

Nordea

Interim Report 1st quarter 2023

Nordea Eiendoms kreditt AS

(unaudited)



Key financial figures

Summary of the income statement (NOKm)

	Jan-Mar 2023	Jan-Mar 2022	Year 2022
Net interest income	618	679	2 319
Net fee and commission income	15	20	77
Net result from items at fair value	-43	22	-11
Other operating income	0	1	3
Total operating income	589	722	2 388
Staff costs	9	7	31
Other expenses	374	396	1 387
Total operating expenses	383	404	1 419
Loan losses (negative figures are reversals)	38	10	106
Operating profit	167	308	863
Income tax expense	42	77	215
Net profit for the period	126	231	648

Summary of the balance sheet (NOKm)

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Loans to the public, gross	328 707	310 911	323 563
Allowance for loan losses	-347	-220	-311
Other assets	7 218	6 324	6 555
Debt securities in issue	166 255	120 041	149 352
Other liabilities	147 789	175 337	158 401
Equity	21 533	21 637	22 054
Total assets	335 578	317 015	329 807
Average total assets	335 669	315 534	322 559

Ratios and key figures

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Basic/diluted Earnings per share (EPS), annualised basis, NOK	29,9	55,1	38,6
Equity per share ¹ , NOK	1 283	1 289	1 314
Shares outstanding ¹ , million	16,8	16,8	16,8
Return on average equity	2,3 %	4,2 %	2,9 %
Cost/income ratio	65,1 %	55,9 %	59,4 %
Loan loss ratio, annualised, basis points	4,7	1,3	3,4
Risk Exposure Amount ¹ , NOKm	81 930	76 742	80 161
Own funds, NOKm ^{1,2}	22 512	22 463	22 530
Common Equity Tier 1 capital ratio	26,0%	27,7%	26,6%
Tier 1 capital ratio ^{1,2}	26,0%	27,7%	26,6%
Total capital ratio ^{1,2}	27,5%	29,3%	28,1%
Number of employees (Full-time equivalents) ¹	23,0	19,5	21,5

¹ At the end of the period.

² Excluding the year to date profit for the interim period.

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).

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Board of Directors' Report

Introduction

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

Nordea Eiendomskreditt AS is licensed by the Norwegian Financial Supervisory Authority to issued 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 328 billion at 31 March 2023. The mortgage loans are originated directly from own balance sheet or bought from the parent bank. Nordea Eiendomskreditt 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 located in Oslo.

Income Statement

Profit before loan losses

Operating profit in the first quarter of 2023 was NOK 167 million (NOK 308 million). The profit reported is equivalent to a post-tax return on average equity of 2.3% (4.6%) on an annualised basis. The reduction is mainly driven by lower lending margin, partly offset by higher lending portfolio and negative result from items at fair value.

Net interest income in the first quarter decreased by 9% compared to the same period last year and amounted to NOK 618 million (NOK 679 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 383 million (NOK 403 million). NOK 9 million (NOK 7 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. All group internal transactions are settled according to market-based principles on conformity with OECD guidelines on transfer pricing. The cost/income ratio for Q1-2023 was 65.1% compared to 55.9% in the first quarter last year.

Net loan losses

Loan losses and provisions recognised in the accounts for the first quarter of 2023 were NOK 38 million (NOK 10 million), whereof NOK 37 million is related to increased allowances for mortgage loans on the balance sheet. Loan loss allowances have thus increased from NOK 311 million at the beginning of the year, to NOK 347 million at 31 March 2023, with the increase mainly in Stage 2. Management judgement provisions have increased from NOK 102 million to NOK 106 million during the first quarter. Nordea Eiendomskreditt will continue to take appropriate actions to adjust management judgements as respective losses are realised or captured by Nordea's models, whilst maintaining

in place an adequate total collective allowance for loan losses.

There were no realised loan losses in the first quarter, which reflects a strong underlying credit portfolio with positive rating migration (upgrades exceeding downgrades). No deterioration in overall credit quality or increased 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 2023 Nordea Eiendomskreditt issued covered bonds amounting to NOK 24.9 billion in the Norwegian domestic market under its NOK 250bn domestic covered bond programme. In the same period buybacks amounted to NOK 8.6 billion. As of 31 March 2023, Nordea Eiendomskreditt had outstanding covered bonds totaling NOK 160.0 billion in the Norwegian market, GBP 0.3 billion in the British market and EUR 0.1 billion in the European market. Nordea Eiendomskreditt also had subordinated debt outstanding to the amount of NOK 1.1 billion.

In addition to the long-term funding, Nordea Eiendomskreditt also raised unsecured funding from the parent bank. At the end of the first quarter of 2023 such borrowings amounted to NOK 144.8 billion.

Nordea Eiendomskreditt holds a liquidity buffer of NOK 5.4 billion and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 1221% (621%) 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. Net Stable Funding Ratio (NSFR) was 110.8% (107.5%) at the end of the first quarter 2023.

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 328 billion as of 31 March 2023 (NOK 311 billion), bought from Nordea Bank Abp, filial i Norge or issued directly from Nordea Eiendomskreditt's own balance sheet. NOK 239 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 45.4% in relation to gross issued covered bonds.

Total assets amounted to NOK 336 billion at 31 March 2023 (NOK 317 billion).

