

# Nordea

## Interim Report 2<sup>nd</sup> quarter 2022

### Nordea Eiendoms kreditt AS

(unaudited)



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*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-Jun 2022	Jan-Jun 2021	Year 2021
Net interest income	1 247	1 426	2 839
Net result from items at fair value	-1	-112	-175
Other operating income	42	39	75
<b>Total operating income</b>	<b>1 288</b>	<b>1 353</b>	<b>2 741</b>
Staff costs	13	12	25
Other expenses	757	842	1 695
<b>Total operating expenses</b>	<b>770</b>	<b>854</b>	<b>1 720</b>
Loan losses (negative figures are reversals)	22	19	53
<b>Operating profit</b>	<b>496</b>	<b>479</b>	<b>968</b>
Income tax expense	124	120	242
<b>Net profit for the period</b>	<b>372</b>	<b>360</b>	<b>726</b>

## Summary of the balance sheet (NOKm)

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Loans to the public, gross	292 008	277 475	286 234
Allowance for loan losses	-228	-195	-217
Other assets	5 645	7 298	6 238
Debt securities in issue	122 866	93 553	98 134
Other liabilities	154 918	171 437	174 139
Equity	19 641	19 588	19 982
<b>Total assets</b>	<b>297 425</b>	<b>284 578</b>	<b>292 255</b>
Average total assets	295 016	277 645	283 425

## Ratios and key figures

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Basic/diluted Earnings per share (EPS), annualised basis, NOK	48,5	46,9	47,3
Equity per share <sup>1</sup> , NOK	1 281	1 277	1 303
Shares outstanding <sup>1</sup> , million	15,3	15,3	15,3
Return on average equity	3,8 %	3,6 %	3,7 %
Cost/income ratio	59,8 %	63,1 %	62,8 %
Loan loss ratio, annualised, basis points	1,5	1,4	1,9
Common Equity Tier 1 capital ratio	27,6 %	28,9 %	28,4 %
Tier 1 capital ratio <sup>12</sup>	27,6 %	28,9 %	28,4 %
Total capital ratio <sup>12</sup>	29,2 %	32,6 %	30,2 %
Own funds, NOKm <sup>12</sup>	20 333	21 495	20 328
Risk Exposure Amount <sup>1</sup> , NOKm	69 576	65 946	67 392
Number of employees (Full-time equivalents) <sup>1</sup>	19,5	17,5	19,5

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

<sup>2</sup> 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 AS 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 292 billion at 30 June 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 located in Oslo.

## Income Statement

### Profit before loan losses

Operating profit in the first half year of 2022 was NOK 496 million (NOK 479 million). The profit reported is equivalent to a post-tax return on average equity of 3.8% (3.6%) on an annualised basis.

Net interest income in the first half year decreased by 12.6% compared to the same period last year and amounted to NOK 1 247 million (NOK 1 426 million). The decrease is explained by lower lending margins, partly offset by higher lending volume.

Total operating expenses in the first half year amounted to NOK 770 million (NOK 854 million). NOK 13 million (NOK 12 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. The cost/income ratio for the first half year 2022 was 59.8% (63.1%).

### Net loan losses

Loan losses and provisions recognised in the accounts for the first half year of 2022 were NOK 22.0 million (NOK 19.1 million), whereof NOK 11.2 million is related to increased allowances for mortgage loans on the balance sheet. Loan loss allowances have thus increased from NOK 217 million at the beginning of the year, to NOK 228 million at 30 June 2022, mainly due to migration into Stage 2 and change of macroeconomic scenarios.

The change of macroeconomic scenarios reflects the uncertain impact of the Ukraine war, increased interest rates and higher inflation, hence the potential increased loan losses are covered by the model based loan loss allowances.

Management judgement allowances increased from NOK 38 million to NOK 39 million in the first half year. These allowances continue to ensure a strong reserve to cover both expected loan losses related to the Covid-19 pandemic and planned improvements to provisioning models and processes.

Realised loan losses in the first half year were NOK 3.6 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 have been observed in the second quarter. See note 4 and note 5 for further information about loan losses and impairment.

## Funding and liquidity

During the first half year of 2022 Nordea Eiendoms kreditt issued covered bonds amounting to NOK 40.1 billion in the Norwegian domestic market under its NOK 150 billion domestic covered bond programme. In the same period NOK 15.6 billion have matured. As of 30 June 2022, Nordea Eiendoms kreditt had outstanding covered bonds totalling NOK 116.9 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.

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 second quarter of 2022 such borrowings amounted to NOK 153.0 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 739% (179%) at the end of the second 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.

The "Banking Package", implemented at 1 June 2022, introduces a Net Stable Funding Ratio (NSFR) requirement of minimum 100%. At the end of second quarter 2022 Nordea Eiendoms kreditt had a NSFR ratio of 106.7%.

## 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 292 billion as of 30 June 2022 (NOK 277 billion), bought from Nordea Bank Abp, filial i Norge or issued directly from Nordea Eiendoms kreditt's own balance sheet. NOK 222 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 83.3% in relation to gross issued covered bonds.

Total assets amounted to NOK 297 billion at 30 June 2022 (NOK 285 billion).

### Impaired loans

As of 30 June 2022 impaired loans amounted to NOK 448 million which corresponds to 0.15% of the total loan portfolio. Allowances of NOK 86 million have been made, and net impaired loans were NOK 362 million at 30 June 2022 compared to NOK 551 million at 30 June 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 second quarter of 2022, the company was party to interest rate swaps with a nominal value of NOK 48.4 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 27.6%, at the end of the second 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 29.2%.

REA was NOK 69 576 million, an increase of NOK 1 190 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 20 333 million at the end of the second quarter. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 19 232 million (no additional Tier 1 capital).

### Regulatory development

#### Capital requirements

Risk exposure amount (REA), own funds and capital ratios are calculated according to the Capital Requirement Directive (CRD) and the Capital Requirement Regulation (CRR).

