

## Interim Report 2nd quarter 2012

### Nordea Eiendoms kreditt AS

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*Nordea Eiendoms kreditt AS is part of the Nordea Group. Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, more than 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.*

# Key financial figures

## Summary of income statement (NOK mill.)

	Jan–Jun 2012	Jan–Jun 2011	Year 2011
<b>Net interest income</b>	<b>549</b>	<b>318</b>	<b>563</b>
Net gains/losses on items at fair value	–5	127	197
Other income	25	15	34
<b>Total operating income</b>	<b>569</b>	<b>460</b>	<b>793</b>
<b>Total operating expenses</b>	<b>–75</b>	<b>–59</b>	<b>–113</b>
Loan losses (negative figures are reversals)	–3	23	16
<b>Operating profit</b>	<b>497</b>	<b>378</b>	<b>664</b>
Income tax expense	139	106	186
<b>Net profit for the period</b>	<b>358</b>	<b>272</b>	<b>478</b>

## Summary of balance sheet (NOK mill.)

	30 Jun 2012	30 Jun 2011	31 Dec 2011
Loans to the public, net	102,592	82,849	88,537
Other assets	3,103	647	2,445
Debt securities in issue	79,809	66,330	68,967
Other liabilities	21,307	13,151	17,795
Equity	4,579	4,015	4,221
<b>Total assets</b>	<b>105,695</b>	<b>83,496</b>	<b>90,983</b>
Average total assets	102,977	82,105	84,809

## Ratios and key figures

	30 Jun 2012	30 Jun 2011	31 Dec 2011
Earnings per share (NOK), annualised basis	46.8	35.8	31.2
Equity per share <sup>1</sup> (NOK)	298.6	261.8	275.2
Shares outstanding <sup>1</sup> , million	15.3	15.3	15.3
Post-tax return on average equity	17.0 %	14.7 %	12.8 %
Cost/income ratio	13.2 %	12.9 %	14.2 %
Core tier 1 capital ratio, excl. transition rules <sup>1,2</sup>	25.3%	26.4 %	28.1 %
Tier 1 capital ratio, excl. transition rules <sup>1,2</sup>	25.3%	26.4 %	28.1 %
Total capital ratio, excl. transition rules <sup>1,2</sup>	29.6%	26.4 %	33.0 %
Core tier 1 capital ratio incl. transition rules <sup>1,2</sup>	9.2%	10.1 %	10.7 %
Tier 1 capital ratio incl. transition rules <sup>1,2</sup>	9.2%	10.1 %	10.7 %
Total capital ratio incl. transition rules <sup>1,2</sup>	10.8%	10.1 %	12.6 %
Capital base (NOK mill.) <sup>1</sup>	4,870	3,655	4,889
Risk-weighted assets incl. transition rules (NOK mill) <sup>1</sup>	45,073	36,047	38,834
Loan loss ratio, basis points	–0.6	5.7	2.0
Number of employees (full-time equivalents) <sup>1</sup>	1.6	1.5	1.5

<sup>1</sup> At the end of the period.

<sup>2</sup> Excluding the year to date result for interim figures.

# Nordea Eiendomskreditt AS

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

Nordea Eiendomskreditt's business objective is to acquire long term Norwegian residential mortgage loans from the parent bank, and to fund its lending activities primarily via issuance of covered bonds (bonds with a priority right of recourse to the company's collateral for its lending). Nordea Eiendomskreditt 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 2012 was NOK 497.0 million (NOK 378.1 million). The profit reported is equivalent to a post-tax return on average equity of 17.0% (14.7%) on an annualised basis.

Net interest income for the six months ending 30 June 2012 increased by 73% compared to the same period last year, and amounted to NOK 549.3 million (NOK 317.8 million).

Total operating expenses for the first six months amounted to NOK 75.1 million (NOK 58.6 million), of which cost related to management of the lending portfolio and customer contact stands for 90% and has increased along with the increase in the lending portfolio.