Impaired loans

As of 31 March 2023 impaired loans amounted to NOK 627 million which corresponds to 0.19% of the total loan portfolio. Allowances of NOK 120 million have been made,

and net impaired loans were NOK 507 million at 31 March 2023 compared to NOK 418 million at 31 March 2022.

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 2023, the company was party to interest rate swaps with a nominal value of NOK 53.6 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 26.0%, at the end of the first quarter, a decrease of 0.6 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 0.7 percentage points to 27.5%.

REA was NOK 81,930 million, an increase of NOK 1,769 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 22,512 million at the end of the first quarter. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 21,293 million (no additional Tier 1 capital).

Regulatory development - Capital requirements

As earlier decided on in March 2022 by Norges Bank, the counter cyclical capital buffer increased from 2.0 percent to 2.5 percent with effect from 31 March 2023. The introduction of the revised CRD (CRD V) in June 2022 entailed a new minimum capital structure for Pillar 2 requirements. Until 2022, the imposed Pillar 2 requirement was composed of CET1 capital, while from Q1 2023, the Pillar 2 requirements

shall as a minimum be composed of 56.25 percent CET1 capital and minimum 75 percent Tier 1 capital.

Other information

Impacts from Russia's invasion of Ukraine

In terms of direct credit risk Nordea Eiendoms kreditt is unaffected by the war as the company does not have any exposure towards Russia and Ukraine. The uncertainty regarding the broader impact of the war – including higher energy, food and commodity prices – on the global and Nordic economies was further assessed in the first quarter. These developments have been reflected in the regular update of Nordea's macroeconomic scenarios, which are used to update the financial forecasts and IFRS 9 expected credit losses.. Nordea Eiendoms kreditt has also reviewed its management judgement allowance to ensure that the overall provisioning levels are appropriate in the context of higher energy prices, interest rates and reduced disposable income. Nordea will continue to follow developments closely.

Information on the financial impacts of the war in Ukraine and 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 12 "Risks and uncertainties".

Macroeconomy

Norwegian mainland GDP increased by 0.8%, quarter on quarter, in the fourth quarter of 2022, driven by growth in most sectors, especially the private sector. The labour market has remained strong: the seasonally adjusted unemployment rate remained at a record low of 1.7% in March. Housing prices rose in the new year but were still down 0.2%, year on year, in March. Year-on-year consumer price inflation stood at 6.5% in March, driven by energy prices and broad price increases for both imported and domestic goods and services. Norges Bank continued its rate-hiking cycle due to a highly pressured economy, high inflation and a weak krone. The central bank raised the key rate by 25bp both in March and in May to 3.25%, and signalled that it would raise the rate by another 25bp in June. The Norwegian krone weakened during the fourth quarter and has continued to weaken so far in 2023 due to lower interest rate differentials.

Nordea Eiendoms kreditt AS

Oslo, 12 May 2023

Marte Koppers tad
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Pål Ekberg
Board member

Lene Steinum
Board member

Anne Sofie Knoph
Employee representative

Elen M Stiksrud
Acting Chief Executive Officer

Income statement

NOKt	Note	Jan-Mar 2023	Jan-Mar 2022	Year 2022
Operating income				
Interest income calculated using the effective interest rate method	2	3 366 347	1 600 536	8 458 243
Other interest income	2	46 437	13 999	98 957
Interest expense	2	2 795 207	935 419	6 238 603
Net interest income		617 578	679 116	2 318 597
Fee and commission income				
Fee and commission income		27 106	27 530	111 547
Fee and commission expense		12 470	7 517	34 569
Net fee and commission income		14 636	20 013	76 978
Net result from items at fair value				
Net result from items at fair value	3	-43 174	21 633	-11 077
Other income		184	971	3 359
Total operating income		589 224	721 733	2 387 857
Total operating expenses				
Staff costs		9 085	7 408	31 171
Other operating expenses		374 365	396 327	1 387 333
Depr/amortisation and impairment charges		34	34	136
Total operating expenses		383 485	403 770	1 418 640
Profit before loan losses		205 739	317 963	969 216
Loan losses	4	38 371	9 944	106 375
Operating profit		167 368	308 019	862 841
Income tax expense		41 842	77 005	215 022
Net profit for the period		125 526	231 014	647 819
Attributable to:				
Shareholder of Nordea Eiendoms kreditt AS		125 526	231 014	647 819
Total		125 526	231 014	647 819

Statement of comprehensive income

NOKt	Jan-Mar 2023	Jan-Mar 2022	Year 2022
Net profit for the period	125 526	231 014	647 819
Items that may be reclassified subsequently to the income statement			
Cash flow hedges:			
Valuation gains/losses during the period	2 294	-2 205	7 019
Tax on valuation gains/losses during the period	-573	551	-1 755
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	483	10 633	1 504
Tax on remeasurement of defined benefit plans	-121	-2 658	-376
Other comprehensive income, net of tax	2 082	6 321	6 393
Total comprehensive income	127 608	237 335	654 212
Attributable to:			
Shareholders of Nordea Eiendoms kreditt AS	127 608	237 335	654 212
Total	127 608	237 335	654 212

