

Interim Report 3rd quarter 2012

Nordea Eiendoms kreditt AS

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-Sep 2012	Jan-Sep 2011	Year 2011
Net interest income	877	434	563
Net gains/losses on items at fair value	-17	170	197
Other income	38	23	34
Total operating income	898	627	793
Total operating expenses	-113	-85	-113
Loan losses (negative figures are reversals)	-9	33	16
Operating profit	795	510	664
Income tax expense	220	143	186
Net profit for the period	575	367	478

Summary of balance sheet (NOK mill.)

	30 Sep 2012	30 Sep 2011	31 Dec 2011
Loans to the public, net	110 655	82 869	88 537
Other assets	2 252	1 986	2 445
Debt securities in issue	83 592	68 419	68 967
Other liabilities	24 519	12 326	17 795
Equity	4 796	4 110	4 221
Total assets	112 907	84 855	90 983
Average total assets	106 503	82 668	84 809

Ratios and key figures

	30 Sep 2012	30 Sep 2011	31 Dec 2011
Earnings per share (NOK), annualised basis	49,9	32,0	31,2
Equity per share ¹ (NOK)	312,7	264,9	275,2
Shares outstanding ¹ , million	15,3	15,3	15,3
Post-tax return on average equity	18,1 %	13,1 %	12,8 %
Cost/income ratio	12,5 %	13,7 %	14,2 %
Loan loss ratio, basis points	-1,4	5,4	2,0
Core tier 1 capital ratio, excl. transition rules ^{1,2}	24,9 %	26,1 %	28,1 %
Tier 1 capital ratio, excl. transition rules ^{1,2}	24,9 %	26,1 %	28,1 %
Total capital ratio, excl. transition rules ^{1,2}	29,2 %	26,1 %	33,0 %
Core tier 1 capital ratio incl. transition rules ^{1,2}	8,6 %	10,1 %	10,7 %
Tier 1 capital ratio incl. transition rules ^{1,2}	8,6 %	10,1 %	10,7 %
Total capital ratio incl. transition rules ^{1,2}	10,1 %	10,1 %	12,6 %
Capital base (NOK mill.) ¹	4 873	3 652	4 889
Risk-weighted assets excl. transition rules (NOK mill.) ¹	16 680	13 983	14 815
Number of employees (full-time equivalents) ¹	1,6	1,5	1,5

¹ At the end of the period.

² 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 nine months of 2012 was NOK 795.0 million (NOK 510.0 million). The profit reported is equivalent to a post-tax return on average equity of 18.1% (13.1%) on an annualised basis.

Net interest income for the nine months ending 30 September 2012 increased by 102% compared to the same period last year, and amounted to NOK 876.8 million (NOK 434.4 million).

Total operating expenses for the first nine months amounted to NOK 112.6 million (NOK 84.5 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 nine months totalled NOK -9.4 million (NOK 32.5 million), of which NOK -18.6 million relates to reversal of allocations for collectively assessed loans.

Total assets amounted to NOK 112,907 million as at 30 September 2012 (NOK 84,855 million).

Equity and capital adequacy

The company's share capital was NOK 1,534 million at the end of the third quarter. Total equity as at 30 September 2012, including undistributed post-tax profit for the year to date, amounted to NOK 4,796 million.

The company's net capital base, calculated in accordance with the Basel II regulations, amounted to NOK 4,873 million (NOK 3,652 million) at the end of the first nine months. NOK 780 million hereof is subordinated loan capital.

Risk weighted assets excluding the transition rules totalled NOK 16,680 million at the close of the third quarter as compared to NOK 48,375 million including the transition rules.

The capital ratio was 29.2% 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.

The capital base was NOK 3,539 million higher than the minimum Pillar 1 capital requirement of NOK 1,334 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. The bonds issued 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 nine months of 2012 Nordea Eiendomskreditt has issued covered bonds amounting to NOK 15.6 billion in the Norwegian domestic market under its NOK 75 billion domestic covered bond program. As of 30 September 2012, Nordea Eiendomskreditt had outstanding covered bonds totalling NOK 47.0 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 has subordinated debt outstanding to the amount of NOK 0.78 billion.

