

Interim Report 2nd quarter 2013

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 900 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 2013	Jan-Jun 2012	Year 2012
Net interest income	929	549	1241
Net result from items at fair value	20	-5	-14
Other income	26	25	51
Total operating income	975	569	1277
Total operating expenses	-74	-75	-148
Loan losses (negative figures are reversals)	-3	-3	-8
Operating profit	904	497	1137
Income tax expense	253	139	321
Net profit for the period	651	358	816

Summary of balance sheet (NOK mill.)

	30 Jun 2013	30 Jun 2012	31 Dec 2012
Net loans to the public	114,811	102,592	113,773
Other assets	3,735	3,103	1,859
Debt securities in issue	87,031	79,809	83,793
Other liabilities	24,254	21,307	25,202
Equity	7,261	4,579	6,637
Total assets	118,546	105,695	115,632
Average total assets	121,644	102,977	108,879

Ratios and key figures

	30 Jun 2013	30 Jun 2012	31 Dec 2012
Earnings per share (NOK), annualised basis	85.6	46.8	53.2
Equity per share ¹ (NOK)	473.5	298.6	432.7
Shares outstanding ¹ , million	15.3	15.3	15.3
Post-tax return on average equity	19.0 %	17.0 %	17.0 %
Cost/income ratio	7.6 %	13.2 %	11.6 %
Loan loss ratio, annualised, basis points	-0.5	-0.6	-0.7
Core tier 1 capital ratio, excl. transition rules ^{1,2}	60,4 %	25.3 %	53.0 %
Tier 1 capital ratio, excl. transition rules ^{1,2}	60,4 %	25.3 %	53.0 %
Total capital ratio, excl. transition rules ^{1,2}	67,3 %	29.6 %	58.9 %
Core tier 1 capital ratio incl. transition rules ^{1,2}	12,8 %	9.2 %	13.1 %
Tier 1 capital ratio incl. transition rules ^{1,2}	12,8 %	9.2 %	13.1 %
Total capital ratio incl. transition rules ^{1,2}	14,2 %	10.8 %	14.6 %
Capital base (NOK mill.) ¹	7 354	4,870	7,333
Risk-weighted assets incl. transition rules (NOK mill.) ¹	51 645	45,073	50,187
Number of employees (full-time equivalents) ¹	1.6	1.6	1.6

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 and loans to holiday houses 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 2013 was NOK 904.4 million (NOK 497.0 million). The profit reported is equivalent to a post-tax return on average equity of 19.0% (17.0%) on an annualised basis.

Net interest income for the six months ending 30 June 2013 increased by 69% compared to the same period last year, and amounted to NOK 929.1 million (NOK 549.3 million).

Total operating expenses for the first six months amounted to NOK 74.0 million (NOK 75.1 million), of which cost related to management of the lending portfolio and customer contact stands for slightly above 90%.

Loan losses and provisions recognised in the accounts for the first six months totalled NOK -3.0 million (NOK -2.8 million), of which NOK -3.7 million relates to net reversal of allocations for collectively assessed loans.

Total assets amounted to NOK 118,546 million as at 30 June 2013 (NOK 105,695 million).

Equity and capital adequacy

The company's share capital was NOK 1,687 million at the end of the second quarter. Total equity as at 30 June 2013, including undistributed post-tax profit for the year to date, amounted to NOK 7,261 million.

The company's net capital base, calculated in accordance with the Basel II regulations, amounted to NOK 7,354 million (NOK 4,870 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 10,933 million at the close of the second quarter as compared to NOK 51,645 million including the transition rules.

The capital ratio was 67,3% excluding the transition rules and 14,2% 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 6,479 million higher than the minimum Pillar 1 capital requirement of NOK 875 million excluding the transition rules. The transition rules states that the capital requirements 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 and loans to holiday houses.

During the first six months of 2013 Nordea Eiendomskreditt has issued covered bonds amounting to NOK 8.2 billion in the Norwegian domestic market under its NOK 75 bn domestic covered bond program. As of 30 June 2013, Nordea Eiendomskreditt had outstanding covered bonds totalling NOK 49.1 billion in the Norwegian market and USD 3.0 billion in the US market, issued under its USD 10 bn covered bond programme. 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 12.

Nordea Eiendomskreditt also had subordinated debt outstanding to the amount of NOK 0.78 billion.

