

Nordea

Interim Report 1st quarter 2022

Nordea Eiendoms kreditt AS

(unaudited)



Nordea Eiendoms kreditt AS is part of the Nordea Group. Nordea is a universal bank with a 200-year history of supporting and growing the Nordic economies – enabling dreams and aspirations for a greater good. Every day, we work to support our customers' financial development, delivering best-in-class omnichannel customer experiences and driving sustainable change. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges. Read more about us on [Nordea.com](https://www.nordea.com).

Key financial figures

Summary of the income statement (NOKm)

	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Net interest income	649	680	2 839
Net result from items at fair value	24	-22	-175
Other operating income	20	18	75
Total operating income	693	676	2 741
Staff costs	7	6	25
Other expenses	390	223	1 695
Total operating expenses	397	229	1 720
Loan losses (negative figures are reversals)	10	-14	53
Operating profit	286	461	968
Income tax expense	72	115	242
Net profit for the period	215	345	726

Summary of the balance sheet (NOKm)

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Loans to the public, gross	288 223	270 182	286 234
Allowance for loan losses	-219	-168	-217
Other assets	5 562	6 673	6 238
Debt securities in issue	113 089	138 599	98 134
Other liabilities	161 000	118 519	174 139
Equity	19 478	19 570	19 982
Total assets	293 566	276 688	292 255
Average total assets	292 838	274 782	283 425

Ratios and key figures

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Basic/diluted Earnings per share (EPS), annualised basis, NOK	56,0	90,1	47,3
Equity per share ¹ , NOK	1 270,0	1 276,1	1 302,9
Shares outstanding ¹ , million	15,3	15,3	15,3
Return on average equity	4,3 %	7,0 %	3,7 %
Cost/income ratio	57,2 %	33,9 %	62,8 %
Loan loss ratio, annualised, basis points	1,4	-2,1	1,9
Common Equity Tier 1 capital ratio	28,0 %	30,1 %	28,4 %
Tier 1 capital ratio ¹²	28,0 %	30,1 %	28,4 %
Total capital ratio ¹²	29,7 %	33,8 %	30,2 %
Own funds, NOKm ¹²	20 320	21 469	20 328
Risk Exposure Amount ¹ , NOKm	68 386	63 510	67 392
Number of employees (Full-time equivalents) ¹	18,5	17,5	19,5

¹ At the end of the period.

² Excluding the year to date profit for interim figures.

Board of Directors' Report

Introduction

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

Nordea Eiendoms kreditt is licensed by the Norwegian Financial Supervisory Authority to issue covered bonds. The company's business objective is to grant and acquire residential mortgage loans including holiday homes, and to finance its lending activities mainly by issuing covered bonds. The loan portfolio amounts to NOK 288bn at 31 March 2022. The mortgage loans are originated directly from own balance sheet or bought from the parent bank.

Nordea Eiendoms kreditt is a wholly owned subsidiary of Nordea Bank Abp and part of the Personal Banking Business Area in Nordea. The company's registered business address is in Oslo.

Income Statement

Profit before loan losses

Operating profit in the first quarter of 2022 was NOK 286 million (NOK 461 million). The profit reported is equivalent to a post-tax return on average equity of 4.3% (7.0%) on an annualised basis. The reduction is mainly driven by lower lending margin and higher operating expenses as explained further below.

Net interest income in the first quarter decreased by 4.6% compared to the same period last year and amounted to NOK 649 million (NOK 680 million). The change is explained by a combination of higher lending volume and lower lending margins.

Total operating expenses in the first quarter amounted to NOK 397 million (NOK 229 million). NOK 7 million (NOK 6 million) of operating expenses is staff related. Other operating expenses are mainly related to services bought from the parent bank, such as sales and distribution of mortgage loans, management of the loan portfolio and customer contact, as well as funding, risk control, accounting, reporting and IT related services. In Q2-2021 Nordea Group and Nordea Eiendoms kreditt updated the transfer pricing method applied to internal sales- and distribution services in line with the development of OECD guidelines on transfer pricing and local tax practice. The updated methodology has entailed significant pricing adjustments, resulting in increased expenses. The cost/income ratio for Q1-2022 was 57.2% compared to 33.9% in the first quarter last year.

Net loan losses

Loan losses and provisions recognised in the accounts for the first quarter of 2022 were NOK 9.9 million (net reversal of NOK 14.0 million), whereof NOK 2.0 million is related to increased allowances for mortgage loans on the balance sheet. Loan loss allowances have thus increased from NOK 216.6 million at the beginning of the year, to NOK 218.6 million at 31 March 2022, with the increase mainly in Stage 2. Management judgement provisions of NOK 38 million

have remained unchanged during the first quarter. These allowances continue to ensure a strong reserve to cover both potential additional loan losses related to the Covid-19 pandemic and planned improvements to provisioning models and processes.

Realised loan losses in the first quarter were NOK 2.8 million. The underlying net loan losses in Nordea Eiendoms kreditt are low, reflecting a strong underlying credit portfolio with a slightly positive rating migration (upgrades exceeding downgrades). No deterioration in credit quality or new defaults have been observed in the quarter. See note 4 and note 5 for further information about loan losses and impairment.

Funding and liquidity

During the first quarter of 2022 Nordea Eiendoms kreditt issued covered bonds amounting to NOK 18.6 billion in the Norwegian domestic market under its NOK 150bn domestic covered bond programme. In the same period buybacks amounted to NOK 3.9 billion. As of 31 March 2022, Nordea Eiendoms kreditt had outstanding covered bonds totalling NOK 107.1 billion in the Norwegian market, GBP 0.3 billion in the British market and EUR 0.1 billion in the European market. Nordea Eiendoms kreditt also had subordinated debt outstanding to the amount of NOK 1.1 billion.

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

In addition to the long-term funding, Nordea Eiendoms kreditt also raised short term unsecured funding from the parent bank. At the end of the first quarter of 2022 such borrowings amounted to NOK 159.0 billion.

Nordea Eiendoms kreditt holds a liquidity buffer of NOK 5.1 billion and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 621% (744%) at the end of the first quarter. Additionally, in order to ensure sufficient cash resources to meet its payment obligations, the company has an overdraft facility with the parent bank and a committed liquidity support agreement with the Nordea Group.