Loan losses and provisions recognised in the accounts for the first six months totalled NOK -2.8 million (NOK 23.1 million), of which NOK 10.2 million relates to a reversal of allocations for collectively assessed loans.

Total assets amounted to NOK 105,695 million as at 30 June 2012 (NOK 83,496 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 2012, including undistributed post-tax profit for the year to date, amounted to NOK 4,579 million.

The company's net capital base, calculated in accordance with the Basel II regulations, amounted to NOK 4,870 million (NOK 3,655 million) at the end of the first six months. NOK 780 million hereof is subordinated loan capital. Risk weighted assets excluding the transition rules totalled NOK 16,439 million at the close of the second quarter as compared to NOK 45,073 million including the

transition rules.

The capital ratio was 29,6% excluding the transition rules and 10,8% 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 3,555 million higher than the minimum Pillar 1 capital requirement of NOK 1,315 million excluding the transition rules. The transition rules states that the capital requirements until the end of 2012 should be calculated as 80% of the Basel I capital requirements.

## Funding

Nordea Eiendomskreditt's main funding source is issuance of covered bonds. Covered bonds are debt instruments, regulated by the Norwegian Act on Financing Activity and Financial Institutions (Financial Institutions Act), that give investors a preferential claim into a pool of high quality assets in case of the issuer's insolvency. Norwegian covered bonds can only be issued by mortgage credit institutions that holds a licence from the Norwegian FSA and whose articles of association comply with certain mandatory requirements. The cover pool in Nordea Eiendomskreditt consists entirely of Norwegian residential mortgage loans.

During the first six months of 2012 Nordea Eiendomskreditt has issued covered bonds amounting to NOK 10.7 billion in the Norwegian domestic market under its NOK 75 billion domestic covered bond program. As of 30 June 2012, Nordea Eiendomskreditt had outstanding covered bonds totalling NOK 42.2 billion in the Norwegian market and USD 3.0 billion in the US market. In addition, Nordea Eiendomskreditt had outstanding NOK 20.0 billion of covered bonds issued in connection with swap arrangements provided by the Norwegian government. For further information on the swap arrangement, see note 9. Nordea Eiendomskreditt also had subordinated debt outstanding to the amount of NOK 0.78 billion.

In addition to the long term funding, Nordea Eiendomskreditt also raised short term unsecured funding from the parent bank. At the end of the second quarter of 2012 such borrowings amounted to NOK 18.7 billion

## 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 102.6 billion as at 30 June 2012 (NOK 82.9 billion), which consists entirely of residential mortgage loans that are managed by Nordea Bank Norge ASA. NOK 96.0 billion of the loan portfolio is included in the collateral pool for the purposes of the calculation of the asset coverage requirement under the covered bond legislation. This represents surplus collateral of 21.7% in relation to covered bonds issued.

## Interest rate and currency hedging

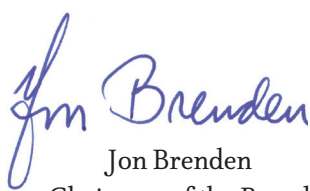
The company uses interest rate and currency swaps to hedge interest rate and currency risk. At the close of the second quarter of 2012, the company was party to interest rate swaps with nominal value of NOK 54.8 billion. In accordance with IFRS, fair value changes of interest rate swaps and the corresponding hedged items (fixed-rate lending and fixed-rate issued bonds) due to changes in market rates, are recognised in the profit and loss accounts.

Nordea Eiendomskreditt issued bonds totalling USD 3 billion in the US market last year. In order to eliminate the foreign exchange risk, the company has entered into currency swaps of the same amount. Nordea Bank Norge ASA is counterparty to all derivative contracts.

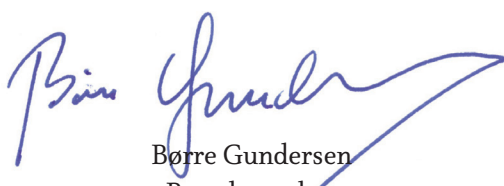
## Impaired loans

As at 30 June 2012 impaired loans amounted to NOK 51.2 million which corresponds to 0.05% of the total lending portfolio. Individual allowances of NOK 18.7 million have been made, and net impaired loans were NOK 32.5 million at 30 June 2012, compared to NOK 32.1 million at 30 June 2011.