Several capital buffers are required in addition to the minimum capital requirement of 8%. The capital conservation buffer (CCoB) applies with 2.5%. The systemic risk buffer (SRB) remain unchanged and applies with 3% for banks subject to Standardised approach and Foundation IRB approach until 31.12.2022, while the Advanced IRB banks are subject to a systemic risk buffer of 4.5%. A review is expected during Q3 2022. Norges Bank has decided to raise the countercyclical buffer (CcyB) rate to 1.5%, 2.0% and 2.5%, effective from 30 June 2022, 31 December 2022, and 31 March 2023, respectively. Nordea Eiendoms kreditt is identified as a systemically important credit institution and

is subject to 1% additional capital buffer requirement from 30 June 2022.

From 1 June 2022, the revised capital requirements, through the Banking Package (CRR II, CRDV and BRRD II) also applies in Norway. The revised rules 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 revised crisis and resolution rules including changed MREL requirements. Nordea Eiendoms kreditt is currently not subject to any MREL requirements. Pillar 2 is expected to be further adjusted and aligned with CRD V during second half of 2022.

#### Finalized Basel III framework ("Basel IV")

Basel III is a global regulatory framework on bank capital adequacy, stress testing, and liquidity risk. In December 2017, the finalized Basel III framework, often called the Basel IV package, was published. On 27 October 2021 the proposal for the implementation into EU regulations was published by the European Commission by amendments to the CRD and the CRR. The proposal from the Commission is to set the start date to 1 January 2025. The proposal is currently subject to negotiations in the Parliament and the Council and later between the Commission, the Council and the Parliament before the final set of regulations is decided. To be applicable in Norway, the revised capital requirement must be incorporated into Norwegian law.

#### Covered Bond legislation

The new European Covered Bond Directive (EU 2019/2162) and Regulation (EU 2019/2160) was finalised in 2019, but implementation has been significantly delayed in many EU member states and also in Norway. The amendments required by the EU Covered Bond Directive have now been incorporated into the Financial Undertakings Act by amendment act 23 May 2022 no. 31 and entered into force in Norway and in the EU on 8 July 2022. New and harmonised rules and definitions with the EU will make it easier for Norwegian and international investors to assess the quality and risk of covered bonds.

The Directive introduces two distinctive covered bond classes in Norway, namely OMF Standard and OMF Premium. The former must fulfil only the requirements in the Covered Bond Directive, whereas the latter must also fulfil the requirements in CRR Article 129. All new Nordea Eiendoms kreditt's covered bond issuances aim to fulfil the OMF Premium cover bond class.

One element of the Covered Bond Directive and Regulation, is that covered bond issuers will be required to include a liquidity buffer in the cover pool, composed of liquid assets available to cover the net liquidity outflow of the covered bond programme and the cover pool assets. The cover pool liquidity buffer shall cover the maximum cumulative net liquidity outflow over the next 180 calendar days. The implementation includes possibility of soft-bullets (maturity extension structures) and the allowance for issuers to recognise the final (extended) maturity date when calculating the 180-liquidity buffer requirement, given that certain requirements are met.

Furthermore, Loan-to-value (LTV) requirements will allow for inclusion of residential property mortgages with an LTV ratio up to 80%, which will increase the volumes of eligible assets in Nordea Eiendoms kreditt's cover pool. The over-collateralisation requirements (OC) has been increased from 2% to 5%.

## Other information

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

The Covid-19 situation developed over the first half of the year and restrictions were gradually lifted across the Nordic countries. In the second quarter Nordea's Global Crisis Management team and country crisis management teams ended their extraordinary monitoring efforts after having successfully managed Nordea's pandemic-associated challenges. Nordea continues to monitor developments and stands ready to activate crisis management efforts should the situation worsen.

The uncertainty regarding the broader impact of the Ukraine war – including higher energy, food and commodity prices – on the Nordic economies has been further assessed in the second quarter. As a result, Nordea updated its macroeconomic forecasts used IFRS 9 expected credit loss modelling.

Information on the financial and operational impacts of the Covid-19 pandemic and the Ukraine war 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 fell to 1.6% in June, the lowest level since 2008. So far, housing prices have risen this year and were 6.4% higher in June 2022 than in the same month last year. Year-on-year consumer price inflation stood at 5.7% in May, driven by increased energy prices and imported goods. Norges Bank is hiking interest rates due to the developments in the Norwegian economy and rising inflation. They increased the key rate by 50bp to 1.25% in June 2022 and indicates that it will be raised to 1.5% in August. Moreover, the rate path signals 25bp rate hikes at all consecutive meetings and a key rate of around 3% by next summer.

## 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, 21 July 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-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Year 2021
<b>Operating income</b>						
Interest income calculated using the effective interest rate method		3 162 161	2 358 172	1 665 262	1 189 966	4 890 037
Other interest income		31 408	13 703	17 762	6 225	27 394
Interest expense		1 946 942	946 124	1 085 112	450 560	2 078 100
<b>Net interest income</b>	2	<b>1 246 627</b>	<b>1 425 751</b>	<b>597 912</b>	<b>745 631</b>	<b>2 839 331</b>
Fee and commission income		54 522	48 868	27 489	25 167	101 510
Fee and commission expense		13 551	10 168	6 033	4 183	26 534
<b>Net fee and commission income</b>		<b>40 972</b>	<b>38 701</b>	<b>21 456</b>	<b>20 984</b>	<b>74 976</b>
Net result from items at fair value	3	-897	-112 186	-25 070	-90 224	-174 815
Other income		1 228	289	522	145	1 470
<b>Total operating income</b>		<b>1 287 931</b>	<b>1 352 555</b>	<b>594 821</b>	<b>676 536</b>	<b>2 740 962</b>
Staff costs		13 258	12 327	6 508	6 296	24 934
Other operating expenses		756 489	841 650	366 534	618 204	1 695 118
Depr/amortisation and impairment charges		68	37	34	18	84
<b>Total operating expenses</b>		<b>769 814</b>	<b>854 014</b>	<b>373 077</b>	<b>624 519</b>	<b>1 720 137</b>
<b>Profit before loan losses</b>		<b>518 116</b>	<b>498 541</b>	<b>221 744</b>	<b>52 017</b>	<b>1 020 825</b>
Loan losses	4	22 042	19 108	12 096	33 119	53 006
<b>Operating profit</b>		<b>496 074</b>	<b>479 433</b>	<b>209 648</b>	<b>18 897</b>	<b>967 819</b>
Income tax expense		124 021	119 860	52 415	4 724	241 960
<b>Net profit for the period</b>		<b>372 053</b>	<b>359 573</b>	<b>157 233</b>	<b>14 173</b>	<b>725 860</b>
<b>Attributable to:</b>						
Shareholder of Nordea Eiendoms kreditt AS		372 053	359 573	157 233	14 173	725 860
<b>Total</b>		<b>372 053</b>	<b>359 573</b>	<b>157 233</b>	<b>14 173</b>	<b>725 860</b>