In June 2013 a EUR 10bn EMTN covered bond programme was established. The programme will primarily target issuance in USD RegS, CHF and GBP complementing issuance under the domestic programme.

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 2013 such borrowings amounted to NOK 21.7 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 114.8 billion as at 30 June 2013 (NOK 102.6 billion), which consists entirely of residential mortgage loans and loans to holiday houses, that are managed by Nordea Bank Norge ASA. NOK 108.8 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 26.8% 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 2013, the company was party to interest

rate swaps with nominal value of NOK 49.1 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 in 2011 bonds totalling USD 3 billion in the US market. 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 2013 impaired loans amounted to NOK 40.2 million which corresponds to 0.04% of the total lending portfolio. Individual allowances of NOK 20.4 million have been made, and net impaired loans were NOK 19.8 million at 30 June 2013, compared to NOK 32.5 million at 30 June 2012.

Nordea Eiendomskreditt AS Oslo, 16 July 2013



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

Income statements

NOK 1000	Note	Jan–Jun 2013	Jan–Jun 2012	Q2 2013	Q2 2012	Year 2012
Interest income on loans and deposits with financial institutions		2,581	4,048	1,374	2,901	7,524
Interest income on loans to customers		2,236,737	1,930,498	1,150,587	998,926	3,989,908
Other interest income		208,1	0	126	0	191
Total interest income		2,239,526	1,934,546	1,152,087	1,001,827	3,997,624
Interest expense on liabilities to financial institutions		234,822	226,145	111,521	122,968	475,708
Interest expense on securities issued		1,066,974	1,037,054	541,948	512,120	2,092,810
Interest expense on subordinated loan capital		21,582	25,198	11,233	12,114	48,031
Other interest expense		-12,948	96,858	-6,702	35,757	140,568
Total interest expense		1,310,430	1,385,255	658,000	682,960	2,757,117
Net interest income		929,096	549,291	494,087	318,867	1,240,507
Fee and commission income		27,007	25,559	13,927	13,280	53,787
Fee and commission expense		1,084	922	631	359	3,263
Net fee and commission income		25,924	24,637	13,297	12,922	50,524
Net result from items at fair value	3	20,381	-4,675	18,891	-572	-13,998
Total operating income		975,401	569,253	526,275	331,217	1,277,033
Staff costs ¹		1,177	1,180	570	548	2,285
Other expenses		72,816	73,884	38,205	37,537	145,799
Total operating expenses		73,993	75,064	38,775	38,085	148,084
Profit before loan losses		901,408	494,189	487,500	293,132	1,128,949
Loan losses (negative figures are reversals)	4	-2,988	-2,809	-914	-5,504	-8,021
Operating profit		904,396	496,998	488,414	298,636	1,136,970
Income tax expense ¹		253,231	139,160	136,745	83,618	321,284
Net profit for the period		651,165	357,838	351,669	215,018	815,686
Attributable to:						
Shareholder of Nordea Eiendomskreditt AS		651,165	357,838	351,669	215,018	815,686
Total		651,165	357,838	351,669	215,018	815,686

¹ Figures for 2012 have been restated, see Note 1 Accounting policies for further details.

Statements of comprehensive income

NOK 1000	Jan–Jun 2013	Jan–Jun 2012	Q2 2013	Q2 2012	Year 2012
Net profit for the period	651,165	357,838	351,669	215,018	815,686
Cash Flow hedges:					
Valuation gains/losses taken to equity	-36,148	0	-36,148	0	0
Tax on valuation gains/losses during the period	10,121	0	10,121	0	0
Defined benefit plans:					
Remeasurement of defined benefit plans ¹	0	0	0	0	579
Tax on remeasurement of defined benefit plans ¹	0	0	0	0	-162
Other comprehensive income, net of tax	-26,027	0	-26,027	0	416
Total comprehensive income	625,138	357,838	325,642	215,018	816,102
Attributable to:					
Shareholder of Nordea Eiendomskreditt AS	625,138	357,838	325,642	215,018	816,102
Total	625,138	357,838	325,642	215,018	816,102

¹ Figures for 2012 have been restated, see note 1 Accounting policies for further details.