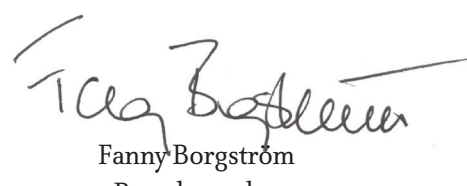
Nordea Eiendomskreditt AS  
Oslo, 18 July 2012



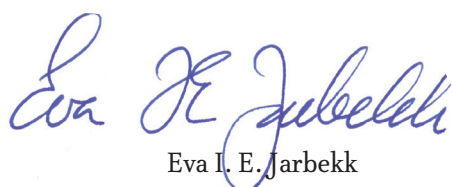
Jon Brenden  
Chairman of the Board



Børre Gundersen  
Board member



Fanny Borgström  
Board member



Eva I. E. Jarbekk  
Board member

Monica Blix

Monica Blix  
Board member

Marianne Glatved

Marianne Glatved  
Managing director

## Income statement

NOK 1000	Note	Jan-Jun 2012	Jan-Jun 2011	Q2 2012	Q2 2011	Year 2011
Interest income		1,934,546	1,418,057	1,001,827	720,803	3,005,451
Interest expense		1,385,255	1,100,253	682,960	585,893	2,442,954
<b>Net interest income</b>		<b>549,291</b>	<b>317,804</b>	<b>318,867</b>	<b>134,910</b>	<b>562,497</b>
Fee and commission income		25,559	15,611	13,280	7,856	35,345
Fee and commission expense		922	957	359	418	1,857
<b>Net fee and commission income</b>		<b>24,637</b>	<b>14,653</b>	<b>12,922</b>	<b>7,438</b>	<b>33,488</b>
<b>Net result from items at fair value</b>	3	<b>-4,675</b>	<b>127,333</b>	<b>-572</b>	<b>8,121</b>	<b>196,615</b>
<b>Total operating income</b>		<b>569,253</b>	<b>459,790</b>	<b>331,217</b>	<b>150,469</b>	<b>792,600</b>
Staff costs		1,210	1,116	563	517	2,253
Other expenses		73,884	57,514	37,537	31,900	110,533
<b>Total operating expenses</b>		<b>75,094</b>	<b>58,630</b>	<b>38,100</b>	<b>32,417</b>	<b>112,787</b>
<b>Profit before loan losses</b>		<b>494,159</b>	<b>401,160</b>	<b>293,116</b>	<b>118,052</b>	<b>679,813</b>
Loan losses (negative figures are reversals)	4	-2,809	23,054	-5,504	19,754	15,789
<b>Operating profit</b>		<b>496,968</b>	<b>378,106</b>	<b>298,621</b>	<b>98,298</b>	<b>664,024</b>
Income tax expense		139,151	105,870	83,614	24,912	186,019
<b>Net profit for the period</b>		<b>357,816</b>	<b>272,236</b>	<b>215,007</b>	<b>73,386</b>	<b>478,005</b>
<b>Attributable to:</b>						
Shareholder of Nordea Eiendomskreditt AS		357,816	272,236	215,007	73,386	478,005
<b>Total</b>		<b>357,816</b>	<b>272,236</b>	<b>215,007</b>	<b>73,386</b>	<b>478,005</b>

## Statement of comprehensive income

NOK 1000	Jan-Jun 2012	Jan-Jun 2011	Q2 2012	Q2 2011	Year 2011
Net profit for the period	357,816	272,236	215,007	73,386	478,005
Other comprehensive income	0	0	0	0	0
<b>Total comprehensive income</b>	<b>357,816</b>	<b>272,236</b>	<b>215,007</b>	<b>73,386</b>	<b>478,005</b>
<b>Attributable to:</b>					
Shareholder of Nordea Eiendomskreditt AS	357,816	272,236	215,007	73,386	478,005
<b>Total</b>	<b>357,816</b>	<b>272,236</b>	<b>215,007</b>	<b>73,386</b>	<b>478,005</b>