In addition to the long term funding, Nordea Eiendomskreditt also raises short term unsecured funding from the parent bank. At the end of the third quarter of 2012 such borrowings amounted to NOK 21.5 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 110.7 billion as at 30 September 2012 (NOK 82.9 billion), which consists entirely of residential mortgage loans that are managed by Nordea Bank Norge ASA. NOK 103.7 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 represented a surplus collateral of 23.9% as of 30 September 2012 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

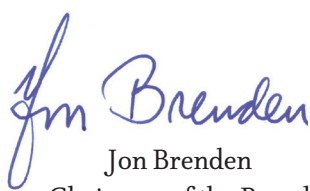
third quarter of 2012, the company was party to interest rate swaps with nominal value of NOK 73.0 billion. In accordance with IFRS, fair value changes of interest rate swaps and the corresponding hedged items (fixed-rate lending and fixed-rate issued bonds) due to changes in market rates, are recognised in the profit and loss accounts.

Nordea Eiendoms kreditt 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.

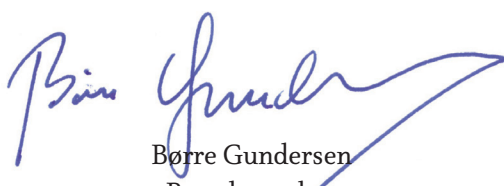
Impaired loans

As at 30 September 2012 impaired loans amounted to NOK 39.6 million which corresponds to 0.04% of the total lending portfolio. Individual allowances of NOK 20.2 million have been made, and net impaired loans were NOK 19.4 million at 30 September 2012, compared to NOK 28.2 million at 30 September 2011.

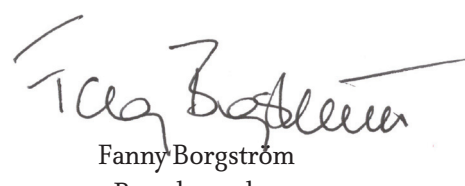
Nordea Eiendoms kreditt AS
Oslo, 7 November 2012



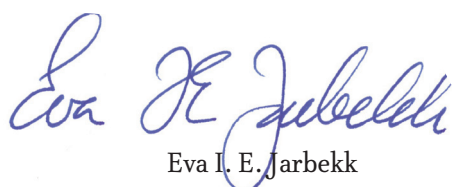
Jon Brenden
Chairman of the Board



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-Sep 2012	Jan-Sep 2011	Q3 2012	Q3 2011	Year 2011
Interest income		2 975 789	2 188 074	1 041 242	770 018	3 005 451
Interest expense		2 098 974	1 753 651	713 719	653 398	2 442 954
Net interest income		876 815	434 423	327 523	116 619	562 497
Fee and commission income		39 368	24 393	13 809	8 783	35 345
Fee and commission expense		1 367	1 297	445	339	1 857
Net fee and commission income		38 002	23 097	13 365	8 444	33 488
Net result from items at fair value	3	-16 682	169 544	-12 008	42 211	196 615
Total operating income		898 134	627 064	328 881	167 274	792 600
Staff costs		1 777	1 703	566	588	2 253
Other expenses		110 794	82 841	36 910	25 327	110 533
Total operating expenses		112 570	84 544	37 476	25 915	112 787
Profit before loan losses		785 563	542 520	291 404	141 360	679 813
Loan losses (negative figures are reversals)	4	-9 437	32 541	-6 628	9 487	15 789
Operating profit		795 000	509 979	298 032	131 872	664 024
Income tax expense		220 213	142 794	81 061	36 924	186 019
Net profit for the period		574 787	367 185	216 971	94 948	478 005
Attributable to:						
Shareholder of Nordea Eiendomskreditt AS		574 787	367 185	216 971	94 948	478 005
Total		574 787	367 185	216 971	94 948	478 005

Statement of comprehensive income

NOK 1000	Jan-Sep 2012	Jan-Sep 2011	Q3 2012	Q3 2011	Year 2011
Net profit for the period	574 787	367 185	216 971	94 948	478 005
Other comprehensive income	0	0	0	0	0
Total comprehensive income	574 787	367 185	216 971	94 948	478 005
Attributable to:					
Shareholder of Nordea Eiendomskreditt AS	574 787	367 185	216 971	94 948	478 005
Total	574 787	367 185	216 971	94 948	478 005