Balance sheet

NOKt	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets				
Loans to credit institutions		950 403	553 586	731 472
Loans to the public	5, 10	328 359 990	310 691 107	323 251 987
Interest-bearing securities	9	5 447 520	5 448 193	5 435 886
Derivatives	7	803 262	324 962	423 732
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-49 605	-48 423	-55 554
Property and Equipment owned and RoU		43	179	77
Retirement benefit assets		0	5 976	0
Other assets		14	32 504	-33
Accrued income and prepaid expenses		66 281	6 864	19 524
Total assets	6	335 577 908	317 014 948	329 807 091
Liabilities				
Deposits by credit institutions		145 372 275	173 289 324	155 913 879
Debt securities in issue	11	166 254 957	120 041 070	149 352 274
Derivatives	7, 9	599 668	256 811	761 036
Current tax liabilities		109 569	133 449	209 297
Other liabilities		65 399	12 718	20 845
Accrued expenses and prepaid income		333 430	322 628	226 015
Deferred tax liabilities		171 154	191 179	133 515
Provisions		9 632	7 902	8 211
Retirement benefit obligations		24 640	21 195	24 682
Subordinated loan capital		1 103 720	1 102 154	1 103 819
Total liabilities	6, 8	314 044 444	295 378 430	307 753 572
Equity				
Share capital		1 879 565	1 938 662	1 879 565
Share premium		9 874 082	9 814 985	9 874 082
Other reserves		-19 610	-21 764	-21 693
Retained earnings		9 673 902	9 673 622	10 321 566
Net profit for the period		125 526	231 014	
Total equity		21 533 464	21 636 519	22 053 520
Total liabilities and equity		335 577 908	317 014 948	329 807 091
Assets pledged as security for own liabilities		239 189 085	233 114 710	245 131 742
Commitments		32 856 149	30 416 294	31 618 092

Nordea Eiendoms kreditt AS Oslo, 12 May 2023

Marte Koppers tad
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Board member

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Pål Ekberg
Board member

Lene Steinum
Board member

Anne Sofie Knoph
Employee representative

Elen M Stiksrud
Acting Chief Executive Officer

Statements of changes in equity

The equity in Nordea Eiendoms kreditt increased by NOKt 2.142.685, as a result of the merger with Nordea Direct Boligkreditt AS on 1 November 2022. The share capital was increased by NOKt 161,903, and replaced the share capital in Nordea Direct Boligkreditt AS of NOKt 221.000. The share premium increased by NOKt 1.058.117 including NOKt 59,097 reclassified from share capital. Retained earnings increased by NOKt 922.665 as a result of the merger.

NOKt	Share capital ¹	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Balance at 1 January 2023	1 879 565	9 874 082	-9 681	-12 012	10 321 569	22 053 523
Net profit for the year					125 526	125 526
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:						
Valuation gains/losses			2 294			2 294
Tax on valuation gains/losses			-573			-573
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans				483		483
Tax on remeasurement of defined benefit plans				-121		-121
Other comprehensive income, net of tax	0	0	1 720	362	0	2 082
Total comprehensive income	0	0	1 720	362	125 526	127 608
Contribution and distribution						
Share Based Payments					155	155
Dividend paid					-647 819	-647 819
Balance at 31 March 2023	1 879 565	9 874 082	-7 961	-11 650	9 799 431	21 533 464

NOKt	Share capital ¹	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Balance at 1 January 2022	1 938 662	9 814 985	-14 945	-13 140	10 399 499	22 125 061
Net profit for the year					231 014	231 014
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:						
Valuation gains/losses			-2 205			-2 205
Tax on valuation gains/losses			551			551
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans				10 633		10 633
Tax on remeasurement of defined benefit plans				-2 658		-2 658
Other comprehensive income, net of tax	0	0	-1 654	7 975	0	6 321
Total comprehensive income	0	0	-1 654	7 975	231 014	237 335
Contribution and distribution						
Share Based Payments					123	123
Dividend paid					-726 000	-726 000
Balance at 31 March 2022	1 938 662	9 814 985	-16 600	-5 165	9 904 636	21 636 519

¹ The company's share capital at 31 March 2023 was NOKt 1,879,565,-. The number of shares was 16 781 828, each with a quota value of NOK 112. All shares are owned by Nordea Bank AB (publ).

Cash Flow statement

NOKt	Jan-Mar 2023	Jan-Mar 2022	Year 2022
Operating activities			
Operating profit before tax	167 368	308 019	862 841
Adjustments for items not included in cash flow	38 383	-2 502	97 727
Income taxes paid	-104 625	-125 306	-261 312
Cash flow from operating activities before changes in operating assets and liabilities	101 126	180 211	699 256
Changes in operating assets			
Change in loans to the public	-5 144 965	-5 013 099	-17 664 399
Change in interest-bearing securities	-11 634	-53 720	-41 346
Change in derivatives, net	-540 898	526 351	949 386
Change in other assets	-52 719	21 197	46 176
		0	
Changes in operating liabilities			
Change in deposits by credit institutions	-10 541 604	-8 088 569	-25 462 473
Change in debt securities in issue	16 902 683	13 400 276	42 227 149
Change in other liabilities	154 704	-427 446	-32 454
Cash flow from operating activities	866 693	545 201	721 295
Financing activities			
Change of accrued interest on subordinated loan capital	-99	328	1 993
Dividend paid	-647 819	-726 000	-726 000
Share Based Payment Programme (EIP)	155	150	274
Cash flow from financing activities	-647 763	-725 522	-723 733
Cash flow for the year	218 931	-180 323	-2 438
Cash and cash equivalents at beginning of the period (Loans to credit institutions)	731 472	733 910	733 910
Cash and cash equivalents at end of the period (Loans to credit institutions)	950 403	553 586	731 472
Change	218 931	-180 323	-2 438

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Eiendomskreditt'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 2023	Jan-Mar 2022	Year 2022
Interest payments received	3 337 147	1 494 978	8 157 307
Interest expenses paid	-2 642 380	-734 321	-5 341 358

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, group contribution paid or received, dividend paid 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 2023 are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as endorsed by the European Union (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 2022.