## Balance sheet

NOK 1000	Note	30 Jun 2012	30 Jun 2011	31 Dec 2011
<b>Assets</b>				
Loans to credit institutions, payable on demand		626,498	225,814	153,593
<b>Total loans and receivables to credit institutions</b>		<b>626,498</b>	<b>225,814</b>	<b>153,593</b>
<b>Loans and receivables to the public</b>	<b>4</b>	<b>102,591,979</b>	<b>82,848,976</b>	<b>88,537,456</b>
Deferred tax assets			21,599	
<b>Total intangible assets</b>		<b>0</b>	<b>21,599</b>	<b>0</b>
Derivatives	6	1,780,573	98,698	1,706,490
Fair value changes of the hedged items in portfolio hedge of interest rate risk		378,204	171,704	425,744
Other assets		99,945	0	0
<b>Total other assets</b>		<b>2,258,721</b>	<b>270,402</b>	<b>2,132,234</b>
<b>Accrued income and prepaid expenses</b>		<b>217,931</b>	<b>129,497</b>	<b>159,572</b>
<b>Total assets</b>		<b>105,695,129</b>	<b>83,496,288</b>	<b>90,982,855</b>
<b>Liabilities and equity</b>				
Deposits by credit institutions, fixed term		18,650,000	11,800,000	15,250,000
<b>Total deposits by credit institutions</b>		<b>18,650,000</b>	<b>11,800,000</b>	<b>15,250,000</b>
<b>Debt securities in issue</b>		<b>79,809,347</b>	<b>66,330,021</b>	<b>68,966,576</b>
Derivatives	6	510,170	1,499,326	634,596
Fair value changes of the hedged items in portfolio hedge of interest rate risk		846,089	-356,029	618,062
Current tax liabilities		169,953	129,218	119,166
Other liabilities		192,717	1,181	2,246
<b>Total other liabilities</b>		<b>1,718,928</b>	<b>1,273,695</b>	<b>1,374,070</b>
<b>Accrued expenses and prepaid income</b>		<b>152,245</b>	<b>74,930</b>	<b>354,975</b>
Provisions		374	467	374
Retirement benefit obligations		2,329	2,011	2,135
Deferred tax		3,156		33,792
<b>Total provisions for other liabilities and expenses</b>		<b>5,859</b>	<b>2,478</b>	<b>36,301</b>
Subordinated loan capital		780,000		780,000
<b>Total liabilities</b>		<b>101,116,379</b>	<b>79,481,123</b>	<b>86,761,921</b>
Share capital		1,533,627	1,533,627	1,533,627
Retained earnings		2,687,307	2,209,302	2,687,307
<b>Total</b>		<b>4,220,934</b>	<b>3,742,929</b>	<b>4,220,934</b>
<b>Net profit for the period</b>		<b>357,816</b>	<b>272,236</b>	
<b>Total equity</b>		<b>4,578,751</b>	<b>4,015,165</b>	<b>4,220,934</b>
<b>Total liabilities and equity</b>		<b>105,695,129</b>	<b>83,496,288</b>	<b>90,982,855</b>
Assets pledged as security for own liabilities		95,980,516	78,414,050	84,222,425
Contingent liabilities		3,921	4,724	3,921
Commitments		11,281,546	7,556,797	7,773,113

## Statement of changes in equity

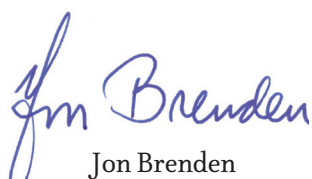
NOK 1000	Share capital <sup>1)</sup>	Other equity	Total equity
<b>Opening balance at 1 Jan 2012</b>	<b>1,533,627</b>	<b>2,687,307</b>	<b>4,220,934</b>
Group contribution			0
Total comprehensive income		357,816	357,816
<b>Closing balance at 30 June 2012</b>	<b>1,533,627</b>	<b>3,045,123</b>	<b>4,578,751</b>