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 to the public amounted to NOK 288 billion as of 31 March 2022 (NOK 270 billion), bought from Nordea Bank Abp, filial i Norge or issued directly from Nordea Eiendoms kreditt's own balance sheet. NOK 210 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 88.3% in relation to gross issued covered bonds.

Total assets amounted to NOK 294 billion at 31 March 2022 (NOK 277 billion).

Impaired loans

As of 31 March 2022 impaired loans amounted to NOK 466 million which corresponds to 0.16% of the total loan portfolio. Allowances of NOK 79 million have been made, and net impaired loans were NOK 387 million at 31 March 2022 compared to NOK 637 million at 31 March 2021.

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 first quarter of 2022, the company was party to interest rate swaps with a nominal value of NOK 59.7 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.

In order to eliminate the foreign exchange risk, the company has entered into currency swaps of the same amounts as covered bonds issued in foreign currencies. Counterparties to all derivative contracts are within the Nordea group.

Capital position and risk exposure amount

Nordea Eiendoms kreditt's Common Equity Tier 1 (CET1) capital ratio excluding profit was 28.0%, at the end of the first quarter, a decrease of 0.4 percentage points from the end of the previous quarter. The decrease was primarily due to increased Risk Exposure Amount (REA). The Total Capital ratio excluding profit decreased 0.5 percentage points to 29.7%.

REA was NOK 68,386 million, an increase of NOK 993 million, compared to the previous quarter. The main driver for the increase in REA was the IRB retail portfolio, primarily stemming from increased volumes of residential mortgage loans.

Own Funds excluding profit was NOK 20,320 million at the end of the first quarter. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 19,142 million (no additional Tier 1 capital).

Regulatory development - Capital requirements

In March it was decided to increase the CCyB buffer rate from the current 1.0% to 1.5% from 30 June 2022 and to further increase this buffer requirement to 2.0% from 31 December 2022, and to 2.5% from Q1 2023.

The Ministry of Finance has published information that the law and appurtenant rules related to the Banking Package will be implemented with effect from 1 June 2022. The content in this publication from the Ministry does not take into account the need for Pillar 2 adjustments in accordance with CRD V, thus a separate Pillar 2 process is initiated, which is expected to be finalised at year-end 2022.

The Banking Package contains revisions to the Banking Recovery and Resolution Directive (BRRD), the Capital Requirements Directive (CRD) and the Capital Requirement Regulation (CRR). These revisions include the introduction of a binding Net Stable Funding Ratio (NSFR) of minimum 100%, the introduction of a strict leverage ratio requirement of 3% to be met by Tier 1 capital and amendments to the Pillar 2 requirements and macroprudential framework. The revised CRD (CRD V) and BRRD (BRRD II) was implemented in the EU from 28 December 2020, while the majority of the changes in the CRR (CRR II) applied from 28 June 2021 in the EU.

Other information

Covid-19 pandemic – macro economy, operational risk measures and further disclosures

The winter brought further developments in the Covid-19 situation, with varying restrictions introduced and subsequently gradually lifted across the Nordic countries. Nordea's Global Crisis Management team and country crisis management teams monitored the situation in the first quarter and took necessary action.

Information on the financial and operational impacts of the Covid-19 pandemic on Nordea Eiendoms kreditt, as well as the measures taken to address these impacts, have been provided in the section "Net loan losses", in Note 1 "Accounting policies", in Note 5 "Loans and impairment" and in Note 13 "Risks and uncertainties".

Macroeconomy

The seasonally adjusted unemployment rate stood at 1.9% in March, lower than the pre-pandemic level and a decrease from 4.2% at end of March 2021. Housing prices rose at the beginning of the year and were 6.2% higher in March 2022 than in the same month last year. Year-on-year consumer price inflation was 4.5% in March, driven higher by increased energy prices. Due to the strong developments in the Norwegian economy and rising wage growth, the central bank increased the key rate to 0.75% in March 2022 and signalled that it would continue with quarterly hikes of 25bp until the rate reached 2.5% (by the end of 2023). The impact of Russia's invasion of Ukraine on the global and Norwegian economy is uncertain in terms of, inter alia further acceleration of inflation and slowing growth.

Nordea Direct Boligkreditt merger

The merger between Nordea Direct Boligkreditt AS (formerly Gjensidige Bank Boligkreditt AS) and Nordea Eiendoms kreditt AS is ongoing, with the target completion date 1 November 2022. The completion is subject to regulatory approval.

Nordea Eiendoms kreditt AS

Oslo, 12 May 2022



Marte Kopperstad
Chair



Gro Elisabeth Lundevik
Vice Chair



Ola Littorin
Board member



Alex Madsen
Board member



Pål Ekberg
Board member



Anne Sofie Knoph
Employee representative



Børre S. Gundersen
Chief Executive Officer

Income statement

NOKt	Note	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Operating income				
Interest income calculated using the effective interest rate method		1 496 899	1 168 206	4 890 037
Other interest income		13 646	7 479	27 394
Interest expense		861 830	495 564	2 078 100
Net interest income	2	648 715	680 121	2 839 331
Fee and commission income		27 034	23 701	101 510
Fee and commission expense		7 517	5 985	26 534
Net fee and commission income		19 516	17 717	74 976
Net result from items at fair value	3	24 173	-21 962	-174 815
Other income		706	145	1 470
Total operating income		693 110	676 020	2 740 962
Staff costs		6 749	6 030	24 934
Other operating expenses		389 954	223 446	1 695 118
Depr/amortisation and impairment charges		34	18	84
Total operating expenses		396 738	229 495	1 720 137
Profit before loan losses		296 373	446 525	1 020 825
Loan losses	4	9 947	-14 011	53 006
Operating profit		286 426	460 536	967 819
Income tax expense		71 607	115 136	241 960
Net profit for the period		214 820	345 400	725 860
Attributable to:				
Shareholder of Nordea Eiendoms kreditt AS		214 820	345 400	725 860
Total		214 820	345 400	725 860