Balance sheets

NOK 1000	Note	30 Jun 2013	30 Jun 2012	31 Dec 2012
Assets				
Loans to credit institutions		1,198,398	626,498	83,468
Loans to the public	4	114,811,423	102,591,979	113,772,332
Derivatives	6	2,130,947	1,780,573	1,232,911
Fair value changes of the hedged items in portfolio hedge of interest rate risk		107,433	378,204	353,186
Deferred tax assets		0	0	0
Other assets		17,221	99,945	659
Accrued income and prepaid expenses		280,707	217,931	189,151
Total assets	5	118,546,128	105,695,130	115,631,707
Liabilities				
Deposits by credit institutions		21,700,819	18,650,000	21,900,670
Debt securities in issue		87,030,742	79,809,347	83,792,777
Derivatives	6	427,428	510,170	604,898
Fair value changes of the hedged items in portfolio hedge of interest rate risk		836,665	846,089	1,121,077
Deferred tax liabilities ¹		34,800	2,713	61,750
Current tax liabilities		270,059	169,953	290,104
Other liabilities		20,274	192,717	1,860
Accrued expenses and prepaid income		181,591	152,245	439,777
Provisions		280	374	280
Retirement benefit obligations ¹		2,456	3,911	2,639
Subordinated loan capital		780,000	780,000	780,000
Total liabilities	5	111,285,115	101,117,519	108,995,832
Equity				
Share capital		1,686,990	1,533,627	1,686,990
Share premium reserve		1,446,637	0	1,446,637
Other reserves ¹		-25,611	0	416
Retained earnings ¹		3,501,832	2,686,146	3,501,832
Net profit for the period		651,165	357,838	
Total equity		7,261,013	4,577,611	6,635,875
Total liabilities and equity		118,546,128	105,695,130	115,631,707
Assets pledged as security for own liabilities		108,805,726	95,980,516	106,657,701
Contingent liabilities		3,098	3,921	3,098
Commitments		11,155,950	11,281,546	10,175,614

¹ Figures for 2012 have been restated, see Note 1 Accounting policies for further details.

Statements of changes in equity

NOK 1000	Share capital ¹⁾	Share premium reserve	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Opening balance at 1 Jan 2013	1,686,990	1,446,637	0	416	3,501,832	6,635,875
Total comprehensive income			-26,027		651,165	625,138
Closing balance at 30 Jun 2013	1,686,990	1,446,637	-26,027	416	4,152,997	7,261,013

NOK 1000	Share capital ¹⁾	Share premium reserve	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Reported opening balance at 1 Jan 2012	1,533,627	0	0	0	2,687,307	4,220,934
Restatement due to changed accounting policy ²					-1,161	-1,161
Restated opening balance at 1 Jan 2012	1,533,627	0	0	0	2,686,146	4,219,773
Total comprehensive income ²				416	815,686	816,102
Increase of share capital	153,363	1,446,637				1,600,000
Closing balance at 31 Dec 2012	1,686,990	1,446,637	0	416	3,501,832	6,635,875

NOK 1000	Share capital ¹⁾	Share premium reserve	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Reported opening balance at 1 Jan 2012	1,533,627	0	0	0	2,687,307	4,220,934
Restatement due to changed accounting policy ²					-1,161	-1,161
Restated opening balance at 1 Jan 2012	1,533,627	0	0	0	2,686,146	4,219,773
Total comprehensive income ²					357,838	357,838
Closing balance at 30 Jun 2012	1,533,627	0	0	0	3,043,984	4,577,611

¹ The company's share capital at 30 June 2013 was NOK 1.686.989.590,-. The number of shares was 15.336.269, each with a quota value of NOK 110,-.

All shares are owned by Nordea Bank Norge ASA.