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
Total comprehensive income		478,005	478,005
<b>Closing balance at 31 December 2011</b>	<b>1,533,627</b>	<b>2,687,307</b>	<b>4,220,934</b>

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
Total comprehensive income		272,236	272,236
<b>Closing balance at 30 June 2012</b>	<b>1,533,627</b>	<b>2,481,538</b>	<b>4,015,165</b>

<sup>1</sup> The company's share capital at 30 June 2012 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 Eiendomskreditt AS Oslo, 18 July 2012

  
Jon Brenden  
Chairman of the Board

  
Børre Gundersen  
Board member

  
Fanny Borgström  
Board member

  
Eva I. E. Jarbekk  
Board member

  
Monica Blix  
Board member

  
Marianne Glatved  
Managing director

## Cash flow statement

NOK 1000	Jan–Jun 2012	Jan–Jun 2011	Year 2011
<b>Operating activities</b>			
Operating profit before tax	496,968	378,106	664,024
Income taxes paid	(119,000)	(105,870)	(188,810)
Change in write-downs to provide for loan losses	(2,778)	20,545	8,105
<b>Cash flow from operating activities before changes in op. assets and liab.</b>	<b>375,190</b>	<b>292,781</b>	<b>483,319</b>
<b>Changes in operating assets and liabilities</b>			
Change in loans to the public	(14,051,744)	(2,119,266)	(7,795,305)
Change in debt securities in issue	10,842,771	7,058,581	9,695,136
Change in deposits by credit institutions	3,400,000	(5,800,000)	(2,350,000)
Change in other receivables	(184,847)	(218,505)	(2,088,812)
Change in other liabilities	91,535	911,761	1,328,793
<b>Cash flow from operating activities</b>	<b>472,905</b>	<b>125,352</b>	<b>(726,869)</b>
<b>Investing activities</b>			
Change in loans and receivables to credit institutions, fixed terms	0	0	0
Change in holdings of bearer bonds issued by others	0	0	0
<b>Cash flow from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing activities</b>			
Group contributions/dividend paid	0	0	0
Change in subordinated loan capital	0		780,000
Recognised directly in equity	0	0	0
<b>Cash flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>780,000</b>
<b>Cash flow for the period</b>	<b>472,905</b>	<b>125,352</b>	<b>53,131</b>
Cash and cash equivalents at beginning of period	153,593	100,462	100,462
Cash and cash equivalents at end of period	626,498	225,814	153,593
<b>Change</b>	<b>472,905</b>	<b>125,352</b>	<b>53,131</b>

Cash and cash equivalents comprise loans to finance institutions with no fixed maturity (bank deposits).



# Notes to the financial statement

## Note 1 Accounting policies

The 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 June 2012 are presented in accordance with IAS 34 Interim Financial Reporting. The company's accounting principles are unchanged in comparison with the Annual Report for 2011.

## 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	Jan–Jun 2012	Jan–Jun 2011	Year 2011
Interest-bearing securities		146,500	214,600
Other financial instruments	-4,675	-19,167	-17,985
Foreign exchange gains/losses			
<b>Total</b>	<b>-4,675</b>	<b>127,333</b>	<b>196,615</b>

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

NOK 1000	Jan–Jun 2012	Jan–Jun 2011	Year 2011
Foreign currency derivatives			
Financial instruments under hedge accounting	-4,675	-19,167	-17,985
– of which net losses on hedged items	-271,039	136,350	-512,420
– of which net gains on hedging instruments	266,365	-155,518	494,435
Other financial liabilities		146,500	214,600
<b>Total</b>	<b>-4,675</b>	<b>127,333</b>	<b>196,615</b>