Statement of comprehensive income

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Net profit for the period	214 820	345 400	725 860
Items that may be reclassified subsequently to the income statement			
Cash flow hedges:			
Valuation gains/losses during the period	-2 205	-4 413	39 745
Tax on valuation gains/losses during the period	551	1 103	-9 936
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	10 633	4 480	2 076
Tax on remeasurement of defined benefit plans	-2 658	-1 120	-519
Other comprehensive income, net of tax	6 321	50	31 365
Total comprehensive income	221 140	345 450	757 225
Attributable to:			
Shareholders of Nordea Eiendoms kreditt AS	221 140	345 450	757 225
Total	221 140	345 450	757 225

Balance sheet

NOKt	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
Assets				
Loans to credit institutions		21 382	203 348	397 796
Loans to the public	5	288 003 996	270 014 680	286 016 966
Interest-bearing securities		5 258 893	5 233 484	5 205 173
Derivatives	7	317 330	1 195 560	648 759
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-48 423	1 691	-17 024
Property and Equipment owned and RoU		179	172	213
Retirement benefit asset		5 976	0	0
Other assets		27	0	-78
Accrued income and prepaid expenses		6 811	39 156	2 656
Total assets	6	293 566 170	276 688 093	292 254 460
Liabilities				
Deposits by credit institutions		159 321 980	114 645 935	172 189 971
Debt securities in issue		113 088 762	138 598 799	98 133 486
Derivatives	7	254 533	23 450	59 611
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-333 321	413 465	161 100
Current tax liabilities		130 435	308 573	218 311
Other liabilities		12 630	548 258	9 231
Accrued expenses and prepaid income		299 431	123 365	239 471
Deferred tax liabilities		182 805	127 439	130 340
Provisions		7 902	3 528	2 731
Retirement benefit obligations		21 195	23 421	26 007
Subordinated loan capital		1 102 154	2 301 739	1 101 826
Total liabilities		274 088 505	257 117 973	272 272 085
Equity				
Share capital		1 717 662	1 717 662	1 717 662
Share premium		8 815 965	8 815 965	8 815 965
Other reserves		-21 764	-59 401	-28 085
Retained earnings		8 750 982	8 750 493	9 476 833
Net profit for the period		214 820	345 400	
Total equity		19 477 665	19 570 119	19 982 375
Total liabilities and equity		293 566 170	276 688 093	292 254 460
Assets pledged as security for own liabilities		210 431 519	188 230 721	212 536 647
Contingent liabilities		0	0	0
Commitments		28 532 266	26 074 612	27 874 717

Nordea Eiendoms kreditt AS

Oslo, 12 May 2022



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Chair



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Vice Chair



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Board member



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Employee representative



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Chief Executive Officer

Statements of changes in equity

NOKt	Share capital ¹	Share premium	Cash flow hedges	Other reserves		Retained earnings	Total equity
				Defined benefit plans			
Opening balance at 1 January 2022	1 717 662	8 815 965	-14 944	-13 141		9 476 834	19 982 375
Total comprehensive income			-1 654	7 975		214 820	221 140
Contribution and distribution							
Share Based Payment Programme EIP ²						149	149
Dividend paid						-726 000	-726 000
Closing balance at 31 March 2022	1 717 662	8 815 965	-16 599	-5 166		8 965 802	19 477 665

NOKt	Share capital ¹	Share premium	Cash flow hedges	Other reserves		Retained earnings	Total equity
				Defined benefit plans			
Opening balance at 1 January 2021	1 717 662	8 815 965	-44 753	-14 697		9 284 400	19 758 576
Total comprehensive income			29 809	1 557		725 860	757 225
Contribution and distribution							
Share Based Payment Programme EIP ²						574	574
Dividend paid						-534 000	-534 000
Closing balance at 31 December 2021	1 717 662	8 815 965	-14 944	-13 141		9 476 834	19 982 375

NOKt	Share capital ¹	Share premium	Cash flow hedges	Other reserves		Retained earnings	Total equity
				Defined benefit plans			
Opening balance at 1 January 2021	1 717 662	8 815 965	-44 753	-14 697		9 284 400	19 758 576
Total comprehensive income			-3 310	3 360		345 400	345 450
Contribution and distribution							
Share Based Payment Programme EIP ²						93	93
Dividend paid						-534 000	-534 000
Closing balance at 31 March 2021	1 717 662	8 815 965	-48 063	-11 337		9 095 893	19 570 119

¹The company's share capital at 31 March 2022 was NOK 1.717.662.128,-. The number of shares was 15 336 269, each with a quota value of NOK 112,-. All shares are owned by Nordea Bank Abp.

²Capital contribution due to a share based payments program in accordance with IFRS 2.

Cash Flow statement

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Operating activities			
Operating profit before tax	286 426	460 536	967 819
Adjustments for items not included in cash flow	7 139	-23 641	24 539
Income taxes paid	-109 125	-158 735	-383 359
Cash flow from operating activities before changes in operating assets and liabilities	184 440	278 160	608 999
Changes in operating assets			
Change in loans to the public	-1 988 996	-3 942 840	-19 994 101
Change in interest-bearing securities	-53 720	-52 413	-24 102
Change in derivatives, net	526 351	211 731	794 693
Change in other assets	21 197	25 969	81 222
Changes in operating liabilities			
Change in deposits by credit institutions	-12 867 993	7 707 070	65 251 106
Change in debt securities in issue	14 955 276	-4 144 774	-44 610 087
Change in other liabilities	-427 446	182 735	-448 212
Cash flow from operating activities	349 109	265 638	1 659 518
Financing activities			
Repayment of subordinated loan capital	0	0	-1 200 000
Paid interest on subordinated loan capital	328	7	94
Dividend paid	-726 000	-534 000	-534 000
Share Based Payment Programme EIP	150	93	573
Cash flow from financing activities	-725 522	-533 900	-1 733 333
Cash flow for the year	-376 414	-268 263	-73 816
Cash and cash equivalents at beginning of the period	397 796	471 612	471 612
Cash and cash equivalents at end of the period	21 382	203 348	397 796
Change	-376 414	-268 264	-73 816

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Eiendoms kreditt's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for items not included in cash flow and income taxes paid. Items not included in cash flow relates to changes in impairment charges. Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans and receivables, deposits from credit institutions and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities include interest payments received and interest expenses paid in the following amounts:

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Interest payments received	1 389 732	1 022 637	5 098 393
Interest expenses paid	-660 732	-392 443	-2 121 157

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, group contribution paid or received and issued/amortised subordinated liabilities.