² Related to amended IAS 19, see note 1 Accounting policies for more information

Nordea Eiendomskreditt AS Oslo, 16 July 2013



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 statements

NOK 1000	Jan–Jun 2013	Jan–Jun 2012	Year 2012
Operating activities			
Operating profit before tax	904,396	496,968	1,136,909
Income taxes paid	-290,104	-119,000	-122,100
Adjustments for items not included in cash flow	-973		
Change in write-downs to provide for loan losses	-4,891	-2,778	-10,831
Cash flow from operating activities before changes in op. assets and liab.	608,428	375,190	1,003,978
Changes in operating assets and liabilities			
Change in loans to the public	-1,034,200	-14,051,744	-25,224,046
Change in debt securities in issue	3,237,965	10,842,771	14,826,201
Change in deposits by credit institutions	-199,851	3,400,000	6,650,670
Change in other receivables	-760,401	-184,847	515,900
Change in other liabilities	-737,012	91,535	557,172
Cash flow from operating activities	1,114,929	472,905	-1,670,125
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 contribution/dividend paid	0	0	0
Change in subordinated loan capital	0	0	0
Recognised directly in equity	0	0	1,600,000
Cash flow from financing activities	0	0	1,600,000
Cash flow for the period	1,114,929	472,905	-70,125
Cash and cash equivalents at beginning of period	83,468	153,593	153,593
Cash and cash equivalents at end of period	1,198,398	626,498	83,468
Change	1,114,929	472,905	-70,125

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) and interpretation of such standards by the International Financial Reporting Standards Interpretation Committee (IFRS IC), as endorsed by the EU Commission.

The interim accounts for the period 1 January to 30 June 2013 are presented in accordance with IAS 34 Interim Financial Reporting.

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentation are, in all material aspects, unchanged in comparison with the 2012 Annual Report, except for the presentation of defined benefit plans as described below.

The new standard IFRS 13 Fair Value Measurement was implemented in the first quarter 2013 but has not had any impact on the measurement of assets or liabilities. The additional disclosures required by IFRS 13 on a quarterly basis are presented in Note 7 Fair value of financial assets and liabilities and Note 8 Financial assets and liabilities measured at fair value in the balance sheet.

IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosures have been amended as regards offsetting of financial assets and financial liabilities. Nordea has implemented these changes in the first quarter 2013. There was no impact from the amendment to IAS 32, while the additional disclosures required by IFRS 7 are presented in Note 9 Financial instruments set off on balance or subject to master netting agreements.

IAS 19 Employee Benefits

The amended IAS 19 Employee Benefits was implemented 1 January 2013. A detailed description of these changes is included in the Annual Report 2012, Note 1 Accounting policies section 3 Changes in IFRSs not yet applied by Nordea. The comparative figures have been restated accordingly and are disclosed in the below tables.

	Q2 2012		Full year 2012	
	New policy	Old policy	New policy	Old policy
NOKt				
Staff costs	548	563	2,285	2,346
Income tax expense	83,618	83,614	321,284	321,267
Other comprehensive income, net of tax	-	-	416	-

	31 Dec 2012		30 Jun 2012		1 Jan 2012	
	New policy	Old policy	New policy	Old policy	New policy	Old policy
NOKt						
Net retirement benefit obligations	2,639	1,667	3,911	2,329	3,747	2,135
Net deferred tax	61,750	62,022	2,713	3,156	34,243	33,792
Other comprehensive income, net of tax	416	-	-	-	-	-
Retained earnings	3,501,832	3,502,949	3,043,984	3,045,123	2,686,146	2,687,307

At transition 1 January 2013 the negative impact on equity was NOK 700t after deduction of income tax and the core tier 1 capital was reduced by NOK 972t, including the impact from changes

Exchange rates

	Jan-Jun 2013	Full year 2012	Jan-Jun 2012
USD 1 = NOK			
Income statement (average)	5.7313	5.8186	5.8424
Balance sheet (at end of period)	6.0279	5.5694	5.9833

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 Retail Banking segment of the Nordea Bank Norge group.

Note 3 Net result from items at fair value

NOK 1000	Jan-Jun 2013	Jan-Jun 2012	Year 2012
Interest-bearing securities	-7,782		-1,585
Other financial instruments	28,163	-4,675	-12,413
Foreign exchange gains/losses			
Total	20,381	-4,675	-13,998

Net gains/losses for categories of financial instruments

NOK 1000	Jan-Jun 2013	Jan-Jun 2012	Year 2012
Foreign currency derivatives			
Financial instruments under hedge accounting	28,163	-4,675	-12,413
– of which net gains/losses on hedged items	75,725	-271,039	-571,016
– of which net gains/losses on hedging instruments	-47,562	266,365	558,603
Other financial liabilities	-7,782		-1,585
Total	20,381	-4,675	-13,998