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

## Note 4 Loans and their impairment

### Loan losses

NOK 1000	Jan-Jun 2012	Jan-Dec 2011	Jan-Jun 2011
Change in allowances for individually assessed loans	7,341	3,905	2,679
Change in allowances for collectively assessed loans	-10,198	4,200	17,400
Realised loan losses in the period	50	7,711	2,985
Recoveries of loan losses realised previous years	-2	-27	-10
<b>Total loan losses for the period</b>	<b>-2,809</b>	<b>15,789</b>	<b>23,054</b>

Reconciliation of allowance accounts for impaired loans

NOK 1000	Jan-Jun 2012			Jan-Dec 2011			Jan-Jun 2011		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
<b>Opening balance at beginning of period</b>	<b>11 264</b>	<b>33,000</b>	<b>44,264</b>	<b>7,359</b>	<b>28,800</b>	<b>36,159</b>	<b>7,359</b>	<b>28,800</b>	<b>36,159</b>
Provisions	8 184		8,184	11,147	24,800	35,947	5,295	19,400	24,695
Reversals	-793	-10,198	-10,991	-944	-20,600	-21,544	-388	-2,000	-2,388
<b>Changes through the income statement</b>	<b>7 391</b>	<b>-10,198</b>	<b>-2,807</b>	<b>10,203</b>	<b>4,200</b>	<b>14,403</b>	<b>4,907</b>	<b>17,400</b>	<b>22,307</b>
Allowances used to cover write-offs	28		28	-6,298	0	-6,298	-1,761	0	-1,761
<b>Closing balance at end of period</b>	<b>18 684</b>	<b>22,802</b>	<b>41,486</b>	<b>11,264</b>	<b>33,000</b>	<b>44,264</b>	<b>10,505</b>	<b>46,200</b>	<b>56,705</b>

### Loans and their impairment

NOK 1000	30 Jun 2012	31 Dec 2011	31 Jun 2011
Loans, not impaired	102,582,227	88,540,253	82,863,101
Impaired loans;	51,237	41,467	42,580
- Performing	10,088	8,279	4,702
- Non-performing	41,149	33,188	37,878
<b>Loans before allowances</b>	<b>102,633,464</b>	<b>88,581,720</b>	<b>82,905,680</b>
Allowances for individually assessed impaired loans;	-18,684	-11,264	-10,505
- Performing	-2,262	-2,153	-1,947
- Non-performing	-16,421	-9,111	-8,558
Allowances for collectively assessed impaired loans	-22,802	-33,000	-46,200
<b>Allowances</b>	<b>-41,486</b>	<b>-44,264</b>	<b>-56,705</b>
<b>Loans, book value</b>	<b>102,591,979</b>	<b>88,537,456</b>	<b>82,848,976</b>

### Key ratios

	2012	2011	2011
Impairment rate, gross <sup>1</sup> , in %	0.05	0.05	0.05
Impairment rate, net <sup>2</sup> , in %	0.03	0.03	0.04
Total allowance rate <sup>3</sup> , in %	0.04	0.05	0.07
Allowance rate, impaired loans <sup>4</sup> , in %	36.5	27.2	24.7
Total allowances in relation to impaired loans, in %	81.0	106.7	133.2
Non-performing loans, not impaired <sup>5</sup> , in NOK 1000	234,025	186,285	127,094