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

Notes to the financial statements

Note 1 Accounting policies

The financial statements as of the first quarter of 2022 are prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU. In addition, certain complementary rules in the Norwegian Accounting Act with supported regulation have been applied.

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statement for the year ended 31 December 2021.

With exception for the items presented in the section "Changed accounting policies and presentation" below, the accounting policies and methods of computation are unchanged in comparison to Note 1 in the Annual Report 2021. For more information see Note 1 in the Annual Report 2021.

Changed accounting policies and presentation

No changes in accounting policies and presentation have been implemented by Nordea Eiendoms kreditt AS in Q1-2022.

Other amendments

The following amended standards issued by the International Accounting Standards Board (IASB) were implemented by Nordea Eiendoms kreditt on 1 January 2022, but have not had any significant impact on the financial statements of Nordea Eiendoms kreditt.

- Amendments to International Financial Reporting Standard (IFRS) 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to IFRS Standards 2018–2020

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In 2021 the IASB published amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The amendments require companies to recognise deferred tax on particular transactions that, on initial temporary differences of equal amounts. Such a requirement may apply on the initial recognition of a lease liability and the corresponding right-of-use asset at the commencement of a lease. The requirement also applies in the context of decommissioning, restoration and similar liabilities where the corresponding amounts are recognised as part of the cost of the related asset.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application

permitted. The standard is not yet endorsed by the EU and Nordea Eiendoms kreditt does not currently intend to adopt it early. The gross deferred tax assets and liabilities will be disclosed, but will be set off on the balance sheet if such requirements are met. The current assessment of Nordea Eiendoms kreditt is that the amendments will not have any significant impact on its financial statements or capital adequacy in the period of initial application.

Other amendments to IFRS

Other amendments to IFRSs are not assessed to have any significant impact on the financial statements or capital adequacy of Nordea Eiendoms kreditt in the period of their initial application.

Critical judgements and estimation uncertainty

Nordea Eiendoms kreditt applied critical judgements in the preparation of this interim report due to the continuing uncertainty in relation to the potential long-term impact of the Covid-19 pandemic and the potential long-term impact of Russia's invasion of Ukraine on the financial statements.

In terms of direct credit risk Nordea Eiendoms kreditt is unaffected by the invasion as the company does not have any exposure towards Russia and Ukraine.

More information on where critical judgements are generally applied and where estimation uncertainty exists, can be found in the Annual Report 2021, Note 1 "Accounting policies", section 4. Areas particularly important are loans to the public and provisions for loan losses.

Critical judgements are applied when determining the fair value of financial instruments that lack quoted prices or recently observed market prices. In all of these instances, decisions are based upon professional judgement in accordance with Nordea Eiendoms kreditt's accounting and valuation policies. More information on financial instruments held at fair value on Nordea Eiendoms kreditt's balance sheet can be found in Note 9.

Exchange rates

	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
GBP 1 = NOK			
Income statement (average)	11,8684	11,7369	11,8224
Balance sheet (at end of period)	11,4874	11,7662	11,9374
EUR 1 = NOK			
Income statement (average)	9,9279	10,2638	10,1655
Balance sheet (at end of period)	9,7006	10,0195	10,0185

Note 2 Net interest income

	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
NOKt			
Interest income calculated using the effective interest rate method	1 496 899	1 168 206	4 890 037
Other interest income	13 646	7 479	27 394
Interest expense	861 830	495 564	2 078 100
Net interest income	648 715	680 121	2 839 331
Interest income calculated using the effective interest rate method			
Loans to credit institutions	1 334	378	1 534
Loans to customers	1 480 653	1 156 879	4 833 878
Yield fees	16 096	15 827	71 825
Net interest paid or received on derivatives in accounting hedges of assets	-1 183	-4 878	-17 200
Interest income	1 496 899	1 168 206	4 890 037
Other interest income			
Interest-bearing securities measured at fair value	13 646	7 479	27 394
Other interest income¹	13 646	7 479	27 394
Interest expense			
Deposits by credit institutions	501 413	215 668	1 127 365
Debt securities in issue	328 345	350 960	1 037 868
Subordinated loan capital	6 901	12 689	42 694
Other interest expenses	31 457	21 449	130 447
Net interest paid or received on derivatives in hedges of liabilities	-6 286	-105 202	-260 274
Interest expense	861 830	495 564	2 078 100

Interest from categories of financial instruments

	Jan-Mar 2022	Jan-Mar 2021	Full year 2021
NOKt			
Financial assets at amortised cost	1 498 083	1 173 084	4 907 237
Financial assets at fair value through profit and loss (including hedging instruments) ¹	12 462	2 600	10 194
Financial liabilities at amortised cost	-868 116	-600 767	-2 338 374
Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹	6 286	105 202	260 274
Net interest income	648 715	680 121	2 839 331

¹ Includes net interest income from derivatives, measured at fair value and related to Nordea Eiendomskredit's funding. This can have both a positive and negative impact on other interest expense, for further information see Note 1 Accounting policies in the Annual Report 2021.

Note 3 Net result from items at fair value

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Financial instruments at FVPL - Mandatorily ¹	23 518	16 729	10 815
Financial instruments under hedge accounting	655	-38 691	-185 631
- of which net gains/losses on hedged items	452 713	324 906	395 414
- of which net gains/losses on hedging instruments	-452 058	-363 597	-581 045
Total	24 173	-21 962	-174 815

¹Financial Instruments at "Fair value through profit and loss (FVPL) - Mandatorily" comprises of interest bearing securities and derivatives held for economic hedging, which do not meet the requirements for hedge accounting according to IAS 39.