Note 4 Loans and impairment

Loan losses

NOK 1000	Jan-Jun 2013	Jan-Dec 2012	Jan-Jun 2012
Change in allowances for individually assessed loans	-1,234	10,370	7,341
Change in allowances for collectively assessed loans	-3,656	-21,200	-10,198
Realised loan losses in the period	1,904	2,815	50
Recoveries of loan losses realised previous years	-1	-5	-2
Total loan losses for the period	-2,988	-8,021	-2,809

Reconciliation of allowance accounts for impaired loans

NOK 1000	Jan-Jun 2013			Jan-Dec 2012			Jan-Jun 2012		
	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total	Individually assessed	Collectively assessed	Total
Opening balance at beginning of period	21,634	11,800	33,434	11,264	33,000	44,264	11,264	33,000	44,264
Provisions	4,648	144	4,792	14,026	0	14,026	8,184	0	8,184
Reversals	-3,600	-3,800	-7,400	-3,429	-21,200	-24,629	-793	-10,198	-10,991
Changes through the income statement	1,048	-3,656	-2,608	10,597	-21,200	-10,603	7,391	-10,198	-2,807
Allowances used to cover write-offs	-2,282	0	-2,282	-227	0	-227	28	0	28
Closing balance at end of period	20,399	8,144	28,543	21,634	11,800	33,434	18,684	22,802	41,486

Loans and their impairment

NOK 1000	30 Jun 2013	31 Dec 2012	30 Jun 2012
Loans, not impaired	114,799,766	113,762,631	102,582,227
Impaired loans;	40,199	43,135	51,237
- Performing	3,625	3,630	10,088
- Non-performing	36,574	39,505	41,149
Loans before allowances	114,839,966	113,805,766	102,633,464
Allowances for individually assessed impaired loans;	-20,399	-21,634	-18,684
- Performing	-1,145	-1,151	-2,262
- Non-performing	-19,254	-20,482	-16,421
Allowances for collectively assessed impaired loans	-8,144	-11,800	-22,802
Allowances	-28,543	-33,434	-41,486
Loans, carrying amount	114,811,423	113,772,332	102,591,979

Key ratios

	30 Jun 2013	31 Dec 2012	30 Jun 2012
Impairment rate, gross ¹ , in %	0.04	0.04	0.05
Impairment rate, net ² , in %	0.02	0.02	0.03
Total allowance rate ³ , in %	0.02	0.03	0.04
Allowance rate, impaired loans ⁴ , in %	50.7	50.2	36.5
Total allowances in relation to impaired loans, in %	71.0	77.5	81.0
Non-performing loans, not impaired ⁵ , in NOK 1000	240,403	237,293	234,025

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 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	1,198,398					1,198,398
Loans to the public	114,811,423					114,811,423
Derivatives			2,130,947			2,130,947
Fair value changes of the hedged items in portfolio hedge of interest rate risk	107,433					107,433
Deferred tax assets						0
Other assets					17,221	17,221
Prepaid expenses and accrued income	280,707					280,707
Total 30 Jun 2013	116,397,961	0	2,130,947	0	17,221	118,546,128
Total 31 Dec 2012	114,045,611	0	1,586,097	0	0	115,631,708
Total 30 Jun 2012	103,914,556	0	1,780,573	0	0	105,695,129

Liabilities 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			21,700,819		21,700,819
Debt securities in issue			87,030,742		87,030,742
Derivatives		427,428			427,428
Fair value changes of the hedged items in portfolio hedge of interest rate risk			836,665		836,665
Current tax liabilities				270,059	270,059
Other liabilities				20,554	20,554
Accrued expenses and prepaid income				181,591	181,591
Retirement benefit obligations				2,456	2,456
Deferred tax liabilities				34,800	34,800
Subordinated loan capital			780,000		780,000
Total 30 Jun 2013	0	427,428	110,348,225	509,460	111,285,115
Total 31 Dec 2012	0	1,725,975	106,473,447	795,709	108,995,131
Total 30 Jun 2012	0	510,170	100,085,435	520,774	101,116,379

Note 6 Derivatives and hedge accounting

30 Jun 2013

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
Derivatives used for hedge accounting:			
Interest rate swaps	827,985	427,428	49,135,810
Currency interest rate swaps	1,302,962	0	18,083,716
Total	2,130,947	427,428	67,219,526
Total derivatives	2,130,947	427,428	67,219,526