The accounting policies, method of computation and presentations are unchanged in comparison with the Annual Report 2022, except for the items presented in the section "Changed accounting policies and presentation" below.

Changed accounting policies and presentation

New accounting policies and presentation implemented during the first quarter of 2023 and their impact on the financial statements of Nordea Eiendoms kreditt are described below.

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

On 1 January 2023 Nordea Eiendoms kreditt started applying the 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 recognition, give rise to taxable and deductible 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 gross deferred tax assets and liabilities will be disclosed, but will be set off on the balance sheet if such requirements are met.

The amendments have not had any significant impact on the financial statements or capital adequacy of Nordea Eiendoms kreditt in the period of initial application.

Other amendments to IFRS

The following amended standards issued by the International Accounting Standards Board (IASB) were implemented by Nordea Eiendoms kreditt on 1 January 2023, but have not had any significant impact on its financial statements.

- o Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- o Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting estimates

Critical judgements and estimation uncertainty

Nordea Eiendoms kreditt applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of the war in 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, Note 1 "Accounting policies", section 4. Areas particularly important are loans to the public and provisions for loan losses.

Critical judgement was applied in the assessment of when loans had experienced a significant increase in credit risk (staging) and in the application of macro scenarios and scenario weights when estimating the increase in expected credit losses.

Critical judgements were also 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 8.

Exchange rates

	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
GBP 1 = NOK			
Income s tatement (average)	12,4356	11,8683	11,8469
Balance sheet (at end of period)	12,9540	11,4874	11,8848

	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
EUR 1 = NOK			
Income s tatement (average)	10,9814	9,9278	10,1021
Balance sheet (at end of period)	11,3905	9,7005	10,5180

Note 2 Net interest income

	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
NOKt			
Interest income calculated using the effective interest rate method	3 366 347	1 600 536	8 458 243
Other interest income	46 437	13 999	98 957
Interest expense	2 795 207	935 419	6 238 603
Net interest income	617 578	679 116	2 318 597
Interest income calculated using the effective interest rate method			
Loans to credit institutions	18 007	3 524	74 351
Loans to customers	3 329 618	1 582 100	8 309 138
Yield fees	13 105	16 096	69 467
Net interest paid or received on derivatives in accounting hedges of assets	5 617	-1 183	5 288
Interest income	3 366 347	1 600 536	8 458 243
Other interest income			
Interest-bearing securities measured at fair value	46 437	13 999	98 957
Other interest income¹	46 437	13 999	98 957
Interest expense			
Deposits by credit institutions	1 338 449	544 937	3 425 269
Debt securities in issue	1 377 259	358 410	2 611 354
Subordinated loan capital	13 651	6 901	36 518
Other interest expenses	36 634	31 457	156 613
Net interest paid or received on derivatives in hedges of liabilities	29 214	-6 286	8 849
Interest expense	2 795 207	935 419	6 238 603

Interest from categories of financial instruments

	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
NOKt			
Financial assets at amortised cost	3 360 730	1 602 073	8 454 945
Financial assets at fair value through profit and loss (including hedging instruments) ¹	52 055	12 462	102 256
Financial liabilities at amortised cost	-2 765 993	-941 705	-6 229 755
Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹	-29 214	6 286	-8 849
Net interest income	617 578	679 116	2 318 597

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 1A accounting policies in the Annual report.

Note 3 Net result from items at fair value

Net gains/losses for categories of financial instruments

	Jan-Mar 2023	Jan-Mar 2022	Full Year 2022
NOKt			
Net result from items at fair value	-43 174	21 633	-11 077
Total	-43 174	21 633	-11 077

	Jan-Mar 2023	Jan-Mar 2022	Full Year 2022
NOKt			
Financial assets and liabilities mandatorily at fair value through profit or loss ¹	69 927	-430 936	-866 788
Financial assets at amortised cost ²	2 001	-33 491	-65 688
Financial liabilities at amortised cost ³	-115 508	486 204	920 915
Foreign exchange gains/losses excluding currency hedges	406	-143	483
Total	-43 174	21 634	-11 077

¹ This row comprises of interest bearing securities and derivatives held for economic hedging, which do not meet the requirements for hedge accounting according to IAS 39.

² This row includes net gain/loss arising from derecognition of financial assets measured at amortised cost of NOK -4m (NOK -2m) in the first quarter of 2023. The reason for derecognition is that the assets were prepaid by the customer. This line item also includes fair value changes of hedged amortised cost assets in hedges of interest rate risk of NOK 6m (NOK -31m) in the first quarter of 2023.

³ This row mainly includes fair value changes of hedged amortised cost liabilities in hedges of interest rate risk of NOK -106m (NOK 490m) in the first quarter of 2023.