Note 4 Loan losses

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Net loan losses, Stage 1	2 633	-11 177	-8 820
Net loan losses, Stage 2	20 332	-5 937	13 454
Total loan losses, non-defaulted	22 966	-17 114	4 634
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated	-15 826	631	33 639
Realised loan losses	2 807	9 629	28 986
Decrease of provisions to cover realised loan losses	0	-6 559	-6 662
Recoveries on previous realised loan losses	0	0	-515
Reversals of provisions	0	-598	-7 076
Net loan losses, defaulted	-13 019	3 103	48 372
Net loan losses	9 947	-14 011	53 006

Key ratios ¹	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Loan loss ratio, basis points	1,39	-2,09	1,91
- of which stage 1	0,37	-1,66	-0,32
- of which stage 2	2,83	-0,88	0,49
- of which stage 3	-1,81	0,46	1,75

¹ Net loan losses divided by average total loans during the period

Note 5 Loans and impairment

Loans and impairment

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
Loans measured at amortised cost, not impaired (Stage 1 and 2)	287 756 807	269 476 804	285 729 218
Impaired loans (Stage 3)	465 799	705 542	504 390
- of which servicing	95 598	178 233	144 288
- of which non-servicing	370 201	527 309	360 102
Loans before allowances	288 222 607	270 182 346	286 233 609
Allowances for individually assessed impaired loans (Stage 3)	-79 384	-68 770	-95 205
- of which servicing	-13 520	-10 982	-18 218
- of which non-servicing	-65 864	-57 788	-76 987
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-139 227	-98 896	-121 438
Allowances	-218 611	-167 666	-216 643
Loans, carrying amount	288 003 996	270 014 680	286 016 966

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	-35 154	-86 284	-95 205	-216 643
Changes due to origination and acquisition	-1 585	-324	-1 966	-3 876
Changes due to transfers from Stage 1 to Stage 2	1 761	-55 209	0	-53 448
Changes due to transfers from Stage 1 to Stage 3	15	0	-1 474	-1 459
Changes due to transfers from Stage 2 to Stage 1	-1 657	32 274	0	30 618
Changes due to transfers from Stage 2 to Stage 3	0	1 513	-5 289	-3 776
Changes due to transfers from Stage 3 to Stage 1	-47	0	3 450	3 403
Changes due to transfers from Stage 3 to Stage 2	0	-988	7 773	6 785
Changes due to changes in credit risk without stage transfer	-2 076	-888	6 319	3 355
Changes due to repayments and disposals	2 450	6 972	7 007	16 429
Balance at 31 March 2022	-36 292	-102 935	-79 384	-218 611

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	-41 946	-73 003	-75 304	-190 252
Changes due to origination and acquisition	-1 438	-188	-432	-2 058
Changes due to transfers from Stage 1 to Stage 2	1 791	-26 614	0	-24 823
Changes due to transfers from Stage 1 to Stage 3	42	0	-512	-470
Changes due to transfers from Stage 2 to Stage 1	-1 322	22 774	0	21 452
Changes due to transfers from Stage 2 to Stage 3	0	922	-3 793	-2 871
Changes due to transfers from Stage 3 to Stage 1	-33	0	387	354
Changes due to transfers from Stage 3 to Stage 2	0	-779	3 845	3 066
Changes due to changes in credit risk without stage transfer	8 021	4 097	-6 910	5 208
Changes due to repayments and disposals	3 048	5 730	7 391	16 169
Write-off through decrease in allowance account	0	0	6 559	6 559
Balance at 31 March 2021	-31 835	-67 060	-68 770	-167 666

Note 5 Loans and impairment cont.

Key ratios

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Impairment rate, (stage 3) gross, basis points ¹	16,2	26,1	17,6
Impairment rate (stage 3), net, basis points ²	13,4	23,6	14,3
Total allowance rate (stage 1, 2 and 3), basis points ³	7,6	6,2	7,6
Allowances in relation to credit impaired loans (stage 3), % ⁴	17,0	9,7	18,9
Allowances in relation to loans in stage 1 and 2, basis points ⁵	4,8	3,7	4,3

¹ Impaired loans (Stage 3) before allowances divided by total loans measured at amortised cost before allowances.

² Impaired loans (Stage 3) after allowances divided by total loans measured at amortised cost before allowances.

³ Total allowances divided by total loans measured at amortised cost before allowances.

⁴ Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3) before allowances.

⁵ Allowances for not impaired loans (stage 1 and 2) divided by not impaired loans measured at amortised cost (stage 1 and 2) before allowances.

Forward looking information

Forward looking information is used both for assessing significant increases in credit risk and in the calculation of expected credit losses. Nordea Eiendoms kreditt uses three macroeconomic scenarios, a base scenario, a favourable scenario and an adverse scenario. For the first of 2022, the scenarios were weighted into the final expected credit losses (ECL) using baseline 60%, adverse 20% and favourable 20% (baseline 60%, adverse 20% and favourable 20% at the end of December 2021). The weightings were considered appropriate even in the light of Russia's invasion of Ukraine, as uncertainty regarding impact of the pandemic has decreased.

The macroeconomic scenarios are provided by Group Risk in Nordea, based on the Oxford Economics model. The forecast is a combination of modelling and expert judgement, subject to thorough checks and quality control processes. The model has been built to give a good description of the historical relationships between economic variables and to capture the key linkages between those variables. The forecast period in the model is ten years, and for periods beyond, a long-term average is used in the ECL calculations.

The macroeconomic scenarios reflect Nordea's view of how the Nordic economies will potentially develop following the reopening of societies after Covid-19- related lockdowns. The scenarios take into account the macroeconomic effects of government and central bank support measures. When developing the scenarios, Nordea took into account projections made by Nordic governments and central banks, Nordea Research and the European Central Bank's macroeconomic forecasts for the euro area.

