 30 June 2011</b>	<b>83.375.991</b>	<b>0</b>	<b>98.698</b>	<b>0</b>	<b>21.599</b>	<b>83.496.288</b>
<b>Total 31 December 2010</b>	<b>80.977.755</b>	<b>0</b>	<b>75.957</b>	<b>0</b>	<b>0</b>	<b>81.053.712</b>
<b>Total 30 June 2010</b>	<b>82.438.590</b>	<b>0</b>	<b>94.939</b>	<b>0</b>	<b>0</b>	<b>82.533.531</b>

<b>Liabilities</b> NOK 1000	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non-financial liabilities	Total
Deposits by credit institutions			11.800.000		11.800.000
Debt securities in issue			66.330.021		66.330.021
Derivatives		1.499.326			1.499.326
Fair value changes of the hedged items in portfolio hedge of interest rate risk			-356.029		-356.029
Current tax liabilities				129.218	129.218
Other liabilities				1.178	1.178
Accrued expenses and prepaid income				74.930	74.930
Retirement benefit obligations				2.478	2.478
<b>Total 30 June 2011</b>	<b>0</b>	<b>1.499.326</b>	<b>77.773.992</b>	<b>207.804</b>	<b>79.481.122</b>
<b>Total 31 December 2010</b>	<b>0</b>	<b>197.152</b>	<b>76.871.440</b>	<b>242.190</b>	<b>77.310.782</b>
<b>Total 30 June 2010</b>	<b>0</b>	<b>145.863</b>	<b>78.400.000</b>	<b>456.457</b>	<b>79.002.320</b>

## Note 6 Derivatives

### 30 June 2011

30 June 2011			
	Fair value		Total nominal amount
NOK 1000	Positive	Negative	
<b>Derivatives used for hedging</b>			
Interest rate swaps	102.279	1.071.755	33.778.210
Currency interest rate swaps		427.571	11.155.000
<b>Total</b>	<b>102.279</b>	<b>1.499.326</b>	<b>44.933.210</b>
<b>Total derivatives</b>	<b>102.279</b>	<b>1.499.326</b>	<b>44.933.210</b>

### 30 June 2010

30 June 2010			
NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
<b>Derivatives used for hedging</b>			
Interest rate swaps	0	145.863	5.860.000
<b>Total</b>	<b>0</b>	<b>145.863</b>	<b>5.860.000</b>
<b>Total derivatives</b>	<b>0</b>	<b>145.863</b>	<b>5.860.000</b>

## Note 7 Capital adequacy

Nordea Eiendoms kreditt is subject to capital requirements according to Basel II regulations.

The transition rules were 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 Jun 2011	31 Dec 2010	30 Jun 2010
Tier 1 capital <sup>1</sup>	3.655	3.667	3.275
Total capital base	3.655	3.667	3.275

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

### Capital requirement

NOK mill.	30 Jun 2011 Capital requirement	Risk-weighted assets (RWA)	31 Dec 2010 Capital requirement	Risk-weighted assets (RWA)	30 Jun 2010 Capital requirement	Risk-weighted assets (RWA)
<b>Credit risk</b>	<b>1.047</b>	<b>13.081</b>	<b>1053</b>	<b>13.165</b>	<b>1.125</b>	<b>14.055</b>
IRB foundation	1.043	13.036	1.050	13.123	1.124	14.048
- of which corporate	0	0	0	0	0	0
- of which institutions	0	0	0	0	0	0
- of which retail	1.043	13.036	1.050	13.123	1.124	14.048
of which retail SME	0	0	0	0	0	0
of which retail real estate	977	12.214	991	12.391	959	11.991
of which retail other	66	822	59	732	165	2.056
- of which other	0	0	0	0	0	0
Standardised	4	45	3	42	1	7
- of which sovereign	0	0	0	0	0	0
- of which other	4	45	3	42	1	7
<b>Market risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operational risk</b>	<b>60</b>	<b>745</b>	<b>46</b>	<b>579</b>	<b>46</b>	<b>579</b>
Standardised	60	745	46	579	46	579
<b>Sub total</b>	<b>1.107</b>	<b>13.826</b>	<b>1.100</b>	<b>13.744</b>	<b>1.171</b>	<b>14.634</b>
<b>Adjustment for transition rules</b>						
Additional capital requirement according to transition rules	1.778	22.221	1.738	21.726	1.763	22.041
<b>Total</b>	<b>2.884</b>	<b>36.047</b>	<b>2.838</b>	<b>35.470</b>	<b>2.934</b>	<b>36.675</b>

### Capital ratio

	30 Jun 2011	31 Dec 2010	30 Jun 2010
Tier 1 ratio incl. profit, in %	10,9 %	10,3 %	9,4 %
Capital ratio incl. profit, in %	10,9 %	10,3 %	9,4 %
Tier 1 ratio excl. profit, in %	10,1 %	-	8,9 %
Capital ratio excl. profit, in %	10,1 %	-	8,9 %

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

### Analysis of capital requirements

Exposure class, 30 Jun 2011	Average risk weight	Capital requirement
Corporate	na	0
Institutions	na	0
Retail	14 %	1.043
Sovereign	na	0
Other	20 %	4
<b>Total credit risk</b>	<b>14 %</b>	<b>1.047</b>

## **Note 8 Risks and uncertainties**

Nordea Eiendomskreditt's sole business activity is secured residential lending, and the company's main risk exposure is the ability of its borrowers to service their loans. Secondly, the company is exposed to changes in the residential property market.

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 and risk management can be found in the Annual Report for 2010.

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 related parties**

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

Loans to the public, that make up Nordea Eiendomskreditt's cover pool, are purchased from Nordea Bank Norway. Instalments, early redemptions and refinancings will reduce the company's loan portfolio. Loans that cease to be a part of the portfolio, are replaced by new purchases of loans from the parent bank. This year to date loans amounting to NOK 15.3 billion have been transferred from Nordea Bank Norway to Nordea Eiendomskreditt.

The loans transferred are continued to be managed by Nordea Bank Norway. For this service Nordea Eiendomskreditt has paid Nordea Bank Norway an amount of NOK 45.2 million in the first two quarters of 2011.

Nordea Eiendomskreditt also buys services related to treasury, accounting and reporting from other Nordea companies according to agreements entered into. All group internal transactions are settled according to the arms length principle.

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

The Board of Directors and the Managing Director consider that to the best of their knowledge the interim report for the six months to 30 June 2011 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, 15 August 2011  
Nordea Eiendoms kreditt AS



Jon Brenden  
Chairman of the Board



Børre Gundersen  
Board member



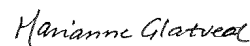
Fanny Borgström  
Board member



Eva Jarbekk  
Board member



Monica Blix  
Board member



Marianne Glatved  
Managing director