

Nordea



Interim report 2nd quarter 2024
Nordea Eiendoms kreditt AS

Key financial figures

Summary of the income statement (NOKm)

	Jan-Jun 2024	Jan-Jun 2023	Year 2023
Net interest income	1,384	1,191	1,937
Net fee and commission income	39	35	85
Net result from items at fair value	9	-45	-77
Other operating income	0	0	1
Total operating income	1,432	1,182	1,945
Staff costs	17	18	38
Other expenses	694	725	1,192
Total operating expenses	711	742	1,230
Loan losses (negative figures are reversals)	39	67	47
Operating profit	681	372	668
Income tax expense	170	93	168
Net profit for the period	511	279	500

Summary of the balance sheet (NOKm)

	30 Jun 2024	30 Jun 2023	31 Dec 2023
Loans to the public, gross	349,075	333,626	334,668
Allowance for loan losses	-396	-373	-361
Other assets	11,624	11,721	13,239
Debt securities in issue	222,477	168,332	197,449
Other liabilities	115,915	154,950	128,192
Equity	21,911	21,692	21,905
Total assets	360,303	344,974	347,547
Average total assets	356,816	337,334	341,664

Ratios and key figures

	30 Jun 2024	30 Jun 2023	31 Dec 2023
Basic/diluted Earnings per share (EPS), annualised basis, NOK	60.9	33.2	29.8
Equity per share ¹ , NOK	1305.7	1292.6	1305.3
Shares outstanding ¹ , million	16.8	16.8	16.8
Return on average equity	4.7%	2.6%	2.3%
Cost/income ratio	49.7%	62.8%	63.2%
Loan loss ratio, annualised, basis points	2.3	4.1	1.4
Risk Exposure Amount ¹ , NOKm	87,531	82,642	81,987
Own funds, NOKm ^{1,2}	22,551	22,542	22,548
Common Equity Tier 1 capital ratio ^{1,2}	24.3%	25.8%	26.0%
Tier 1 capital ratio ^{1,2}	24.3%	25.8%	26.0%
Total capital ratio ^{1,2}	25.8%	27.3%	27.5%
Number of employees (Full-time equivalents) ¹	25.0	22.0	24.0

¹ At the end of the period.

² Excluding the year to date profit for interim figures.

Nordea Eiendoms kreditt AS is part of the Nordea Group. We are 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 at nordea.com.

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Introduction

Nordea Eiendomskreditt 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 and loans to holiday homes in Norway, including secured construction loans, and to finance its lending activities mainly by issuing covered bonds. 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 located in Oslo.

Income Statement

(Previous year comparable figures are shown in brackets)

Profit before loan losses

Operating profit in the first half year of 2024 was NOK 681m (NOK 372m). The increase compared to last year is mainly driven by higher net interest income, losses from items at fair value that has now turned to an income, and as a result of the agreed pricing model for sales- and distribution fees that are paid to the parent bank. Also lower loan losses from the mortgage loan portfolio has contributed to the positive development. Return on average equity for the first half year of 2024 was 4.7% (2.6%).

Net interest income in the first half year increased by 16% compared to the same period last year and amounted to NOK 1 384m (NOK 1 191m). The increase is explained by a generally higher interest rate level which gives a positive effect on the part of the mortgage portfolio funded by equity, and higher lending volume.

Total operating expenses in the first half year amounted to NOK 711m (NOK 742m), whereof NOK 17m (NOK 17m) 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 main part is related to sales, distribution and management of the mortgage loans, where the fee is calculated based on net interest income, and will therefore fluctuate between periods. All group internal transactions are settled in conformity with OECD guidelines on transfer pricing. The cost/income ratio for the first half year of 2024 was 49.7% (62.8%).

Net loan losses

Loan losses and provisions recognised in the first half year of 2024 were NOK 39m (NOK 67m), whereof NOK 37m is related to increased allowances for mortgage loans and NOK 2m is realised loan losses.

Loan loss allowances have increased from NOK 361m at the beginning of the year to NOK 396m at 30 June 2024, mainly

due to migration of loans into Stage 2 where loan loss provisions are calculated and booked for the full remaining lifetime of the loans. The management judgements included in the loan loss allowances were unchanged at NOK 92m in the first half year.