Balance sheet

NOK 1000	Note	30 Sep 2012	30 Sep 2011	31 Dec 2011
Assets				
Loans to credit institutions, payable on demand		295 944	232 002	153 593
Total loans and receivables to credit institutions		295 944	232 002	153 593
Loans and receivables to the public	4	110 655 052	82 869 143	88 537 456
Deferred tax assets				
Total intangible assets		0	0	0
Derivatives	6	1 354 495	1 164 665	1 706 490
Fair value changes of the hedged items in portfolio hedge of interest rate risk		382 258	448 794	425 744
Other assets		-349		0
Total other assets		1 736 404	1 613 460	2 132 234
Accrued income and prepaid expenses		219 428	140 022	159 572
Total assets		112 906 828	84 854 627	90 982 855
Liabilities and equity				
Deposits by credit institutions, fixed term		21 500 000	10 700 000	15 250 000
Total deposits by credit institutions		21 500 000	10 700 000	15 250 000
Debt securities in issue		83 591 820	68 418 826	68 966 576
Derivatives	6	570 399	657 227	634 596
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1 108 627	605 695	618 062
Current tax liabilities		239 104	137 958	119 166
Other liabilities		2 818	49	2 246
Total other liabilities		1 920 947,53	1 400 928	1 374 070
Accrued expenses and prepaid income		298 111	215 634	354 975
Provisions		374	467	374
Retirement benefit obligations		2 426	2 073	2 135
Deferred tax		17 429	6 586	33 792
Total provisions for other liabilities and expenses		20 229	9 126	36 301
Subordinated loan capital		780 000		780 000
Total liabilities		108 111 107	80 744 515	86 761 921
Share capital		1 533 627	1 533 627	1 533 627
Retained earnings		2 687 307	2 209 302	2 687 307
Total		4 220 934	3 742 929	4 220 934
Net profit for the period		574 787	367 185	
Total equity		4 795 721	4 110 113	4 220 934
Total liabilities and equity		112 906 828	84 854 627	90 982 855
Assets pledged as security for own liabilities		103 702 237	78 828 947	84 222 425
Contingent liabilities		3 921	4 724	3 921
Commitments		9 474 715	7 498 482	7 773 113

Statement of changes in equity

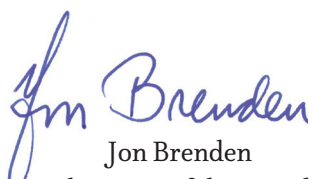
NOK 1000	Share capital ¹⁾	Other equity	Total equity
Opening balance at 1 Jan 2012	1 533 627	2 687 307	4 220 934
Group contribution		0	0
Total comprehensive income		574 787	574 787
Closing balance at 30 Sep 2012	1 533 627	3 262 094	4 795 721

NOK 1000	Share capital ¹⁾	Other equity	Total equity
Opening balance at 1 Jan 2011	1 533 627	2 209 301	3 742 928
Group contribution			0
Total comprehensive income		478 005	478 005
Closing balance at 31 December 2011	1 533 627	2 687 307	4 220 934

NOK 1000	Share capital ¹⁾	Other equity	Total equity
Opening balance at 1 Jan 2011	1 533 627	2 209 301	3 742 928
Group contribution			0
Total comprehensive income		367 185	367 185
Closing balance at 30 Sep 2011	1 533 627	2 576 486	4 110 113

¹⁾ The company's share capital at 30 September 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, 7 November 2012


Jon Brenden
Chairman of the Board


Børre Gundersen
Board member


Fanny Borgstrøm
Board member


Eva I. E. Jarbekk
Board member


Monica Blix
Board member


Marianne Glatved
Managing director

Cash flow statement

NOK 1000	Jan-Sep 2012	Jan-Sep 2011	Year 2011
Operating activities			
Operating profit before tax	795 000	509 979	664 024
Income taxes paid	(116 638)	(154 000)	(188 810)
Change in write-downs to provide for loan losses	(9 696)	26 632	8 105
Cash flow from operating activities before changes in op. assets and liab.	668 666	382 611	483 319
Changes in operating assets and liabilities			
Change in loans to the public	(22 107 900)	(2 145 519)	(7 795 305)
Change in debt securities in issue	14 625 244	9 147 386	9 695 136
Change in deposits by credit institutions	6 250 000	(6 900 000)	(2 350 000)
Change in other receivables	335 974	(1 550 488)	(2 088 812)
Change in other liabilities	370 367	1 197 551	1 328 793
Cash flow from operating activities	142 351	131 540	(726 869)
Investing activities			
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
Cash flow from investing activities	0	0	0
Financing activities			
Group contributions/dividend paid	0	0	0
Change in subordinated loan capital	0	0	780 000
Recognised directly in equity	0	0	0
Cash flow from financing activities	0	0	780 000
Cash flow for the period	142 351	131 540	53 131
Cash and cash equivalents at beginning of period	153 593	100 462	100 462
Cash and cash equivalents at end of period	295 944	232 002	153 593
Change	142 351	131 540	53 131