<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 to credit institutions, Loans to the public, 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>	<b>Loans and receivables</b>	<b>Assets at fair value through profit and loss</b>	<b>Derivatives used for hedging</b>	<b>Available for sale</b>	<b>Non-financial assets</b>	<b>Total</b>
NOK 1000						
Loans to credit institutions	626,498					626,498
Loans to the public	102,591,979					102,591,979
Derivatives			1,780,573			1,780,573
Fair value changes of the hedged items in portfolio hedge of interest rate risk	378,204					378,204
Deferred tax assets						0
Other assets	99,945					99,945
Prepaid expenses and accrued income	217,931					217,931
<b>Total 30 June 2012</b>	<b>103,914,556</b>	<b>0</b>	<b>1,780,573</b>	<b>0</b>	<b>0</b>	<b>105,695,129</b>
<b>Total 31 December 2011</b>	<b>89,276,365</b>	<b>0</b>	<b>1,706,490</b>	<b>0</b>	<b>0</b>	<b>90,982,855</b>
<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>Liabilities</b>	<b>Liabilities at fair value through profit and loss</b>	<b>Derivatives used for hedging</b>	<b>Other financial liabilities</b>	<b>Non-financial liabilities</b>	<b>Total</b>
NOK 1000					
Deposits by credit institutions			18,650,000		18,650,000
Debt securities in issue			79,809,347		79,809,347
Derivatives		510,170			510,170
Fair value changes of the hedged items in portfolio hedge of interest rate risk			846,089		846,089
Current tax liabilities				169,953	169,953
Other liabilities				193,091	193,091
Accrued expenses and prepaid income				152,245	152,245
Retirement benefit obligations				2,329	2,329
Deferred tax liabilities				3,156	3,156
			780,000		780,000
<b>Total 30 June 2012</b>	<b>0</b>	<b>510,170</b>	<b>100,085,435</b>	<b>520,774</b>	<b>101,116,379</b>
<b>Total 31 December 2011</b>	<b>0</b>	<b>634,596</b>	<b>85,614,638</b>	<b>512,688</b>	<b>86,761,921</b>
<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>

## Note 6 Derivatives

### 30 June 2012

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
<b>Derivatives used for hedge accounting:</b>			
Interest rate swaps	562,610	510,170	54,828,640
Currency interest rate swaps	1,217,963	0	17,949,960
<b>Total</b>	<b>1,780,573</b>	<b>510,170</b>	<b>72,778,600</b>
<b>Total derivatives</b>	<b>1,780,573</b>	<b>510,170</b>	<b>72,778,600</b>

### 31 December 2011

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
<b>Derivatives used for hedge accounting:</b>			
Interest rate swaps	471,213	634,596	33,370,470
Currency interest rate swaps	1,235,277		16,758,875
<b>Total</b>	<b>1,706,490</b>	<b>634,596</b>	<b>50,129,345</b>
<b>Total derivatives</b>	<b>1,706,490</b>	<b>634,596</b>	<b>50,129,345</b>

### 30 June 2011

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
<b>Derivatives used for hedge accounting:</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>

## Note 7 Capital adequacy

### Capital base

	30-June 2012	31-Dec 2011	30-June 2011
NOKm			
Core tier 1 capital <sup>1</sup>	4,155	4,165	3,655
Tier 1 capital <sup>1</sup>	4,155	4,165	3,655
Capital base <sup>1</sup>	4,870	4,889	3,655

<sup>1</sup>Excluding profit for the period, except for year-end which is including profit.

### Capital requirement

	30-June 2012 Capital requirement	30-June 2012 RWA	31-Dec 2011 Capital requirement	31-Dec 2011 RWA	30-June 2011 Capital requirement	30-June 2011 RWA
NOKm						
<b>Credit risk</b>	<b>1,243</b>	<b>15,533</b>	<b>1,126</b>	<b>14,070</b>	<b>1,047</b>	<b>13,081</b>
IRB	1,190	14,871	1,083	13,539	1,043	13,036
- of which corporate	-	-	-	-	-	-
- of which institutions	-	-	-	-	-	-
- of which retail	1,190	14,871	1,083	13,539	1,043	13,036
of which retail SME	-	-	-	-	-	-
of which retail real estate	1,123	14,038	1,025	12,815	977	12,214
of which retail other	67	833	58	724	66	822
- of which other	-	-	-	-	-	-
Standardised	53	662	42	531	4	45
- of which sovereign	-	-	-	-	-	-
- of which retail	-	-	-	-	-	-
- of which other	53	662	42	531	4	45
<b>Market risk*</b>	-	-	-	-	-	-
- of which trading book, Internal Approach	-	-	-	-	-	-
- of which trading book, Standardised Approach	-	-	-	-	-	-
- of which banking book, Standardised Approach	-	-	-	-	-	-
<b>Operational risk</b>	<b>72</b>	<b>906</b>	<b>60</b>	<b>745</b>	<b>60</b>	<b>745</b>
Standardised	72	906	60	745	60	745
<b>Sub total</b>	<b>1,315</b>	<b>16,439</b>	<b>1,185</b>	<b>14,815</b>	<b>1,106</b>	<b>13,826</b>
<b>Adjustment for transition rules</b>						
Additional capital requirement according to transition rules	2,291	28,634	1,922	24,019	1,778	22,221
<b>Total</b>	<b>3,606</b>	<b>45,073</b>	<b>3,107</b>	<b>38,834</b>	<b>2,884</b>	<b>36,047</b>