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.

The underlying net loan losses in Nordea Eiendomskreditt are low, reflecting a strong credit portfolio. Loans in Stage 2 have increased, hence some deterioration in the credit quality which is also reflected in increased loan loss allowances, but we have also seen more upgrades than downgrades in the customers' risk grade during the first half year. See note 4 and note 7 for further information about loan losses and impairment.

Funding and liquidity

During the first half year of 2024 Nordea Eiendomskreditt issued covered bonds amounting to NOK 57.8bn in the Norwegian domestic market under its NOK 250bn domestic covered bond programme. In the same period NOK 32.4bn have been bought back or matured. As of 30 June 2024, Nordea Eiendomskreditt had outstanding covered bonds totalling NOK 220.2bn in the Norwegian market and EUR 0.1bn in the European market. Nordea Eiendomskreditt also had subordinated debt outstanding to the amount of NOK 1.1bn.

In addition to the long-term funding, Nordea Eiendomskreditt also raised unsecured funding from the parent bank. At the end of the second quarter 2024 such borrowings amounted to NOK 112.4bn.

Nordea Eiendomskreditt holds a liquidity buffer of NOK 10.3bn and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 1363% (2259%) at the end of the second quarter 2024. 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 119.3% (113.6%) at the end of the second quarter 2024.

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 349bn at the end of the second quarter 2024 (NOK 333bn), acquired or issued directly from own balance sheet. NOK 328bn (NOK 247bn) 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 48.5%M (47.6%) in relation to gross issued covered bonds.

Total assets amounted to NOK 360bn at the end of the second quarter 2024 (NOK 345bn).

Impaired loans

As of 30 June 2024 impaired loans amounted to NOK 931m which corresponds to 0.27% of the total loan portfolio. Allowances of NOK 163m have been made, and net impaired loans were NOK 768m at 30 June 2024 compared to NOK 467m at 30 June 2023.

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 2024, the company was party to interest rate swaps with a nominal value of NOK 33.5bn. 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 requirements and capital position

Regulatory development

Nordea Eiendoms kreditt was in May 2014 identified as systemically important financial institution (SIFI) and in their annual review, the Norwegian FSA has as expected also recommended to the Ministry of Finance, that Nordea Eiendoms kreditt should continue to be identified as a systemically important institution subject to additional capital buffer requirement of 1%. The final decision is still pending.

Basel III is a global regulatory framework for bank capital adequacy, stress testing and liquidity risk. In December 2017 the finalised Basel III framework, often called the Basel IV package, was published. The Basel IV implementation in EU was finally approved in the first half of 2024 and published in the official journal 19 June 2024. The regulation will be applicable from 1 January 2025, with some transition rules until 2032. The directive has to be implemented in national legislation latest 10 January 2026 and enter into force latest 11 January 2026. The Norwegian Ministry of Finance, has in their consultation paper on the Basel III informed that they intend to implement the revised Basel framework in parallel with the EU.

The consultation paper includes a proposal to remove the LGD floor and to set a minimum requirement for mortgage risk weights to 25% that will apply to all mortgage lenders in Norway.

Capital position

Nordea Eiendoms kreditt's Common Equity Tier 1 capital ratio was 24.3% at 30 June 2024, a decrease of 0.4 percentage points from the end of last quarter. Total Capital ratio decreased 0.4 percentage points since end of last quarter, to 25.8%. The decrease was primarily due to increased Risk Exposure Amount (REA).

REA increased by 1.5% to NOK 87.5bn at 30 June 2024 compared to NOK 86.2bn at the end of last quarter. Own funds was NOK 22.6bn at the end of the second quarter 2024, of which NOK 1.1bn is a subordinated loan. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 21.3bn (no additional Tier 1 capital).

On 9 July 2024 Nordea Eiendoms kreditt received approval from authorities for new retail IRB models, which are expected to be implemented in the regulatory reporting for Q3 2024.