Economic projections from the Nordic central banks and the European Central Bank are used as a basis for the baseline scenario. In Norway real GDP has more than recovered from the fall in economic activity caused by the lockdowns of the past two years. The war in Ukraine has led to heightened

uncertainty regarding the economic outlook, but there is still the prospect of a continued upswing. Large household savings provide a sound basis for a further increase in activity in 2022, although the recovery will be tempered by the negative effects of the war in Ukraine. The Omicron wave is expected to have only a short-term impact on economic activity. Economic growth is expected to be lower than in recent quarters due to capacity constraints and higher interest rates. Following strong housing market activity over the past year, the development in house prices is expected to become more subdued going forward.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline projection. The recent surge in energy prices may depress growth through lower consumption, while the conflict between Russia and Ukraine could potentially cause energy prices to rise even higher, leading to further decreases in private consumption and investments. A reversal of these risk factors could on the other hand lead to a more positive outcome.

At the end of the first quarter of 2022 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 38m. The management judgements cover expected credit losses not yet covered by the IFRS 9 model. The cyclical reserve amounted to NOK 25m at the end of the first quarter of 2022 (NOK 25m at the end of the fourth quarter of 2021) and the reserve covering issues identified in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to NOK 13m (NOK 13m at the end of the fourth quarter of 2021). The cyclical reserve was triggered by the substantial uncertainty in the macroeconomic development related to Covid-19, as well as the need to account for future rating downgrades potentially underestimated by the IFRS 9 model through the updated macroeconomic scenarios.

Real GDP, % y/y	2022	2023	2024
Favourable scenario	6,2	2,4	1,3
Baseline scenario	4,3	2,5	1,3
Adverse scenario	2,6	1,5	1,0

Note 6 Classification of financial instruments

Of the assets listed below, Loans to credit institutions, Loans to the public, Interest-bearing securities, Derivatives, as well as accrued interest on these items, are exposed to credit risk. The exposure equals the book value presented in the tables below.

31 March 2022, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial assets	
Assets					
Loans to credit institutions	21 382				21 382
Loans to the public	288 003 996				288 003 996
Interest-bearing securities		5 258 893			5 258 893
Derivatives		-11 600	328 930		317 330
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-48 423				-48 423
Equipment owned and RoU				179	179
Retirement benefit assets				5 976	5 976
Other assets				27	27
Prepaid expenses and accrued income	5 121			1 690	6 811
Total assets	287 982 076	5 247 293	328 930	7 872	293 566 170

31 March 2022, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial liabilities	
Liabilities					
Deposits by credit institutions	159 321 980				159 321 980
Debt securities in issue	113 088 762				113 088 762
Derivatives		28 880	225 653		254 533
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-333 321				-333 321
Current tax liabilities				130 435	130 435
Other liabilities	2 751			9 879	12 630
Accrued expenses and prepaid income	628			298 803	299 431
Deferred tax liabilities				182 805	182 805
Provisions				7 902	7 902
Retirement benefit obligations				21 195	21 195
Subordinated loan capital	1 102 154				1 102 154
Total liabilities	273 182 954	28 880	225 653	651 019	274 088 505

Note 7 Derivatives and hedge accounting

31 March 2022, NOKt	Positive	Fair value Negative	Total nominal amount
Derivatives at FVPL - Mandatorily ¹:			
Interest rate sw aps	-11 600	28 880	45 000 000
Total	-11 600	28 880	45 000 000
Derivatives used for hedge accounting:			
Interest rate sw aps	156 648	198 118	14 684 000
Currency interest rate sw aps	172 283	27 535	4 208 000
Total	328 931	225 653	18 892 000
- of w hich fair value hedges	156 648	198 118	14 684 000
- of w hich cash flow hedges	172 283	27 535	4 208 000
Total derivatives	317 330	254 533	63 892 000

31 December 2021, NOKt	Positive	Fair value Negative	Total nominal amount
Derivatives at FVPL - Mandorily ¹:			
Interest rate sw aps	-17 678	43 135	45 000 000
Total	-17 678	43 135	45 000 000
Derivatives used for hedge accounting:			
Interest rate sw aps	274 265	16 477	12 794 000
Currency interest rate sw aps	392 171	0	4 208 000
Total	666 436	16 477	17 002 000
- of w hich fair value hedges	274 265	16 477	12 794 000
- of w hich cash flow hedges	392 171	0	4 208 000
Total derivatives	648 759	59 611	62 002 000

31 March 2021, NOKt	Positive	Fair value Negative	Total nominal amount
Derivatives at FVPL - Mandorily ¹:			
Interest rate sw aps	7 435	50 316	49 000 000
Total	7 435	50 316	49 000 000
Derivatives used for hedge accounting:			
Interest rate sw aps	819 584	-26 865	22 536 000
Currency interest rate sw aps	368 541	0	4 340 730
Total	1 188 125	-26 865	26 876 730
- of w hich fair value hedges	819 584	-26 865	22 536 000
- of w hich cash flow hedges	368 541	0	4 340 730
Total derivatives	1 195 560	23 450	75 876 730

¹ Derivatives at "Fair value through profit and loss (FVPL) - Mandatorily" consists of derivatives held for economic hedging, which do not meet the requirements for hedge accounting according to IAS 39.

Note 8 Fair value of financial assets and liabilities

NOKt	31 Mar 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	287 976 955	288 694 878	286 397 738	287 173 600
Interest-bearing securities	5 258 893	5 258 893	5 205 173	5 205 173
Derivatives	317 330	317 330	648 759	648 759
Other assets	0	0	0	0
Prepaid expenses and accrued income	5 121	5 121	1 021	1 021
Total financial assets	293 558 298	294 276 221	292 252 690	293 028 552
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Deposits and debt instruments	273 179 575	273 859 573	271 586 384	272 346 763
Derivatives	254 533	254 533	59 611	59 611
Other financial liabilities	2 751	2 751	2 784	2 784
Accrued expenses and prepaid income	628	628	414	414
Total financial liabilities	273 437 487	274 117 485	271 649 192	272 409 571

The determination of fair value is described in the Annual Report 2021, Note 18 Assets and liabilities at fair value.