Note 4 Loan losses

Net loan losses

	Jan-Mar 2023	Jan-Mar 2022	Year 2022
NOKt			
Net loan losses, Stage 1	3 985	2 662	16 112
Net loan losses, Stage 2	29 781	20 164	62 172
Total loan losses, non-defaulted	33 767	22 825	78 284

Stage 3, defaulted

Net loan losses, individually assessed, collectively calculated	4 616	-15 616	19 951
Realised loan losses	0	2 807	15 704
Decrease of provisions to cover realised loan losses	0	0	0
Recoveries on previous realised loan losses	-11	0	-7 122
Reversals of provisions	0	-72	-442
Net loan losses, defaulted	4 604	-12 882	28 091

Net loan losses	38 371	9 944	106 375
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Key ratios¹

	Jan-Mar 2023	Jan-Mar 2022	Year 2022
Loan loss ratio, basis points	4,71	1,29	3,37
- of which stage 1	0,49	0,34	0,51
- of which stage 2	3,66	2,61	1,97
- of which stage 3	0,57	-1,67	0,89

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

Note 5 Loans and impairment

Loans and impairment NOKt	31 Mar 2023	31 Mar 2022	31 Dec 2022
Loans measured at amortised cost, not impaired (Stage 1 and 2)	328 080 766	310 412 886	322 953 240
Impaired loans (Stage 3)	626 712	498 404	609 274
- of which servicing	167 755	95 598	206 772
- of which non-servicing	458 957	370 201	402 502
Loans before allowances	328 707 478	310 911 291	323 562 514
Allowances for individually assessed impaired loans (Stage 3)	-119 797	-80 020	-115 213
- of which servicing	-32 565	-13 520	-36 088
- of which non-servicing	-87 232	-65 864	-79 124
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-227 692	-140 164	-195 315
Allowances	-347 489	-220 184	-310 527
Loans, carrying amount	328 359 990	310 691 107	323 251 987

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	-50 045	-145 269	-115 213	-310 527
Changes due to origination and acquisition	-5 310	-345	-989	-6 644
Changes due to transfers from Stage 1 to Stage 2	2 825	-84 655	0	-81 830
Changes due to transfers from Stage 1 to Stage 3	17	0	-6 481	-6 465
Changes due to transfers from Stage 2 to Stage 1	-2 168	48 948	0	46 781
Changes due to transfers from Stage 2 to Stage 3	0	2 620	-13 872	-11 252
Changes due to transfers from Stage 3 to Stage 1	-70	0	5 309	5 239
Changes due to transfers from Stage 3 to Stage 2	0	-1 303	12 868	11 564
Changes due to changes in credit risk without stage transfer	-4 542	-11 319	-21 056	-36 917
Changes due to repayments and disposals	5 215	17 711	19 637	42 562
Balance at 31 Mar 2023	-54 079	-173 613	-119 797	-347 489

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	-35 501	-87 014	-95 703	-218 218
Changes due to origination and acquisition	-1 638	-343	-1 966	-3 947
Changes due to transfers from Stage 1 to Stage 2	1 866	-55 314	0	-53 448
Changes due to transfers from Stage 1 to Stage 3	238	0	-1 697	-1 459
Changes due to transfers from Stage 2 to Stage 1	-1 667	32 285	0	30 618
Changes due to transfers from Stage 2 to Stage 3	0	1 543	-5 320	-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	7 774	6 785
Changes due to changes in credit risk without stage transfer	-2 418	-716	6 393	3 259
Changes due to repayments and disposals	2 500	7 050	7 050	16 599
Balance at 31 Mar 2022	-36 667	-103 497	-80 020	-220 184

Key ratios

	31 Mar 2023	31 Mar 2022	31 Dec 2022
Impairment rate, (stage 3) gross, basis points ¹	19,1	16,0	18,8
Impairment rate (stage 3), net, basis points ²	15,4	13,5	15,3
Total allowance rate (stage 1, 2 and 3), basis points ³	10,6	7,1	9,6
Allowances in relation to credit impaired loans (stage 3), % ⁴	19,1	16,1	18,9
Allowances in relation to loans in stage 1 and 2, basis points ⁵	6,9	4,5	6,0

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.

Note 5 Loans and impairment cont.

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 Eiendomskreditt uses three macroeconomic scenarios, a baseline scenario, a favourable scenario and an adverse scenario. For the first quarter of 2023 the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of the fourth quarter of 2022). The weight of the adverse scenario was kept at an elevated level, reflecting continued uncertainty regarding the macroeconomic outlook.

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. 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 might develop in the light of Russia's invasion of Ukraine and the associated sanctions and countersanctions on trade with Russia. They take into account the possibility of continued high inflation and the potential impact of significantly higher interest rates on economic activity. When developing the scenarios and determining the relative weighting between them, Nordea took into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The baseline scenario foresees mild recessions in Denmark, Finland and Sweden, triggered by high interest rates and elevated inflation. Norway sees positive but modest growth. The weak growth impulse is expected to continue throughout 2023, weighing on the recovery. Higher interest rates lead to financial uncertainty. The financial uncertainty is, however,

contained and spillovers to the real economy are limited. Nordic housing markets have turned around, with sales showing a marked slowdown and prices declining, particularly in Sweden. This development is expected to continue throughout 2023. The risks around the baseline forecast are tilted to the downside.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline scenario. High energy prices and continued financial uncertainty may lead to a deeper and longer recession due to weaker growth in private consumption and investments. In addition, house prices may see an even larger fall due to the interest rate levels and squeeze in household purchasing power. On the other hand, a stabilisation of energy prices at a lower level may prevent growth from turning negative in 2023 and support a stronger recovery going forward.