# Statement of comprehensive income

NOKt	Jan-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Year 2021
<b>Net profit for the period</b>	<b>372 053</b>	<b>359 573</b>	<b>157 233</b>	<b>14 173</b>	<b>725 860</b>
<b>Items that may be reclassified subsequently to the income statement</b>					
Cash flow hedges:					
Valuation gains/losses during the period	3 767	1 940	5 972	6 353	39 745
Tax on valuation gains/losses during the period	-942	-485	-1 493	-1 588	-9 936
<b>Items that may not be reclassified subsequently to the income statement</b>					
Defined benefit plans:					
Remeasurement of defined benefit plans	13 512	2 474	2 879	-2 006	2 076
Tax on remeasurement of defined benefit plans	-3 378	-619	-720	501	-519
<b>Other comprehensive income, net of tax</b>	<b>12 959</b>	<b>3 310</b>	<b>6 638</b>	<b>3 260</b>	<b>31 365</b>
<b>Total comprehensive income</b>	<b>385 012</b>	<b>362 884</b>	<b>163 872</b>	<b>17 433</b>	<b>757 225</b>
<b>Attributable to:</b>					
Shareholders of Nordea Eiendoms kreditt AS	385 012	362 884	163 872	17 433	757 225
<b>Total</b>	<b>385 012</b>	<b>362 884</b>	<b>163 872</b>	<b>17 433</b>	<b>757 225</b>

# Balance sheet

NOKt	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>Assets</b>				
Loans to credit institutions		21 379	1 302 755	397 796
Loans to the public	5, 10	291 780 220	277 279 572	286 016 966
Interest-bearing securities	9	5 235 132	5 224 512	5 205 173
Derivatives	7	409 589	706 430	648 759
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-61 672	856	-17 024
Property and Equipment owned and RoU		145	154	213
Retirement benefit asset		7 442	0	0
Other assets		0	0	-78
Accrued income and prepaid expenses		32 624	63 787	2 656
<b>Total assets</b>	<b>6</b>	<b>297 424 859</b>	<b>284 578 066</b>	<b>292 254 460</b>
<b>Liabilities</b>				
Deposits by credit institutions		153 231 752	167 413 040	172 189 971
Debt securities in issue	11	122 865 675	93 553 186	98 133 486
Derivatives	7, 9	634 157	17 325	59 611
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-586 481	356 867	161 100
Current tax liabilities		104 491	182 426	218 311
Other liabilities		57 037	663 152	9 231
Accrued expenses and prepaid income		190 571	439 842	239 471
Deferred tax liabilities		154 251	34 663	130 340
Provisions		10 015	2 373	2 731
Retirement benefit obligations		20 127	25 963	26 007
Subordinated loan capital		1 102 105	2 301 481	1 101 826
<b>Total liabilities</b>	<b>6, 8</b>	<b>277 783 697</b>	<b>264 990 317</b>	<b>272 272 085</b>
<b>Equity</b>				
Share capital		1 717 662	1 717 662	1 717 662
Share premium		8 815 965	8 815 965	8 815 965
Other reserves		-15 126	-56 140	-28 085
Retained earnings		8 750 608	8 750 689	9 476 834
Net profit for the period		372 053	359 573	
<b>Total equity</b>		<b>19 641 162</b>	<b>19 587 749</b>	<b>19 982 375</b>
<b>Total liabilities and equity</b>		<b>297 424 859</b>	<b>284 578 066</b>	<b>292 254 460</b>
Assets pledged as security for own liabilities		222 484 810	206 297 688	212 536 647
Commitments		29 432 187	28 311 614	27 874 717

## Nordea Eiendomskreditt AS Oslo, 21 July 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

# Statements of changes in equity

NOKt	Share capital <sup>1</sup>	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
<b>Opening balance at 1 January 2022</b>	<b>1 717 662</b>	<b>8 815 965</b>	<b>-14 944</b>	<b>-13 141</b>	<b>9 476 834</b>	<b>19 982 375</b>
Total comprehensive income			2 825	10 134	372 053	385 012
<b>Contribution and distribution</b>						
Share Based Payment Programme					-225	-225
Dividend paid					-726 000	-726 000
<b>Closing balance at 30 June 2022</b>	<b>1 717 662</b>	<b>8 815 965</b>	<b>-12 119</b>	<b>-3 006</b>	<b>9 122 661</b>	<b>19 641 163</b>

NOKt	Share capital <sup>1</sup>	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
<b>Opening balance at 1 January 2021</b>	<b>1 717 662</b>	<b>8 815 965</b>	<b>-44 753</b>	<b>-14 697</b>	<b>9 284 400</b>	<b>19 758 576</b>
Total comprehensive income			29 809	1 557	725 860	757 225
<b>Contribution and distribution</b>						
Share Based Payment Programme					574	574
Increase of share capital						0
<b>Closing balance at 31 December 2021</b>	<b>1 717 662</b>	<b>8 815 965</b>	<b>-14 944</b>	<b>-13 141</b>	<b>9 476 834</b>	<b>19 982 375</b>

NOKt	Share capital <sup>1</sup>	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
<b>Opening balance at 1 January 2021</b>	<b>1 717 662</b>	<b>8 815 965</b>	<b>-44 753</b>	<b>-14 697</b>	<b>9 284 400</b>	<b>19 758 576</b>
Total comprehensive income			1 455	1 856	359 573	362 884
<b>Contribution and distribution</b>						
Dividend paid					-534 000	-534 000
Increase of share capital						0
<b>Closing balance at 30 June 2021</b>	<b>1 717 662</b>	<b>8 815 965</b>	<b>-43 298</b>	<b>-12 842</b>	<b>9 110 262</b>	<b>19 587 749</b>

<sup>1</sup>The company's share capital at 30 June 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.