Nordea Eiendoms kreditt's general meeting has resolved a capital injection of NOK 15bn to prepare partly for the short term effects of the new IRB models, but mainly related to the acquisition of the Danske Bank mortgage portfolio. The additional equity will be added during Q3 2024.

Other information

Impacts from Russia's invasion of Ukraine

The impact of uncertainty after the onset of the war – reflected in higher inflation and higher interest rates etc – on the global and Nordic economies was further assessed in the second quarter. The assessment informed 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 judgements to ensure that the overall provisioning levels are appropriate. Nordea will continue to follow developments closely. In terms of direct credit risk Nordea Eiendoms kreditt does not have any exposure towards Russia and Ukraine.

Information on the financial and operational impacts of the war in Ukraine, as well as the measures taken to address these impacts, have been provided in Note 1 "Accounting policies", in Note 7 "Loans and impairment" and in Note 11 "Risks and uncertainties".

Acquisition of Danske Bank's Norwegian mortgage loan portfolio

Nordea has entered into an agreement with Danske Bank to acquire its Norwegian personal customer and private banking business and associated asset management portfolios, whereof the mortgage loan portfolio will be purchased by Nordea Eiendoms kreditt AS. The Norwegian Competition Authority announced its approval of the acquisition on 15 December 2023 and the Norwegian Supervisory Authority announced its approval on 7 February 2024. Nordea Eiendoms kreditt expects the acquisition to be closed in late 2024, whereafter the acquired mortgage loans and related covered bond funding will be transferred to the company.

Macroeconomy

Norwegian mainland GDP increased by 0.2% quarter on quarter during the first quarter of 2024. Unemployment was 2.0% on a seasonally adjusted basis in June. Housing prices were up 2.2% year on year in June. Consumer price inflation has decreased but is still high. Headline consumer price

inflation stood at 2.6% in June and underlying inflation, excluding energy and taxes, was 3.4%. Norges Bank has increased its policy rate 14 times since 2021, lifting it to 4.5% as of December 2023. The central bank's latest forecast is that the rate will probably be kept unchanged until the spring of 2025.

Nordea Eiendoms kreditt AS
Oslo, 14 August 2024

Randi Marjamaa
Chair

Asbjørn Rødal
Board member

Gro Elisabeth Lundevik
Vice Chair

Tina Sandvik
Board member

Ola Littorin
Board member

Lene Steinum
Board member

Elen M. Stiksrud
Chief Executive Officer

Income statement

	Note	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
NOKt						
Operating income						
Interest income calculated using the effective interest rate method	2	9,711,627	6,948,577	4,934,969	3,582,230	15,553,396
Other interest income	2	260,545	108,055	130,199	61,617	358,198
Interest expense	2	8,588,204	5,865,915	4,322,081	3,070,709	13,975,092
Net interest income		1,383,968	1,190,717	743,087	573,139	1,936,502
Fee and commission income		63,636	54,886	34,542	27,781	116,322
Fee and commission expense		25,057	19,428	19,069	6,959	31,381
Net fee and commission income		38,579	35,458	15,472	20,822	84,940
Net result from items at fair value	3	9,319	-44,901	21,622	-1,727	-77,058
Other income		0	400	0	216	584
Total operating income		1,431,866	1,181,674	780,181	592,450	1,944,968
Staff costs		17,184	17,593	8,029	8,507	37,902
Other operating expenses		693,942	724,689	371,651	350,324	1,191,832
Depr/amortisation and impairment charges		95	68	47	34	155
Total operating expenses		711,220	742,349	379,727	358,865	1,229,889
Profit before loan losses		720,646	439,324	400,454	233,585	715,079
Loan losses	4	39,198	67,442	12,581	29,071	47,139
Operating profit		681,448	371,882	387,873	204,514	667,940
Income tax expense		170,419	92,972	96,970	51,130	167,677
Net profit for the period		511,029	278,910	290,903	153,384	500,263
Attributable to:						
Shareholder of Nordea Eiendomskreditt AS		511,029	278,910	290,903	153,384	500,263
Total		511,029	278,910	290,903	153,384	500,263