At the end of the first quarter of 2023 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 106m (NOK 102m at the end of the fourth quarter 2022). The management judgements cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcome. The cyclical management judgement allowance amounted to NOK 101m at the end of the first quarter of 2023 (NOK 95m at the end of the fourth quarter of 2022) and the reserve covering issues identified in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to NOK 5m (NOK 7m at the end of the fourth quarter of 2022).

The cyclical management judgement allowance was reviewed during the quarter and assessed to be appropriate and to reflect the high level of inflation, increased interest rates and reduced economic growth. Overall, the existing levels of allowances were concluded to be sufficient for the current risk outlook.

Note 5 Loans and impairment cont.

Scenarios	2023	2024	2025	Probability weight
Favourable scenario				10%
GDP growth, %	1.2	1.1	1.0	
Unemployment, %	3.2	3.5	3.4	
Change in household consumption, %	-0.9	1.1	3.9	
Change in house prices, %	-4.0	2.7	4.4	
Baseline scenario				50%
GDP growth, %	0.6	0.6	0.3	
Unemployment, %	3.3	3.7	3.7	
Change in household consumption, %	-1.5	0.5	2.8	
Change in house prices, %	-4.3	2.1	3.7	
Adverse scenario				40%
GDP growth, %	-1.8	-0.2	0.4	
Unemployment, %	4.1	4.7	4.6	
Change in household consumption, %	-3.2	-0.5	2.0	
Change in house prices, %	-7.5	-3.5	1.1	

Note 6 Classification of assets and liabilities

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 2023, 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	950 403				950 403
Loans to the public	328 359 990				328 359 990
Interest-bearing securities		5 447 520			5 447 520
Derivatives		-20 888	824 150		803 262
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-49 605				-49 605
Property and Equipment owned and RoU				43	43
Other assets				14	14
Accrued income and prepaid expenses	64 799			1 482	66 281
Total assets	329 325 587	5 426 632	824 150	1 539	335 577 908

31 March 2023, 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	145 372 275				145 372 275
Debt securities in issue	166 254 957				166 254 957
Derivatives		137 688	461 980		599 668
Current tax liabilities				109 569	109 569
Other liabilities	2 243			63 156	65 399
Accrued expenses and prepaid income	5 404			328 026	333 430
Deferred tax liabilities				171 154	171 154
Provisions				9 632	9 632
Retirement benefit obligations				24 640	24 640
Subordinated loan capital	1 103 720				1 103 720
Total liabilities	312 738 599	137 688	461 980	706 176	314 044 444

Note 7 Fair value of financial assets and liabilities

NOKt	31 Mar 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	329 260 788	333 671 169	323 927 906	328 228 331
Interest-bearing securities	5 447 520	5 447 520	5 435 886	5 435 886
Derivatives	803 262	803 262	423 732	423 732
Accrued income and prepaid expenses	64 799	64 799	18 148	18 148
Total financial assets	335 576 368	339 986 749	329 805 671	334 106 097
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Deposits and debt instruments	312 730 953	311 938 545	306 369 973	306 385 298
Derivatives	599 668	599 668	761 036	761 036
Other financial liabilities	2 243	2 243	3 597	3 597
Accrued expenses and prepaid income	5 404	5 404	3 883	3 883
Total financial liabilities	313 338 268	312 545 860	307 138 489	307 153 814

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

Note 8 Financial assets and liabilities held at fair value on the balance sheet

31 March 2023, NOKt	Quoted prices in	Valuation technique	Valuation technique	Total
	active markets for same instrument (Level 1)	using observable data (Level 2)	using non-observable data (Level 3)	
Financial assets ¹				
Interest-bearing securities		5 447 520		5 447 520
Derivatives		801 121	2 141	803 262
Total assets	0	6 248 641	2 141	6 250 782
Financial liabilities ¹				
Derivatives		567 385	32 283	599 668
Total liabilities	0	567 385	32 283	599 668

31 December 2022, NOKt	Quoted prices in	Valuation technique	Valuation technique	Total
	active markets for same instrument (Level 1)	using observable data (Level 2)	using non-observable data (Level 3)	
Financial assets ¹				
Interest-bearing securities		5 435 886		5 435 886
Derivatives		423 732		423 732
Total assets	0	5 859 618	0	5 859 618
Financial liabilities ¹				
Derivatives		702 726	58 310	761 036
Total liabilities	0	702 726	58 310	761 036

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

Transfers between Level 1 and Level 2

There has not been any transfers between Level 1 and Level 2 in the first quarter of 2023. When transfers between levels occur, these are considered to have occurred at the end of the reporting period.

Note 8 Financial assets and liabilities measured at fair value on the balance sheet cont.

Movements in Level 3

31 March 2023, NOKt	1 January 2023	Unrealised fair value gains/losses recorded in income statement	31 March 2023
Derivatives (net)	-58 310	28 168	-30 142

During the period Nordea Eiendoms kreditt AS had no transfers between level 2 and level 3 of the fair value hierarchy. The reason for valuation according to level 3, was that in the period, observable market data has not been available for maturities longer than 20 years. Fair value gains and losses in the income statement during the period are included in Net result from items at fair value, see Note 3 "Net result from items at fair value".

Valuation techniques and inputs used in the fair value measurements in Level 3

31 March 2023, NOKt	Fair value	Valuation techniques	Unobservable input
Derivatives, net			
Interest rate derivatives	-30 142	Option model	Correlation, volatilities
Total	-30 142		

The table above shows, for each class of assets and liabilities categorised in level 3, the fair value, the valuation techniques used to estimate the fair value and significant unobservable inputs used in the valuation techniques.