# Cash Flow statement

NOKt	Jan-Jun 2022	Jan-Jun 2021	Year 2021
<b>Operating activities</b>			
Operating profit before tax	496 074	479 433	967 819
Adjustments for items not included in cash flow	18 478	2 706	24 539
Income taxes paid	-218 250	-383 470	-383 359
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>296 302</b>	<b>98 669</b>	<b>608 999</b>
<b>Changes in operating assets</b>			
Change in loans to the public	-5 774 452	-11 235 235	-19 994 101
Change in interest-bearing securities	-29 959	-43 441	-24 102
Change in derivatives, net	813 716	694 736	794 693
Change in other assets	7 228	2 192	81 222
<b>Changes in operating liabilities</b>			
Change in deposits by credit institutions	-18 958 219	60 474 175	65 251 106
Change in debt securities in issue	24 732 189	-49 190 387	-44 610 087
Change in other liabilities	-737 276	564 397	-448 212
<b>Cash flow from operating activities</b>	<b>349 529</b>	<b>1 365 106</b>	<b>1 659 518</b>
<b>Financing activities</b>			
Change of subordinated loan capital	279	-251	-1 199 906
Dividend paid	-726 000	-534 000	-534 000
Share Based Payment Programme	-225	289	573
<b>Cash flow from financing activities</b>	<b>-725 946</b>	<b>-533 962</b>	<b>-1 733 333</b>
<b>Cash flow for the year</b>	<b>-376 417</b>	<b>831 143</b>	<b>-73 816</b>
Cash and cash equivalents at beginning of the period	397 796	471 612	471 612
Cash and cash equivalents at end of the period	21 379	1 302 755	397 796
<b>Change</b>	<b>-376 417</b>	<b>831 143</b>	<b>-73 816</b>

## 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-Jun 2022	Jan-Jun 2021	Year 2021
Interest payments received	3 227 824	2 723 940	5 098 393
Interest expenses paid	-2 013 281	-1 331 009	-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 second 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 the first half year of 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 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-Jun 2022	Jan-Jun 2021	Full year 2021
<b>GBP 1 = NOK</b>			
Income statement (average)	11,8446	11,7202	11,8224
Balance sheet (at end of period)	12,0604	11,8670	11,9374
<b>EUR 1 = NOK</b>			
Income statement (average)	9,9746	10,1761	10,1655
Balance sheet (at end of period)	10,3285	10,1813	10,0185

## Note 2 Net interest income

	Jan-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Full year 2021
NOKt					
Interest income calculated using the effective interest rate method	3 162 161	2 358 172	1 665 262	1 189 966	4 890 037
Other interest income	31 408	13 703	17 762	6 225	27 394
Interest expense	1 946 942	946 124	1 085 112	450 560	2 078 100
<b>Net interest income</b>	<b>1 246 627</b>	<b>1 425 751</b>	<b>597 912</b>	<b>745 631</b>	<b>2 839 331</b>
<b>Interest income calculated using the effective interest rate method</b>					
Loans to credit institutions	3 524	565	2 190	187	1 534
Loans to customers	3 124 452	2 331 236	1 643 799	1 174 356	4 833 878
Yield fees	35 277	35 877	19 181	20 050	71 825
Net interest paid or received on derivatives in accounting hedges of assets	-1 091	-9 505	92	-4 627	-17 200
<b>Interest income</b>	<b>3 162 161</b>	<b>2 358 172</b>	<b>1 665 262</b>	<b>1 189 966</b>	<b>4 890 037</b>
<b>Other interest income</b>					
Interest-bearing securities measured at fair value	31 408	13 703	17 762	6 225	27 394
<b>Other interest income<sup>1</sup></b>	<b>31 408</b>	<b>13 703</b>	<b>17 762</b>	<b>6 225</b>	<b>27 394</b>
<b>Interest expense</b>					
Deposits by credit institutions	1 074 653	448 317	573 241	232 648	1 127 365
Debt securities in issue	834 094	635 531	505 749	284 571	1 037 868
Subordinated loan capital	14 779	25 152	7 878	12 463	42 694
Other interest expenses	62 914	42 898	31 457	21 449	130 447
Net interest paid or received on derivatives in hedges of liabilities	-39 497	-205 773	-33 212	-100 571	-260 274
<b>Interest expense</b>	<b>1 946 942</b>	<b>946 124</b>	<b>1 085 112</b>	<b>450 560</b>	<b>2 078 100</b>

### Interest from categories of financial instruments

	Jan-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Full year 2021
NOKt					
Financial assets at amortised cost	3 163 252	2 367 677	1 665 170	1 194 593	4 907 237
Financial assets at fair value through profit and loss (including hedging instruments) <sup>1</sup>	30 317	4 198	17 855	1 598	10 194
Financial liabilities at amortised cost	-1 986 440	-1 151 897	-1 118 324	-551 131	-2 338 374
Financial liabilities at fair value through profit or loss (related to hedging instruments) <sup>1</sup>	39 497	205 773	33 212	100 571	260 274
<b>Net interest income</b>	<b>1 246 627</b>	<b>1 425 751</b>	<b>597 912</b>	<b>745 631</b>	<b>2 839 331</b>

<sup>1</sup> 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-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Year 2021
Financial instruments at FVPL - Mandatorily <sup>1</sup>	-5 374	16 204	-28 892	-525	10 815
Financial instruments under hedge accounting	4 478	-128 390	3 822	-89 699	-185 631
- of which net gains/losses on hedged items	788 501	281 160	335 788	-43 746	395 414
- of which net gains/losses on hedging instruments	-784 023	-409 550	-331 965	-45 953	-581 045
<b>Total</b>	<b>-897</b>	<b>-112 186</b>	<b>-25 070</b>	<b>-90 224</b>	<b>-174 815</b>