Note 9 Financial assets and liabilities measured at fair value on the balance sheet

Categorisation into fair value hierarchy

	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)	Total
31 March 2022, NOKt				
Financial assets¹				
Interest-bearing securities		5 258 893		5 258 893
Derivatives		317 330	0	317 330
Total assets	0	5 576 223	0	5 576 223
Financial liabilities¹				
Derivatives		254 533		254 533
Total liabilities	0	254 533	0	254 533

	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)	Total
31 December 2021, NOKt				
Financial assets¹				
Interest-bearing securities		5 205 173		5 205 173
Derivatives		648 759	0	648 759
Total assets	0	5 853 932	0	5 853 932
Financial liabilities¹				
Derivatives		59 611		59 611
Total liabilities	0	59 611	0	59 611

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

Determination of fair values for items measured at fair value on the balance sheet

Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual Report 2021, Note 18 Assets and liabilities at fair value.

Transfers between Level 1 and Level 2

There has not been any transfers between Level 1 and Level 2 so far this year. When transfers between levels occur, these are considered to have occurred at the end of the reporting period.

Note 10 Cover Pool

NOKt	31 Mar 2022		31 Mar 2021		31 Dec 2021	
	Nominal value	Net Present Value	Nominal value	Net Present Value	Nominal value	Net Present Value
Loans to the public	287 966 452	287 588 578	269 987 777	269 967 031	286 003 331	285 574 385
- w hereof pool of eligible loans	210 431 519	210 155 388	188 230 721	188 216 257	212 536 647	212 217 886
Supplementary assets and derivatives:						
- w hereof CIRS	208 281	156 972	332 271	402 946	375 082	421 083
- w hereof IRS	0	59 767	0	933 098	0	366 191
Total cover pool	210 639 800	210 372 127	188 562 992	189 552 301	212 911 729	213 005 160
Debt securities in issue (net outstanding amount)	111 487 281	111 712 564	137 549 501	138 637 420	96 967 082	97 493 204
Over-collateralization calculated on net outstanding covered bonds	88,9 %	88,3 %	37,1 %	36,7 %	119,6 %	118,5 %
Debt securities in issue (issue amount)	111 487 281	111 712 564	137 549 501	138 637 420	96 967 082	97 493 204
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) ¹	88,9 %	88,3 %	37,1 %	36,7 %	119,6 %	118,5 %

¹without deduction for holdings of own bonds, if any.

The guidelines for calculating the over-collateralization requirement in the Norwegian legislation is given in the Financial Undertakings Act (Act No. 17 of 10 April 2015) Chapter 11 Bonds secured on a loan portfolio (covered bonds), and appurtenant regulations. The calculation shall be based on gross outstanding covered bonds and by use of Market values or Net present values. Due to different calculation methods, these may differ from Fair values disclosed in other notes to this Interim Report.

Note 11 Debt securities in issue and loans from financial institutions

NOKt	31 Mar 2022			31 Mar 2021		
	Nominal value	Other ¹	Carrying amount	Nominal value	Other ¹	Carrying amount
Covered bonds issued in Norwegian kroner	107 071 000			132 876 500		
Holdings of own covered bonds in Norwegian kroner	0			0		
Outstanding covered bonds issued in Norwegian kroner	107 071 000			132 876 500		
Covered bonds issued in GBP (in NOK)	3 446 226			3 671 051		
Covered bonds issued in EUR (in NOK)	970 055			1 001 950		
Total outstanding covered bonds	111 487 281	1 601 481	113 088 762	137 549 501	1 049 298	138 598 799
Loans and deposits from financial institutions on-demand	113 857	0	113 857			
Loans and deposits from financial institutions for a fixed term	158 965 301	242 822	159 208 123	114 543 952	101 983	114 645 935
Subordinated loan	1 100 000	2 154	1 102 154	2 300 000	1 739	2 301 739
Total	271 666 439	1 846 457	273 512 896	254 393 453	1 153 020	255 546 473

¹ Related to accrued interest and premium/discount on issued bonds.

Maturity information

Maximum 1 year	94 154 857			116 775 996		
More than 1 year	177 511 582			137 617 457		
Total	271 666 439			254 393 453		

Norwegian covered bonds (NOKt) at 31 March 2022

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
NO0010593064	22.12.2010	18.06.2025	Fixed	4,80	NOK	550 000
NO0010758931	08.03.2016	15.06.2022	Fixed	1,80	NOK	2 572 000
NO0010759632	17.03.2016	15.06.2022	Float	3M Nibor + 0,78%	NOK	9 379 000
NO0010766827	21.06.2016	18.06.2031	Fixed	2,20	NOK	500 000
NO0010812084	11.12.2017	17.09.2043	Fixed	2,20	NOK	300 000
NO0010819717	21.02.2018	21.06.2023	Float	3M Nibor + 0,30%	NOK	18 550 000
NO0010821986	04.05.2018	04.05.2048	Fixed	2,60	NOK	300 000
NO0010843626	26.02.2019	19.06.2024	Float	3M Nibor + 0,34%	NOK	18 900 000
NO0010852650	22.05.2019	22.05.2026	Fixed	2,17	NOK	6 000 000
NO0010873334	22.02.2020	19.03.2025	Float	3M Nibor + 0,26%	NOK	19 520 000
NO0010893282	16.09.2020	16.09.2025	Float	3M Nibor + 1,50%	NOK	12 500 000
NO0010981301	21.04.2021	18.03.2026	Float	3M Nibor + 1,50%	NOK	10 000 000
NO0011151771	17.11.2021	17.09.2026	Float	3M Nibor + 0,75%	NOK	7 000 000
NO0012441643	15.02.2022	15.02.2030	Fixed	2,45	NOK	1 000 000
Total						107 071 000

Covered bonds issued in foreign currency at 31 March 2022

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
XS1837099339	18.06.2018	18.06.2023	Float	3M GBP Libor + 0,33%	GBP	300 000
XS1451306036	19.07.2016	15.07.2031	Fixed	0,738	EUR	100 000
Total (in NOKt equivalent)						4 416 281

Note 12 Capital adequacy

These disclosures have been prepared in accordance with Part 8 of the CRR and applicable national regulations.