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 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 September 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 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-Sep 2012	Jan-Sep 2011	Year 2011
Interest-bearing securities		191 000	214 600
Other financial instruments	-16 682	-21 456	-17 985
Foreign exchange gains/losses			
Total	-16 682	169 544	196 615

Net gains/losses for categories of financial instruments

NOK 1000	Jan-Sep 2012	Jan-Sep 2011	Year 2011
Foreign currency derivatives			
Financial instruments under hedge accounting	-16 682	-21 456	-17 985
– of which net losses on hedged items	-529 523	-523 542	-512 420
– of which net gains on hedging instruments	512 841	502 086	494 435
Other financial liabilities		191 000	214 600
Total	-16 682	169 544	196 615

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-Sep 2012	Jan-Dec 2011	Jan-Sep 2011
Change in allowances for individually assessed loans	8 826	3 905	2 734
Change in allowances for collectively assessed loans	-18 600	4 200	22 800
Realised loan losses in the period	342	7 711	7 026
Recoveries of loan losses realised previous years	-5	-27	-19
Total loan losses for the period	-9 437	15 789	32 541

Reconciliation of allowance accounts for impaired loans

NOK 1000	Jan-Sep 2012			Jan-Dec 2011			Jan-Sep 2011		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at beginning of period	11 264	33 000	44 264	7 359	28 800	36 159	7 359	28 800	36 159
Provisions	12 420		12 420	11 147	24 800	35 947	8 036	24 800	32 836
Reversals	-3 367	-18 600	-21 967	-944	-20 600	-21 544	-740	-2 000	-2 740
Changes through the income statement	9 053	-18 600	-9 547	10 203	4 200	14 403	7 296	22 800	30 096
Allowances used to cover write-offs	-149		-149	-6 298	0	-6 298	-3 464	0	-3 464
Closing balance at end of period	20 168	14 400	34 568	11 264	33 000	44 264	11 191	51 600	62 791

Loans and their impairment

NOK 1000	30 Sep 2012	31 Dec 2011	30 Sep 2011
Loans, not impaired	110 650 008	88 540 253	82 892 528
Impaired loans;	39 612	41 467	39 406
- Performing	6 177	8 279	6 824
- Non-performing	33 435	33 188	32 582
Loans before allowances	110 689 620	88 581 720	82 931 934
Allowances for individually assessed impaired loans;	-20 168	-11 264	-11 191
- Performing	-1 817	-2 153	-1 608
- Non-performing	-18 352	-9 111	-9 583
Allowances for collectively assessed impaired loans	-14 400	-33 000	-51 600
Allowances	-34 568	-44 264	-62 791
Loans, book value	110 655 052	88 537 456	82 869 143

Key ratios

	30 Sep 2012	31 Dec 2011	30 Sep 2011
Impairment rate, gross ¹ , in %	0,04	0,05	0,05
Impairment rate, net ² , in %	0,03	0,03	0,03
Total allowance rate ³ , in %	0,03	0,05	0,08
Allowance rate, impaired loans ⁴ , in %	38,3	27,2	28,4
Total allowances in relation to impaired loans, in %	65,6	106,7	159,3
Non-performing loans, not impaired ⁵ , in NOK 1000	230127	186 285	148 846

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 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.

Assets	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	295 944					295 944
Loans to the public	110 655 052					110 655 052
Derivatives			1 354 495			1 354 495
Fair value changes of the hedged items in portfolio hedge of interest rate risk	382 258					382 258
Deferred tax assets						0
Other assets						0
Prepaid expenses and accrued income	219 079					219 079
Total 30 September 2012	111 552 333	0	1 354 495	0	0	112 906 828
Total 31 December 2011	89 276 365	0	1 706 490	0	0	90 982 855
Total 30 September 2011	83 689 962	0	1 164 665	0	0	84 854 627
Liabilities		Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities	Non- financial liabilities	Total
Deposits by credit institutions				21 500 000		21 500 000
Debt securities in issue				83 591 820		83 591 820
Derivatives			570 399			570 399
Fair value changes of the hedged items in portfolio hedge of interest rate risk				1 108 627		1 108 627
Current tax liabilities					239 104	239 104
Other liabilities					3 192	3 192
Accrued expenses and prepaid income					298 111	298 111
Retirement benefit obligations					2 426	2 426
Deferred tax liabilities					17 429	17 429
				780 000		780 000
Total 30 June 2012		0	570 399	106 980 446	560 262	108 111 107
Total 31 December 2011		0	634 596	85 614 638	512 688	86 761 921
Total 30 September 2011		0	657 227	79 724 521	362 767	80 744 515