<sup>1</sup> Financial 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

Net loan losses	Jan-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Year 2021
NOKt					
Net loan losses, Stage 1	3 064	-8 251	430	2 926	-8 820
Net loan losses, Stage 2	24 166	-4 521	3 834	1 416	13 454
<b>Total loan losses, non-defaulted</b>	<b>27 230</b>	<b>-12 772</b>	<b>4 264</b>	<b>4 342</b>	<b>4 634</b>
<b>Stage 3, defaulted</b>					
Net loan losses, individually assessed, collectively calculated	-8 752	29 217	7 074	28 588	33 639
Realised loan losses	3 564	16 896	758	7 265	28 986
Decrease of provisions to cover realised loan losses	0	-6 662	0	-102	-6 662
Recoveries on previous realised loan losses	0	-495	0	-495	-515
Reversals of provisions	0	-7 076	0	-6 479	-7 076
<b>Net loan losses, defaulted</b>	<b>-5 187</b>	<b>31 880</b>	<b>7 832</b>	<b>28 777</b>	<b>48 372</b>
<b>Net loan losses</b>	<b>22 042</b>	<b>19 108</b>	<b>12 096</b>	<b>33 119</b>	<b>53 006</b>

Key ratios <sup>1</sup>	Jan-Jun 2022	Jan-Jun 2021	Q2 2022	Q2 2021	Year 2021
Loan loss ratio, basis points	1,53	1,41	1,67	4,82	1,91
- of which stage 1	0,21	-0,61	0,06	0,43	-0,32
- of which stage 2	1,67	-0,33	0,53	0,21	0,49
- of which stage 3	-0,36	2,35	1,08	4,19	1,75

<sup>1</sup> Net loan losses divided by average total loans during the period

## Note 5 Loans and impairment

### Loans and impairment

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Loans measured at amortised cost, not impaired (Stage 1 and 2)	291 559 322	276 832 530	285 729 218
Impaired loans (Stage 3)	448 736	642 211	504 390
- of which servicing	104 472	196 379	144 288
- of which non-servicing	344 264	445 832	360 102
<b>Loans before allowances</b>	<b>292 008 058</b>	<b>277 474 741</b>	<b>286 233 609</b>
Allowances for individually assessed impaired loans (Stage 3)	-86 458	-90 777	-95 205
- of which servicing	-12 211	-17 551	-18 218
- of which non-servicing	-74 248	-73 227	-76 987
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-141 379	-104 391	-121 438
<b>Allowances</b>	<b>-227 837</b>	<b>-195 169</b>	<b>-216 643</b>
<b>Loans, carrying amount</b>	<b>291 780 220</b>	<b>277 279 572</b>	<b>286 016 966</b>

### Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
<b>Balance at 1 January 2022</b>	<b>-35 154</b>	<b>-86 284</b>	<b>-95 205</b>	<b>-216 643</b>
Changes due to origination and acquisition	-33 435	-31 417	-10 857	-75 709
Changes due to transfers from Stage 1 to Stage 2	4 233	-100 844	0	-96 611
Changes due to transfers from Stage 1 to Stage 3	35	0	-8 633	-8 598
Changes due to transfers from Stage 2 to Stage 1	-2 787	69 649	0	66 861
Changes due to transfers from Stage 2 to Stage 3	0	2 983	-15 367	-12 384
Changes due to transfers from Stage 3 to Stage 1	-100	0	4 848	4 748
Changes due to transfers from Stage 3 to Stage 2	2	-1 687	17 824	16 139
Changes due to changes in credit risk without stage transfer	21 986	16 577	-20 437	18 125
Changes due to repayments and disposals	9 168	25 696	41 370	76 235
<b>Balance at 30 Jun 2022</b>	<b>-36 052</b>	<b>-105 327</b>	<b>-86 458</b>	<b>-227 837</b>

### Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
<b>Balance at 1 January 2021</b>	<b>-41 946</b>	<b>-73 003</b>	<b>-75 304</b>	<b>-190 252</b>
Changes due to origination and acquisition	-19 665	-4 572	-5 885	-30 122
Changes due to transfers from Stage 1 to Stage 2	2 166	-28 946	0	-26 779
Changes due to transfers from Stage 1 to Stage 3	60	0	-3 272	-3 212
Changes due to transfers from Stage 2 to Stage 1	-1 268	26 571	0	25 303
Changes due to transfers from Stage 2 to Stage 3	0	829	-5 284	-4 455
Changes due to transfers from Stage 3 to Stage 1	-47	0	646	599
Changes due to transfers from Stage 3 to Stage 2	0	-1 606	6 377	4 771
Changes due to changes in credit risk without stage transfer	19 326	-727	-27 131	-8 532
Changes due to repayments and disposals	5 874	12 560	12 415	30 849
Write-off through decrease in allowance account	0	0	6 662	6 662
<b>Balance at 30 Jun 2021</b>	<b>-35 498</b>	<b>-68 893</b>	<b>-90 777</b>	<b>-195 169</b>

## Note 5 Loans and impairment cont.

### Key ratios

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Impairment rate, (stage 3) gross, basis points <sup>1</sup>	15,4	23,1	17,6
Impairment rate (stage 3), net, basis points <sup>2</sup>	12,4	19,9	14,3
Total allowance rate (stage 1, 2 and 3), basis points <sup>3</sup>	7,8	7,0	7,6
Allowances in relation to credit impaired loans (stage 3), % <sup>4</sup>	19,3	14,1	18,9
Allowances in relation to loans in stage 1 and 2, basis points <sup>5</sup>	4,8	3,8	4,3

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

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

<sup>3</sup> Total allowances divided by total loans measured at amortised cost before allowances.