Valuation processes for fair value measurements in Level 3

For information about the valuation processes for fair value measurement in Level 3, see Note 1 "Determination of fair value of financial instruments" in the 2022 Annual Report.

Note 9 Cover Pool

NOKt	31 Mar 2023		31 Mar 2022		31 Dec 2022	
	Nominal value	Net Present Value	Nominal value	Net Present Value	Nominal value	Net Present Value
Loans to the public	328 170 597	326 267 789	310 653 563	310 275 689	323 064 144	322 450 476
- whereof pool of eligible loans	238 997 734	237 611 971	233 114 710	232 838 579	244 935 636	244 470 375
Supplementary assets and derivatives:	817 265	368 158	647 545	970 058	409 225	-84 792
- whereof CIRS	817 265	589 745	208 281	156 972	409 225	180 556
- whereof IRS	0	-221 587	0	67 398	0	-265 348
Total cover pool	239 814 999	237 980 128	233 762 255	233 808 637	245 344 861	244 385 583
Debt securities in issue (net outstanding amount)	164 986 265	165 563 719	118 731 281	118 998 472	148 332 225	148 427 632
Over-collateralization calculated on net outstanding covered bonds	45,4 %	43,7 %	96,9 %	96,5 %	65,4 %	64,6 %
Debt securities in issue (issued amount)	164 986 265	165 563 719	118 731 281	118 998 472	148 332 225	148 427 632
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) ¹	45,4 %	43,7 %	96,9 %	96,5 %	65,4 %	64,6 %

¹ without 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 nominal values. Net present values are disclosed for information and may differ from fair values disclosed in other notes to this report due to different calculation methods.

Note 10 Debt securities in issue and loans from financial institutions

NOKt	31 Mar 2023			31 Mar 2022		
	Nominal value	Other ¹	Carrying amount	Nominal value	Other ¹	Carrying amount
Covered bonds issued in Norwegian kroner	159 961 000			114 315 000		
Holdings of own covered bonds in Norwegian kroner	0			0		
Outstanding covered bonds issued in Norwegian kroner	159 961 000			114 315 000		
Covered bonds issued in GBP (in NOK)	3 886 215			3 446 226		
Covered bonds issued in EUR (in NOK)	1 139 050			970 055		
Total outstanding covered bonds	164 986 265	1 268 692	166 254 957	118 731 281	976 468	120 041 070
Loans and deposits from financial institutions for a fixed term	144 759 772	612 503	145 372 275	173 044 963	244 361	173 289 324
Subordinated loan	1 100 000	3 720	1 103 720	1 100 000	2 154	1 102 154
Total	310 846 037	1 884 915	312 730 952	292 876 244	1 222 983	294 432 548

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

Maturity information

Maximum 1 year	59 293 336	110 264 662
More than 1 year	251 552 700	182 611 582
Total	310 846 037	292 876 244

Norwegian covered bonds (NOKt) at 31 March 2023

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding
						nominal amount
NO0012838277	14-02-2023	14-02-2035	Fixed	3.39	NOK	420 000
NO0012829763	02-02-2023	02-02-2028	Float	3M Nibor + 0.48%	NOK	13 600 000
NO0012732017	28-10-2022	28-10-2037	Fixed	4.0	NOK	400 000
NO0012720988	12-10-2022	12-10-2029	Fixed	4.0	NOK	3 150 000
NO0012513532	03-05-2022	17-03-2027	Float	3M Nibor + 0.33%	NOK	19 200 000
NO0012441643	15-02-2022	15-02-2030	Fixed	2.45	NOK	3 500 000
NO0011151771	17-11-2021	17-09-2026	Float	3M Nibor + 0.75%	NOK	7 000 000
NO0010981301	21-04-2021	18-03-2026	Float	3M Nibor + 1.50%	NOK	18 050 000
NO0010893282	16-09-2020	16-09-2025	Float	3M Nibor + 1.50%	NOK	19 700 000
NO0010873334	22-01-2020	19-03-2025	Float	3M Nibor + 0.26%	NOK	20 000 000
NO0010852650	22-05-2019	22-05-2026	Fixed	2.17	NOK	6 000 000
NO0010843626	26-02-2019	19-06-2024	Float	3M Nibor + 0.34%	NOK	38 900 000
NO0010821986	04-05-2018	04-05-2048	Fixed	2.6	NOK	300 000
NO0010819717	21-03-2018	21-06-2023	Float	3M Nibor + 1.50%	NOK	5 776 000
NO0010812084	11-12-2017	17-06-2043	Fixed	3M Nibor + 0.75%	NOK	300 000
NO0010789266	23-03-2017	23-05-2023	Float	2.45	NOK	2 015 000
NO0010766827	21-06-2016	18-06-2031	Fixed	2.2	NOK	500 000
NO0010678766	08-05-2013	08-05-2025	Fixed	3.6	NOK	600 000
NO0010593064	22-12-2010	18-06-2025	Fixed	4.8	NOK	550 000
Total						159 961 000