Note 6 Derivatives

30 September 2012

NOK 1000	Fair value		Total nominal
	Positive	Negative	amount
Derivatives used for hedge accounting:			
Interest rate swaps	1 009 060	570 399	73 035 072
Currency interest rate swaps	345 435		17 098 608
Total	1 354 495	570 399	90 133 680
Total derivatives	1 354 495	570 399	90 133 680

31 December 2011

NOK 1000	Fair value		Total nominal
	Positive	Negative	amount
Derivatives used for hedge accounting:			
Interest rate swaps	471 213	634 596	33 370 470
Currency interest rate swaps	1 235 277		-17 978 205
Total	1 706 490	634 596	15 392 265
Total derivatives	1 706 490	634 596	15 392 265

30 September 2011

NOK 1000	Fair value		Total nominal
	Positive	Negative	amount
Derivatives used for hedge accounting:			
Interest rate swaps	387 371	657 227	48 623 837
Currency interest rate swaps	771 539		-17 525 755
Total	1 158 910	657 227	31 098 082
Total derivatives	1 158 910	657 227	31 098 082

Note 7 Capital adequacy

Capital base

NOKm	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core tier 1 capital ¹	4 157	4 165	3 652
Tier 1 capital ¹	4 157	4 165	3 652
Capital base ¹	4 873	4 889	3 652

¹Excluding profit for the period, except for year-end which is including profit.

Capital requirement

NOKm	30 Sep 2012 Capital requirement	30 Sep 2012 RWA	31 Dec 2011 Capital requirement	31 Dec 2011 RWA	30 Sep 2011 Capital requirement	30 Sep 2011 RWA
Credit risk	1 262	15 774	1 126	14 070	1 059	13 238
IRB	1 222	15 279	1 083	13 539	1 025	12 815
- of which corporate	-	-	-	-	-	-
- of which institutions	-	-	-	-	-	-
- of which retail	1 222	15 279	1 083	13 539	1 025	12 815
of which retail SME	-	-	-	-	-	-
of which retail real estate	1 151	14 390	1 025	12 815	965	12 064
of which retail other	71	889	58	724	60	751
- of which other	-	-	-	-	-	-
Standardised	40	495	42	531	34	423
- of which sovereign	-	-	-	-	-	-
- of which retail	-	-	-	-	-	-
- of which other	40	495	42	531	34	423
Market risk*	-	-	-	-	-	-
- of which trading book, Internal Approach	-	-	-	-	-	-
- of which trading book, Standardised Approach	-	-	-	-	-	-
- of which banking book, Standardised Approach	-	-	-	-	-	-
Operational risk	72	906	60	745	60	745
Standardised	72	906	60	745	60	745
Sub total	1 334	16 680	1 185	14 815	1 119	13 983

Adjustment for transition rules

Additional capital requirement according to transition rules	2 536	31 695	1 922	24 019	1 788	22 352
Total	3 870	48 375	3 107	38 834	2 907	36 335

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

Capital ratio excl. transition rules

	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core tier 1 capital ratio ¹ , %	24,9	28,1	26,1
Tier 1 capital ratio ¹ , %	24,9	28,1	26,1
Capital base ratio ¹ , %	29,2	33,0	26,1

¹Excluding profit for the period, except for year-end which is including profit.

Capital ratio incl. transition rules

	30 Sep 2012	31 Dec 2011	30 Sep 2011
Core tier 1 capital ratio ¹ , %	8,6	10,7	10,1
Tier 1 capital ratio ¹ , %	8,6	10,7	10,1
Capital base ratio ¹ , %	10,1	12,6	10,1

¹Excluding profit for the period, except for year-end which is including profit.

Analysis of capital requirements

Exposure class, 30 Sep 2012	Average risk weight (%)	Capital requirement (NOKm)
Corporate IRB	-	-
Institutions IRB	-	-
Retail IRB	13	1 222
Sovereign	-	-
Other	20	40
Total credit risk	13	1 262

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 September 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 49.5 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 101.8 million in the first nine months 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.

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