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

<sup>5</sup> 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 Eiendomskreditt uses three macroeconomic scenarios, a base scenario, a favourable scenario and an adverse scenario. For the second quarter of 2022, the scenarios were weighted into the final expected credit losses (ECL) using baseline 50%, adverse 40% and favourable 10% (baseline 60%, adverse 20% and favourable 20% at the end of March 2022). The weightings reflected increasing downside risks to the macroeconomic projections during the second quarter.

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 light of Russia's invasion of Ukraine and the associated sanctions and countersanctions on trade with Russia. This includes consideration of the high level of energy prices seen after the invasion, continued supply chain disruptions and an expectation of significantly higher interest rates in response to the strong inflationary pressures. 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.

Nordea's baseline scenario is based on economic projections from the Nordic central banks and the European Central Bank. All of the central bank forecasts used as input for the baseline scenario were published after Russia's invasion of Ukraine. Even so, the risks around the baseline forecast are clearly

tilted towards the downside. These forecasts generally predict continued growth, although at a considerably slower pace than in 2021, when the Nordic economies were recovering from Covid-19. The slower growth is driven by the squeeze on household disposable incomes from high energy and food prices, the general uncertainty related to the war and the effect of higher interest rates. This strong headwind is partially mitigated by large household savings and strong labour markets following the recovery from Covid-19. The outlook for housing markets is expected to be much more subdued going forward, as the higher level of interest rates reduce housing affordability.

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 more than expected through weaker consumption growth. In addition, the conflict between Russia and Ukraine could potentially cause energy prices to rise even higher, leading to slower than expected growth 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 second quarter of 2022 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 39m. 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 second quarter of 2022 (NOK 25m at the end of the first 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 14m (NOK 13m). 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	4,9	2,9	2,0
Baseline scenario	4,6	2,0	1,3
Adverse scenario	2,6	1,7	0,9

## 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.

30 June 2022, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial assets	
<b>Assets</b>					
Loans to credit institutions	21 379				21 379
Loans to the public	291 780 220				291 780 220
Interest-bearing securities		5 235 132			5 235 132
Derivatives		-14 526	424 115		409 589
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-61 672				-61 672
Equipment owned and RoU				145	145
Retirement benefit assets				7 442	7 442
Prepaid expenses and accrued income	30 717			1 907	32 624
<b>Total assets</b>	<b>291 770 644</b>	<b>5 220 606</b>	<b>424 115</b>	<b>9 494</b>	<b>297 424 859</b>

30 June 2022, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial liabilities	
<b>Liabilities</b>					
Deposits by credit institutions	153 231 752				153 231 752
Debt securities in issue	122 865 675				122 865 675
Derivatives		43 803	590 354		634 157
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-586 481				-586 481
Current tax liabilities				104 491	104 491
Other liabilities	2 991			54 046	57 037
Accrued expenses and prepaid income	1 073			189 498	190 571
Deferred tax liabilities				154 251	154 251
Provisions				10 015	10 015
Retirement benefit obligations				20 127	20 127
Subordinated loan capital	1 102 105				1 102 105
<b>Total liabilities</b>	<b>276 617 115</b>	<b>43 803</b>	<b>590 354</b>	<b>532 428</b>	<b>277 783 697</b>

## Note 7 Derivatives and hedge accounting

30 June 2022, NOKt	Positive	Fair value Negative	Total nominal amount
<b>Derivatives at FVPL - Mandatorily <sup>1</sup>:</b>			
Interest rate sw aps	-14 526	43 803	37 000 000
<b>Total</b>	<b>-14 526</b>	<b>43 803</b>	<b>37 000 000</b>
<b>Derivatives used for hedge accounting:</b>			
Interest rate sw aps	74 186	548 533	11 356 000
Currency interest rate sw aps	349 929	41 821	4 208 000
<b>Total</b>	<b>424 115</b>	<b>590 354</b>	<b>15 564 000</b>
- of w hich fair value hedges	74 186	548 533	11 356 000
- of w hich cash flow hedges	349 929	41 821	4 208 000
<b>Total derivatives</b>	<b>409 588</b>	<b>634 157</b>	<b>52 564 000</b>

31 December 2021, NOKt	Positive	Fair value Negative	Total nominal amount
<b>Derivatives at FVPL - Mandatorily <sup>1</sup>:</b>			
Interest rate sw aps	-17 678	43 135	45 000 000
<b>Total</b>	<b>-17 678</b>	<b>43 135</b>	<b>45 000 000</b>
<b>Derivatives used for hedge accounting:</b>			
Interest rate sw aps	274 265	16 477	12 794 000
Currency interest rate sw aps	392 171	0	4 208 000
<b>Total</b>	<b>666 436</b>	<b>16 477</b>	<b>17 002 000</b>
- 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
<b>Total derivatives</b>	<b>648 759</b>	<b>59 611</b>	<b>62 002 000</b>

30 June 2021, NOKt	Positive	Fair value Negative	Total nominal amount
<b>Derivatives at FVPL - Mandatorily <sup>1</sup>:</b>			
Interest rate sw aps	6 868	45 096	45 000 000
<b>Total</b>	<b>6 868</b>	<b>45 096</b>	<b>45 000 000</b>
<b>Derivatives used for hedge accounting:</b>			
Interest rate sw aps	287 952	-27 771	13 044 000
Currency interest rate sw aps	411 610	0	4 340 730
<b>Total</b>	<b>699 562</b>	<b>-27 771</b>	<b>17 384 730</b>
- of w hich fair value hedges	287 952	-27 771	13 044 000
- of w hich cash flow hedges	411 610	0	4 340 730
<b>Total derivatives</b>	<b>706 430</b>	<b>17 325</b>	<b>62 384 730</b>