Covered bonds issued in foreign currency at 31 March 2023

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)						5 025 265

Note 11 Capital adequacy

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

NOKm	31 Mar ¹ 2023	31 Dec ² 2022	31 Mar ¹ 2022
Equity	21 408	22 054	21 406
Proposed/actual dividend		-648	
Common Equity Tier 1 capital before regulatory adjustments	21 408	21 406	21 406
Deferred tax assets			
Intangible assets			
IRB provisions shortfall (-)	-117	-79	-132
Pension assets in excess of related liabilities			
Other items, net	2	3	10
Total regulatory adjustments to Common Equity Tier 1 capital	-115	-76	-121
Common Equity Tier 1 capital (net after deduction)	21 293	21 317	21 284
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)	21 293	21 317	21 284
Tier 2 capital before regulatory adjustments	1 100	1 100	1 100
IRB provisions excess (+)	119	113	79
Deductions for investments in insurance companies			
Other items, net			
Total regulatory adjustments to Tier 2 capital	119	113	79
Tier 2 capital	1 219	1 213	1 179
Own funds (net after deduction)¹	22 512	22 530	22 463

¹ Excluding profit of the period

² Including profit of the period

Own Funds, including profit

NOKm	31 Mar 2023	31 Dec 2022	31 Mar 2022
Common Equity Tier 1 capital, including profit	21 285	21 317	21 280
Total Own Funds, including profit	22 504	22 530	22 458

Note 11 Capital adequacy cont.

Minimum capital requirement and REA, Risk Exposure Amount

	31 Mar 2023	31 Mar 2023	31 Dec 2022	31 Dec 2022	31 Mar 2022	31 Mar 2022
NOKm	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	6 251	78 139	6 111	76 377	5 831	72 892
- of which counterparty credit risk	17	213	10	124	13	164
IRB	5 567	69 588	5 360	66 995	5 172	64 652
- institutions	17	215	17	214	18	224
- retail	5 547	69 332	5 343	66 780	5 154	64 426
- secured by immovable property collateral	4 713	58 908	4 691	58 634	4 571	57 134
- other retail	834	10 424	652	8 146	583	7 292
- other	3	41		1		2
Standardised	684	8 551	751	9 382	659	8 240
- institutions	32	402	21	260	22	276
- retail	2	26	1	16	1	12
- secured by mortgages on immovable properties	647	8 085	726	9 069	635	7 937
- in default	3	38	3	37	1	10
- covered bonds						5
- other items						
Credit Valuation Adjustment Risk	1	7				1
Operational risk	302	3 784	302	3 784	306	3 823
Standardised	302	3 784	302	3 784	284	3 547
OpR Basic indicator approach (BIA)					22	276
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR					2	26
Additional risk exposure amount due to Article 3 CRR						
Total	6 554	81 930	6 413	80 161	6 139	76 742

Capital ratios

Percentage	31 Mar ¹ 2023	31 Dec ² 2022	31 Mar ¹ 2022
Common Equity Tier 1 capital ratio	26,0	26,6	27,7
Tier 1 capital ratio	26,0	26,6	27,7
Total capital ratio	27,5	28,1	29,3

¹ Excluding profit of the period

² Including profit of the period

Leverage ratio

	31 Mar ¹ 2023	31 Dec ² 2022	31 Mar ¹ 2023
Tier 1 capital, transitional definition, NOKm	21 293	21 317	21 284
Leverage ratio exposure, NOKm	351 429	344 994	308 528
Leverage ratio, percentage	6,1	6,2	6,9

¹ Excluding profit of the period

² Including profit of the period

Note 12 Risks and uncertainties

Within the framework of its normal business operations, Nordea Eiendomskreditt faces various risks and uncertainties. Nordea Eiendomskreditt's sole business activity is lending secured by residential properties and holiday homes, 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 2023 the over-collateralization (OC) was 45.4%, meaning that the company can withstand a significant price drop without breaching the regulatory OC requirement. A drop in house prices will also increase the credit risk and may lead to increased loan losses in case of default, due to decreased value of the collateral.

There are significant risks related to the macroeconomic environment due to geopolitical developments, including the impact of higher energy, food and commodity prices, and broader inflationary pressures. Reduced consumer spending and cost increases may particularly impact small and medium sized enterprises in certain industries. Depending on future developments, there may be increased credit risk in Nordea Eiendomskreditt's mortgage loan portfolio. Potential future credit risks are addressed in Note 5 "Loans and impairment" and in the section "Net loan losses" in the Board of Directors' Report.

Nordea Eiendomskreditt 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 Eiendomskreditt'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.

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

Note 13 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. Main counterparties to derivative contracts are Nordea Group internal. The volume of interest rate swaps was NOK 37 billion (NOK 45 billion) and currency swaps NOK 4 billion (NOK 4 billion) at the end of the first quarter 2023. Fair value of the derivative contracts are shown in note 7. Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendomskreditt, and at the end of the first quarter 2023 such borrowings amounted to NOK 145 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

Eiendomskreditt of NOK 21.5 billion at the end of the first quarter of 2023.

Loans to the public are managed by Nordea Bank Abp, filial i Norge. For loans issued directly from Nordea Eiendomskreditt, also credit assessment and other processes in relation to the loan origination, are performed by Nordea Bank Abp, filial i Norge. For this service Nordea Eiendomskreditt has paid an amount of NOK 352 million in the first quarter 2023 (NOK 370 million). Nordea Eiendomskreditt also buys services related to funding and risk control, accounting and reporting, people services and IT services from the Nordea Group according to agreements entered into. For these services Nordea Eiendomskreditt has paid NOK 7 million in the first quarter 2023 (NOK 8 million).

All group internal transactions are settled according to market-based principles on conformity with OECD requirements on transfer pricing.

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