Summary of items included in own funds

NOKm	31 Mar 2022	31 Dec ¹ 2021	31 Mar 2021
Equity in the consolidated situation	19 263	19 982	19 225
Proposed/actual dividend		-726	
Common Equity Tier 1 capital before regulatory adjustments	19 263	19 257	19 225
Deferred tax assets			
Intangible assets			
IRB provisions shortfall (-)	-132	-130	-176
Pension assets in excess of related liabilities			
Other items, net	11	8	41
Total regulatory adjustments to Common Equity Tier 1 capital	-121	-122	-135
Common Equity Tier 1 capital (net after deduction)	19 142	19 135	19 090
Additional Tier 1 capital before regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital			
Additional Tier 1 capital			
Tier 1 capital (net after deduction)	19 142	19 135	19 090
Tier 2 capital before regulatory adjustments	1 100	1 100	2 300
IRB provisions excess (+)	78	93	79
Deductions for investments in insurance companies			
Other items, net			
Total regulatory adjustments to Tier 2 capital	78	93	79
Tier 2 capital	1 178	1 193	2 379
Own funds (net after deduction)²	20 320	20 328	21 469

¹ Including profit for the period

² Own Funds adjusted for IRB provision, i.e. adjusted own funds equal NOK 20,374m by 31 Mar 2022

Own Funds, including profit

NOKm	31 Mar 2022	31 Dec 2021	31 Mar 2021
Common Equity Tier 1 capital, including profit	19 137	19 136	19 174
Total Own Funds, including profit	20 316	20 329	21 553

Note 12 Capital adequacy cont.

Minimum capital requirement and REA (Risk Exposure Amount)

	31 Mar 2022	31 Mar 2022	31 Dec 2021	31 Dec 2021	31 Mar 2021	31 Mar 2021
NOKm	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	5 185	64 812	5 162	64 522	4 851	60 638
- of which counterparty credit risk	12	155	24	302	24	297
IRB	5 172	64 652	5 131	64 143	4 823	60 293
- sovereign						
- corporate						
- advanced						
- foundation						
- institutions	18	224	18	225	18	226
- retail	5 154	64 426	5 113	63 917	4 805	60 066
- secured by immovable property collateral	4 571	57 134	4 548	56 847	4 255	53 194
- other retail	583	7 292	566	7 070	550	6 872
- other	0	2	0	1	0	1
Standardised	13	160	30	379	28	345
- institutions	13	160	30	379	28	345
Operational risk	284	3 547	228	2 845	228	2 845
Standardised	284	3 547	228	2 845	228	2 845
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR						
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	2	26	2	25	2	26
Additional risk exposure amount due to Article 3 CRR						
Total	5 471	68 386	5 391	67 392	5 081	63 510

Capital ratios

Percentage	31 Mar 2022	31 Dec 2021	31 Mar 2021
Common Equity Tier 1 capital ratio, including profit	28,0	28,4	30,2
Tier 1 capital ratio, including profit	28,0	28,4	30,2
Total capital ratio, including profit	29,7	30,2	33,9
Common Equity Tier 1 capital ratio, excluding profit	28,0	28,4	30,1
Tier 1 capital ratio, excluding profit	28,0	28,4	30,1
Total capital ratio, excluding profit	29,7	30,2	33,8

Assumed 100% dividend payment from year 2021

Leverage ratio

	31 Mar 2022	31 Dec ¹ 2021	31 Mar 2021
Tier 1 capital, transitional definition, NOKm	19 142	19 135	19 090
Leverage ratio exposure, NOKm	308 180	306 947	289 900
Leverage ratio, percentage	6,2	6,2	6,6

¹ Including profit for the period

Note 13 Risks and uncertainties

Within the framework of its normal business operations, Nordea Eiendoms kreditt faces various risks and uncertainties. Nordea Eiendoms kreditt's sole business activity is lending secured by residential properties and holiday houses, and the company's main risk exposure is credit risk, which means the ability of its borrowers to service their loans.

Being an issuer of covered bonds, the company is also exposed to changes in the residential property market and the market for holiday homes. A decline in housing prices will reduce the value of the company's cover pool for the purpose of calculating the regulatory asset coverage requirement. Quarterly stress tests are carried out to estimate the effects of declining prices for residential properties and holiday homes. At the end of the first quarter 2022 the over-collateralization (OC) was 88.3%, meaning that the company can withstand a significant price drop without breaching the regulatory OC requirement of 2.0%.

There are continuing uncertainty regarding the long-term economic impact of the Covid-19 pandemic on the Norwegian mortgage market. Depending on future developments, potential adverse impacts on income could arise due to lower net interest income and increased loan losses. Current and potential future credit risk losses are addressed in Note 5 "Loans and impairment" and in the section "Net loan losses" in the Board of Directors' Report.

Nordea Eiendoms kreditt is also exposed to risks such as market risk, liquidity risk and operational risk. These risks are managed according to processes and limits established in Nordea Eiendoms kreditt's Risk Appetite Framework. Further information on the composition of the company's risk exposure and risk management can be found in the Annual Report for 2021.

There have been no disputes or legal proceedings in which material claims have been raised against the company.

Note 14 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 cross currency swaps. Counterparties to all derivative contracts are Nordea Group internal. The volume and fair value of the derivative contracts are shown in note 7.

Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendoms kreditt, and at the end of the first quarter 2022 such borrowings amounted to NOK 159 billion.

Subordinated loans provided by Nordea Bank Abp was NOK 1.1 billion at the end of the first quarter. In addition, Nordea Bank Abp had a holding of covered bonds issued by Nordea Eiendoms kreditt of NOK 560.2 million at the end of the first quarter of 2022.

Loans to the public are managed by Nordea Bank Abp, filial i Norge. For loans issued directly from Nordea Eiendoms kreditt, this management includes credit assessment and other processes in relation to the loan origination, i.e. sales- and distribution services. As a result of an update of the transfer pricing method for the internal sales- and distribution services, implemented in Q2-2021, these fees have increased compared to Q1-2021, and amounted to NOK 370 million in the first three months of 2022 (NOK 206 million booked in the first three months 2021).

Nordea Eiendoms kreditt also buys services related to funding and risk control, accounting and reporting, people services and IT services from other Nordea companies according to agreements entered into. For these services Nordea Eiendoms kreditt has paid NOK 8 million in the first quarter of 2022. All group internal transactions are settled according to market-based principles on conformity with OECD requirements on transfer pricing.

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