<sup>1</sup> 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	30 Jun 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans	291 739 927	292 720 660	286 397 738	287 173 600
Interest-bearing securities	5 235 132	5 235 132	5 205 173	5 205 173
Derivatives	409 589	409 589	648 759	648 759
Prepaid expenses and accrued income	30 717	30 717	1 021	1 021
<b>Total financial assets</b>	<b>297 415 364</b>	<b>298 396 097</b>	<b>292 252 690</b>	<b>293 028 552</b>
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial liabilities</b>				
Deposits and debt instruments	276 613 051	275 899 205	271 586 384	272 346 763
Derivatives	634 157	634 157	59 611	59 611
Other financial liabilities	2 991	2 991	2 784	2 784
Accrued expenses and prepaid income	1 073	1 073	414	414
<b>Total financial liabilities</b>	<b>277 251 272</b>	<b>276 537 426</b>	<b>271 649 192</b>	<b>272 409 571</b>

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 held 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
30 June 2022, NOKt				
<b>Financial assets<sup>1</sup></b>				
Interest-bearing securities		5 235 132		5 235 132
Derivatives		409 589		409 589
<b>Total assets</b>	<b>0</b>	<b>5 644 721</b>	<b>0</b>	<b>5 644 721</b>
<b>Financial liabilities<sup>1</sup></b>				
Derivatives		573 444	60 713	634 157
<b>Total liabilities</b>	<b>0</b>	<b>573 444</b>	<b>60 713</b>	<b>634 157</b>
31 December 2021, NOKt				
<b>Financial assets<sup>1</sup></b>				
Interest-bearing securities		5 205 173		5 205 173
Derivatives		648 759	0	648 759
<b>Total assets</b>	<b>0</b>	<b>5 853 932</b>	<b>0</b>	<b>5 853 932</b>
<b>Financial liabilities<sup>1</sup></b>				
Derivatives		59 611		59 611
<b>Total liabilities</b>	<b>0</b>	<b>59 611</b>	<b>0</b>	<b>59 611</b>

<sup>1</sup> 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 9 Financial assets and liabilities measured at fair value on the balance sheet cont.

### Movements in Level 3

30 June 2022, NOKt	1 Jan 2022	Transfers into Level 3	Transfers out of Level 3	30 June 2022
Derivatives (net)	0	-60 713	0	-60 713

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period Nordea Eiendomskreditt AS had transfers from level 2 to level 3 of the fair value hierarchy. The reason for the transfer into level 3, was that in this quarter, observable market data has not been available for maturities longer than 20 years. Fair value gains and losses in the income statement during the year 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

30 June 2022, NOKt	Fair value	Valuation techniques	Unobservable input
<b>Derivatives</b>			
Interest rate derivatives	-60 713	Option model	Correlation, volatilities
<b>Total</b>	<b>-60 713</b>		

The tables 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, significant unobservable inputs used in the valuation techniques and for financial assets and liabilities the fair value sensitivity to changes in key assumptions.

Fair value of assets and liabilities in level 3 are estimated using valuation techniques based on assumptions that are not supported by market observable prices or rates. There may be uncertainty about a valuation, resulting from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a result of other elements affecting the valuation technique. For financial instruments portfolio adjustments are applied to reflect such uncertainties and are deducted from the fair values produced by the models or other valuation techniques (for further information see the Annual report 2021, Note 1 section 10 "Determination of fair value of financial instruments").

## Note 10 Cover Pool

NOKt	30 Jun 2022		30 Jun 2021		31 Dec 2021	
	Nominal value	Net Present Value	Nominal value	Net Present Value	Nominal value	Net Present Value
Loans to the public	291 723 950	291 446 534	277 280 726	277 253 922	286 003 331	285 574 385
- w hereof pool of eligible loans	222 484 810	222 273 237	206 297 688	206 277 745	212 536 647	212 217 886
Supplementary assets and derivatives:						
- w hereof CIRS	442 961	309 583	379 883	449 510	375 082	421 083
- w hereof IRS	0	-363 606	0	392 327	0	366 191
<b>Total cover pool</b>	<b>222 927 771</b>	<b>222 219 214</b>	<b>206 677 571</b>	<b>207 119 582</b>	<b>212 911 729</b>	<b>213 005 160</b>
Debt securities in issue (net outstanding amount)	121 550 961	121 212 496	92 596 613	93 744 885	96 967 082	97 493 204
Over-collateralization calculated on net outstanding covered bonds	83,4 %	83,3 %	123,2 %	120,9 %	119,6 %	118,5 %
Debt securities in issue (issued amount)	121 550 961	121 212 496	92 596 613	93 744 885	96 967 082	97 493 204
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) 1	83,4 %	83,3 %	123,2 %	120,9 %	119,6 %	118,5 %

<sup>1</sup>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 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	30 Jun 2022			30 Jun 2021		
	Nominal value	Other <sup>1</sup>	Carrying amount	Nominal value	Other <sup>1</sup>	Carrying amount
Covered bonds issued in Norwegian kroner	116 900 000			87 876 000		
Holdings of own covered bonds in Norwegian kroner	0			0		
<b>Outstanding covered bonds issued in Norwegian kroner</b>	<b>116 900 000</b>			<b>87 876 000</b>		
Covered bonds issued in GBP (in NOK)	3 618 111			3 702 488		
Covered bonds issued in EUR (in NOK)	1 032 850			1 018 125		
<b>Total outstanding covered bonds</b>	<b>121 550 961</b>	<b>1 314 714</b>	<b>122 865 675</b>	<b>92 596 613</b>	<b>956 572</b>	<b>93 553 186</b>
Loans and deposits from financial institutions on-demand	1 334 201	0	1 334 201	0	0	0
Loans and deposits from financial institutions for a fixed term	151 665 301	232 250	151 897 551	167 293 951	119 089	167 413 040
Subordinated loan	1 100 000	2 105	1 102 105	2 300 000	1 481	2 301 481
<b>Total</b>	<b>275 650 463</b>	<b>1 549 068</b>	<b>277 199 531</b>	<b>262 190 564</b>	<b>1 077 142</b>	<b>263 267 707</b>

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

### Maturity information

Maximum 1 year	106 792 312	90 051 054
More than 1 year	168 858 151	172 139 511
<b>Total</b>	<b>275 650 463</b>	<b>262 190 564</b>