31 Dec 2012

NOK 1000	Fair value		Total nominal amount
	Positive	Negative	
Derivatives used for hedge accounting:			
Interest rate swaps	1,220,609	542,293	75,963,851
Currency interest rate swaps	12,301	62,605	16,708,276
Total	1,232,911	604,898	92,672,127
Total derivatives	1,232,911	604,898	92,672,127

30 Jun 2012

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

Note 7 Fair value of financial assets and liabilities

NOK 1000	30 June 2013	
	Carrying amount	Fair value
Assets		
Loans and receivables to credit institutions	1,198,398	1,198,398
Loans and receivables to the public	114,811,423	114,811,423
Derivatives	2,130,947	2,130,947
Fair value changes of the hedged items in portfolio hedge of interest rate risk	107,433	107,433
Other assets	17,221	17,221
Prepaid expenses and accrued income	280,707	280,707
Total assets	118,546,128	118,546,128
	Carrying amount	Fair value
Liabilities		
Deposits by credit institutions	21,700,819	21,699,631
Debt securities in issue	87,030,742	87,128,427
Derivatives	427,428	427,428
Fair value changes of the hedged items in portfolio hedge of interest rate risk	836,665	836,665
Current tax liabilities	270,059	270,059
Other liabilities	20,554	20,554
Accrued expenses and prepaid income	181,591	181,591
Retirement benefit obligations	2,456	2,456
Deferred tax liabilities	34,800	34,800
Subordinated liabilities	780,000	780,146
Total liabilities	111,285,115	111,381,757

The determination of fair value is described in the Annual Report 2012 note 17 Assets and liabilities at fair value.

Note 8 Financial assets and liabilities measured at fair value in the balance sheet

Categorisation into fair value hierarchy

30 Jun 2013

NOK 1000	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)
Financial assets¹			
Loans to the public			
Interest-bearing securities			
Derivatives		2,130,947	
Total assets	0	2,130,947	0
Financial liabilities¹			
Debt securities in issue			
Derivatives		427,428	
Total liabilities	0	427,428	0

¹ Are measured at fair value on a recurring basis at the end of each reporting period.

Financial assets and liabilities with offsetting positions in market risk and counterparty risk are measured on the basis of the price that would be received to sell the net asset position or paid to transfer the net liability position for that risk exposure. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual Report 2012, note 17 Assets and liabilities at fair value.

Note 9 Financial instruments set off on balance or subject to netting agreements

30 June 2013, NOKt	Gross recognised financial assets ¹⁾	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	2,130,947		2,130,947	-427,428			1,703,519
Reverse repurchase agreements			0				0
Securities borrowing agreements			0				0
Loans			0				0
Variation margin			0				0
Other			0				0
Total	2,130,947	0	2,130,947	-427,428	0	0	1,703,519

30 June 2013, NOKt	Gross recognised financial liabilities ¹⁾	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	427,428		427,428	-427,428			0
Repurchase agreements			0				0
Securities lending agreements			0				0
Deposits			0				0
Variation margin			0				0
Other			0				0
Total	427,428	0	427,428	-427,428	0	0	0

1) All amounts are measured at fair value.

30 June 2012, NOKt	Gross recognised financial assets ¹⁾	Gross recognised financial liabilities set off on the balance sheet	Net carrying amount on the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral received	Cash collateral received	
Assets							
Derivatives	1,770,290		1,770,290	-165,508			1,604,782
Reverse repurchase agreements			0				0
Securities borrowing agreements			0				0
Loans			0				0
Variation margin			0				0
Other			0				0
Total	1,770,290	0	1,770,290	-165,508	0	0	1,604,782

Note 9 Financial instruments set off on balance or subject to netting agreements cont.

30 June 2012, NOKt	Gross recognised financial liabilities ¹⁾	Gross recognised financial assets set off on the balance sheet	Net carrying amount on the balance sheet	Amounts not set off but subject to master netting agreements and similar agreements			Net amount
				Financial instruments	Financial collateral pledged	Cash collateral pledged	
Liabilities							
Derivatives	165,508		165,508	-165,508			0
Repurchase agreements			0				0
Securities lending agreements			0				0
Deposits			0				0
Variation margin			0				0
Other			0				0
Total	165,508	0	165,508	-165,508	0	0	0

¹⁾ All amounts are measured at fair value.