\* Note that the comparison figures as of 30-Jun 2011 are not restated with respect to CRD III

### Capital ratio excl. transition rules

	30-June 2012	31-Dec 2011	30-June 2011
Core tier 1 capital ratio <sup>1</sup> , %	25.3	28.1	26.4
Tier 1 capital ratio <sup>1</sup> , %	25.3	28.1	26.4
Capital base ratio <sup>1</sup> , %	29.6	33.0	26.4

<sup>1</sup>Excluding profit for the period, except for year-end which is including profit.

### Capital ratio incl. transition rules

	30-June 2012	31-Dec 2011	30-June 2011
Core tier 1 capital ratio <sup>1</sup> , %	9.2	10.7	10.1
Tier 1 capital ratio <sup>1</sup> , %	9.2	10.7	10.1
Capital base ratio <sup>1</sup> , %	10.8	12.6	10.1

<sup>1</sup>Excluding profit for the period, except for year-end which is including profit.

### Analysis of capital requirements

Exposure class, 30-June 2012	Average risk weight (%)	Capital requirement (NOKm)
Corporate IRB	-	-
Institutions IRB	-	-
Retail IRB	13	1,190
Sovereign	-	-
Other	20	53
<b>Total credit risk</b>	<b>14</b>	<b>1,243</b>

## Note 8 Risks and uncertainties

Nordea Eiendoms kreditt'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 Eiendoms kreditt 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 2011.

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

Interest rate risk and currency risk that arise as part of Nordea Eiendoms kreditt's normal business activities, are hedged using interest rate and currency swaps. The parent bank, Nordea Bank Norge ASA is counterparty to all derivative contracts. The volume and fair value of the derivative contracts are shown in note 6.

Nordea Bank Norge also provides short term funding to Nordea Eiendoms kreditt, and the bank has bought bonds issued by Nordea Eiendoms kreditt worth of NOK 20 billion as at 30 June 2012. NOK 17,8 billion hereof are exchanged with government securities in the swap arrangements provided by Norges Bank. Only Nordea Bank Norge can be counterpart to Norges Bank for bonds issued by Nordea Eiendoms kreditt.

Loans to the public, that make up Nordea Eiendoms kreditt'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 31.9 billion have been transferred from Nordea Bank Norway to Nordea Eiendoms kreditt.

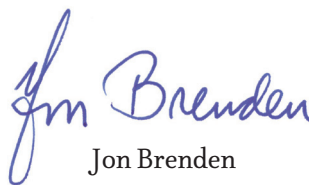
The loans transferred are continued to be managed by Nordea Bank Norway. For this service Nordea Eiendoms kreditt has paid Nordea Bank Norway an amount of NOK 67.7 million in the first half year of 2012.

Nordea Eiendoms kreditt also buys services related to funding and risk control, 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 2012 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.

**Nordea Eiendomskreditt AS**  
**Oslo, 18 July 2012**



Jon Brenden  
Chairman of the Board



Børre Gundersen  
Board member



Fanny Borgström  
Board member



Eva I. E. Jarbekk  
Board member



Monica Blix  
Board member



Marianne Glatved  
Managing director