### Norwegian covered bonds (NOKt) at 30 June 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
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	28 900 000
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	20 000 000
NO0010893282	16.09.2020	16.09.2025	Float	3M Nibor + 1,50%	NOK	13 500 000
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	2 300 000
NO0012513532	03.05.2022	17.03.2027	Float	3M Nibor + 0,33%	NOK	9 000 000
<b>Total</b>						<b>116 900 000</b>

### Covered bonds issued in foreign currency at 30 June 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
<b>Total (in NOKt equivalent)</b>						<b>4 650 961</b>

## 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	30 Jun	31 Dec <sup>1</sup>	30 Jun
	2022	2021	2021
Equity in the consolidated situation	19 269	19 982	19 228
Proposed/actual dividend		-726	
Common Equity Tier 1 capital before regulatory adjustments	19 269	19 257	19 228
IRB provisions shortfall (-)	-43	-130	-182
Other items, net	7	8	38
Total regulatory adjustments to Common Equity Tier 1 capital	-37	-122	-144
<b>Common Equity Tier 1 capital (net after deduction)</b>	<b>19 232</b>	<b>19 135</b>	<b>19 084</b>
Additional Tier 1 capital			
<b>Tier 1 capital (net after deduction)</b>	<b>19 232</b>	<b>19 135</b>	<b>19 084</b>
Tier 2 capital before regulatory adjustments	1 100	1 100	2 300
IRB provisions excess (+)	0	93	111
Total regulatory adjustments to Tier 2 capital	0	93	111
Tier 2 capital	1 100	1 193	2 411
<b>Own funds (net after deduction)<sup>2</sup></b>	<b>20 333</b>	<b>20 328</b>	<b>21 495</b>

<sup>1</sup> Including profit for the period

<sup>2</sup> Own Funds adjusted for IRB provision, i.e. adjusted own funds equal NOK 20 374m by 30 Jun 2022

### Own Funds, including profit

NOKm	30 Jun	31 Dec	30 Jun
	2022	2021	2021
Common Equity Tier 1 capital, including profit	19 223	19 135	19 082
Total Own Funds, including profit	20 324	20 328	21 494

## Note 12 Capital adequacy cont.

### Minimum capital requirement and REA (Risk Exposure Amount)

	30 Jun 2022	30 Jun 2022	31 Dec 2021	31 Dec 2021	30 Jun 2021	30 Jun 2021
NOKm	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
<b>Credit risk</b>	<b>5 282</b>	<b>66 028</b>	<b>5 162</b>	<b>64 522</b>	<b>5 046</b>	<b>63 076</b>
- of which counterparty credit risk	10	122	24	302	27	333
<b>IRB</b>	<b>5 272</b>	<b>65 900</b>	<b>5 131</b>	<b>64 143</b>	<b>4 998</b>	<b>62 474</b>
- institutions	17	215	18	225	18	226
- retail	5 253	65 661	5 113	63 917	4 978	62 230
- secured by immovable property collateral	4 650	58 124	4 548	56 847	4 366	54 571
- other retail	603	7 538	566	7 070	613	7 659
- other	2	24	0	1	2	19
<b>Standardised</b>	<b>10</b>	<b>128</b>	<b>30</b>	<b>379</b>	<b>48</b>	<b>602</b>
- institutions	10	128	30	379	48	602
<b>Operational risk</b>	<b>284</b>	<b>3 547</b>	<b>228</b>	<b>2 845</b>	<b>228</b>	<b>2 845</b>
Standardised	284	3 547	228	2 845	228	2 845
<b>Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR</b>			<b>2</b>	<b>25</b>	<b>2</b>	<b>24</b>
<b>Total</b>	<b>5 566</b>	<b>69 576</b>	<b>5 391</b>	<b>67 392</b>	<b>5 276</b>	<b>65 946</b>

### Capital ratios

Percentage	30 Jun 2022	31 Dec 2021	30 Jun 2021
Common Equity Tier 1 capital ratio	27,6	28,4	28,9
Tier 1 capital ratio	27,6	28,4	28,9
Total capital ratio	29,2	30,2	32,6

### Leverage ratio

	30 Jun 2022	31 Dec <sup>1</sup> 2021	30 Jun 2021
Tier 1 capital, transitional definition, NOKm	19 232	19 135	19 084
Leverage ratio exposure, NOKm	312 319	306 947	298 830
Leverage ratio, percentage	6,2	6,2	6,4

<sup>1</sup> 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 second quarter 2022 the over-collateralization (OC) was 83.3%, 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 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 short term unsecured funding to Nordea Eiendoms kreditt, and at the end of the second quarter 2022 such borrowings amounted to NOK 153 billion.

Subordinated loans provided by Nordea Bank Abp was NOK 1.1 billion at the end of the second quarter. In addition, Nordea Bank Abp had a holding of covered bonds issued by Nordea Eiendoms kreditt of NOK 10.3 billion at the end of the second quarter of 2022.

Loans to the public are managed by Nordea Bank Abp, filial i Norge. For loans issued directly from Nordea Eiendoms kreditt, credit assessment and other processes in relation to the loan origination, as well as managing the loans throughout the lifetime, are performed by Nordea Bank Abp, filial i Norge. For this service Nordea Eiendoms kreditt has paid an amount of NOK 711 million in the first six months of 2022 (NOK 804 million booked in the first six 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 17 million in the first half year of 2022. All group internal transactions are settled according to market-based principles on conformity with OECD requirements on transfer pricing.

# Statement by the Chief Executive Officer and the Board of Directors

## Pursuant to Section 5-6 of the Securities Trading Act

The Chief Executive Officer and the Board of Directors confirms that to the best of their knowledge the interim report for the six months to 30 June 2022 has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and gives a true and fair view of the company's assets and liabilities, its financial position and results.

The Chief Executive Officer and the Board of Directors also consider that to the best of their knowledge the interim report for the first six month to 30 June 2022 gives a true and fair:

- overview of important events that have occurred during the accounting period and their impact on the half yearly financial statements.
- description of the most relevant risk factors the company faces over the next accounting period.
- description of the most significant transactions with related parties.

Oslo, 21 July 2022  
The Board of Nordea Eiendoms kreditt AS

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

## Addresses

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