Enforceable master netting arrangements and similar agreements

The fact that financial instruments are being accounted for on a gross basis on the balance sheet, would not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally financial instruments (derivatives, repos and securities lending transactions), would be subject to master netting agreements, and as a consequence Nordea would be allowed to benefit from netting both in the ordinary course of business and in the case of default towards its counter parties, in any calculations involving counterparty credit risk. The reason why the netted exposures are not reflected under assets and liabilities on the balance sheet, would in most instances depend on the limited application of net settlement of financial transactions.

Note 10 Capital adequacy

Capital base

	30-June 2013	31-Dec 2012	30-June 2012
NOKm			
Core tier 1 capital ¹	6,605	6,595	4,155
Tier 1 capital ¹	6,605	6,595	4,155
Capital base ¹	7,354	7,333	4,870

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

	30-June 2013 Capital requirement	30-June 2013 RWA	31-Dec 2012 Capital requirement	31-Dec 2012 RWA	30-June 2012 Capital requirement	30-June 2012 RWA
NOKm						
Credit risk	766	9,569	923	11,536	1,243	15,533
IRB	723	9,042	885	11,069	1,190	14,871
- of which corporate	-	-	-	-	-	-
- of which institutions	-	-	-	-	-	-
- of which retail	723	9,042	885	11,069	1,190	14,871
of which retail SME	-	-	-	-	-	-
of which retail real estate	659	8,239	807	10,084	1,123	14,038
of which retail other	64	803	79	985	67	833
- of which other	-	-	-	-	-	-
Standardised	42	527	37	467	53	662
- of which sovereign	-	-	-	-	-	-
- of which retail	-	-	-	-	-	-
- of which other	42	527	37	467	53	662
Market risk	-	-	-	-	-	-
- of which trading book, Internal Approach	-	-	-	-	-	-
- of which trading book, Standardised Approach	-	-	-	-	-	-
- of which banking book, Standardised Approach	-	-	-	-	-	-
Operational risk	109	1,364	72	906	72	906
Standardised	109	1,364	72	906	72	906
Sub total	875	10,933	995	12,442	1,315	16,439
Adjustment for transition rules						
Additional capital requirement according to transition rules	3,257	40,712	3,020	37,745	2,291	28,634
Total	4,132	51,645	4,015	50,187	3,606	45,073

Capital ratio excl. transition rules

	30-June 2013	31-Dec 2012	30-June 2012
Core tier 1 capital ratio ¹ , %	60,4	53,0	25,3
Tier 1 capital ratio ¹ , %	60,4	53,0	25,3
Capital base ratio ¹ , %	67,3	58,9	29,6

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

Note 10 Capital adequacy cont.

Capital ratio incl. transition rules

	31-June 2013	31-Dec 2012	31-June 2012
Core tier 1 capital ratio ¹ , %	12,8	13,1	9,2
Tier 1 capital ratio ¹ , %	12,8	13,1	9,2
Capital base ratio ¹ , %	14,2	14,6	10,8

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

Analysis of capital requirements

Exposure class, 30-June 2013	Average risk weight (%)	Capital requirement (NOKm)
Corporate IRB	-	-
Institutions IRB	-	-
Retail IRB	8	723
Sovereign	-	-
Other	20	42
Total credit risk	8	766

Note 11 Risks and uncertainties

Nordea Eiendomskreditt's sole business activity is lending secured by residential properties and holiday houses, 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 and the market for holiday houses.

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 2012.

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 12 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.

Interest rate risk and currency risk that arise as part of Nordea Eiendomskreditt'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 Eiendomskreditt, and the bank has bought bonds issued by Nordea Eiendomskreditt worth of NOK 20 billion as at 30 June 2013. NOK 15.3 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 Eiendomskreditt.

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 22.0 billion have been transferred from Nordea Bank Norway to Nordea Eiendomskreditt.

The transferred loans are continued to be managed by Nordea Bank Norway. For this service Nordea Eiendomskreditt has paid Nordea Bank Norway an amount of NOK 67.4 million in the first six months of 2013.

Nordea Eiendomskreditt 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 2013 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 Eiendoms kreditt AS

Oslo, 16 July 2013



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

Nordea Eiendoms kreditt AS
Essendrops gt. 9
P.O. Box 1166 Sentrum
0107 Oslo
Tel +47 22 48 84 00
Fax +47 22 48 84 10
www.nordea.com/eiendoms kreditt