Statement of comprehensive income

	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
NOKt					
Net profit for the period	511,029	278,910	290,903	153,384	500,263
Items that may be reclassified subsequently to the income statement					
<i>Cash flow hedges:</i>					
Valuation gains/losses	-7,400	8,258	-4,470	5,964	148
Tax on valuation gains/losses	1,850	-2,064	1,117	-1,491	-37
Items that may not be reclassified subsequently to the income statement					
<i>Defined benefit plans:</i>					
Remeasurement of defined benefit plans	2,294	1,585	130	1,102	-1,945
Tax on remeasurement of defined benefit plans	-574	-396	-33	-275	486
Other comprehensive income, net of tax	-3,829	7,382	-3,254	5,300	-1,347
Total comprehensive income	507,200	286,292	287,649	158,684	498,916
Attributable to:					
Shareholders of Nordea Eiendomskreditt AS	507,200	286,292	287,649	158,684	498,916
Total	507,200	286,292	287,649	158,684	498,916

Balance sheet

	Note	30 Jun 2024	30 Jun 2023	31 Dec 2023
NOKt				
Assets				
Loans to credit institutions		906,597	32,028	2,462,506
Loans to the public	7, 8	348,679,243	333,252,739	334,307,675
Interest-bearing securities	6	10,602,095	10,586,173	10,585,566
Derivatives	6	108,830	77,263	183,957
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-35,982	-67,014	-42,670
Property and Equipment owned and RoU		587	9	681
Other assets		0	1,031,468	-186
Accrued income and prepaid expenses		41,484	61,036	49,380
Total assets	5, 6	360,302,853	344,973,700	347,546,908
Liabilities				
Deposits by credit institutions		113,156,010	152,144,654	125,845,296
Debt securities in issue	8	222,476,802	168,332,227	197,449,415
Derivatives	6	926,614	1,228,888	665,463
Current tax liabilities		73,105	33,490	134,936
Other liabilities		15,541	17,847	15,150
Accrued expenses and prepaid income		263,977	190,404	228,641
Deferred tax liabilities		343,248	195,504	165,804
Provisions		5,970	11,176	4,818
Retirement benefit obligations		25,323	23,539	27,417
Subordinated loan capital		1,104,987	1,104,099	1,104,751
Total liabilities	5, 6	338,391,577	323,281,828	325,641,690
Equity				
Share capital		1,879,565	1,879,565	1,879,565
Share premium		9,874,082	9,874,082	9,874,082
Other reserves		-26,668	-14,311	-23,040
Retained earnings		9,673,269	9,673,626	10,174,611
Net profit for the period		511,029	278,910	0
Total equity		21,911,276	21,691,872	21,905,218
Total liabilities and equity		360,302,853	344,973,700	347,546,908
Off-balance sheet commitments				
Assets pledged as security for own liabilities		328,633,283	247,585,780	313,603,507
Commitments		37,557,919	34,414,749	35,072,002

Nordea Eiendoms kreditt AS
Oslo, 14 August 2024

Randi Marjamaa
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Tina Sandvik
Board member

Lene Steinum
Board member

Elen M. Stiksrud
Chief Executive Officer

Statement of changes in equity

NOKt	Other reserves					Total equity
	Share capital	Share premium	Cash flow hedges	Defined benefit plans	Retained earnings	
Balance at 1 January 2024	1,879,565	9,874,082	-9,570	-13,470	10,174,620	21,905,226
Net profit for the year					511,029	511,029
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:						
Valuation gains/losses			-7,400			-7,400
Tax on valuation gains/losses			1,850			1,850
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans				2,294		2,294
Tax on remeasurement of defined benefit plans				-574		-574
Other comprehensive income, net of tax	0	0	-5,550	1,721	0	-3,829
Total comprehensive income	0	0	-5,550	1,721	511,029	507,200
Contribution and distribution						
Share Based Payments					-878	-878
Dividend paid					-500,265	-500,265
Balance at 30 June 2024	1,879,565	9,874,082	-15,120	-11,750	10,184,505	21,911,276

NOKt	Other reserves					Total equity
	Share capital	Share premium	Cash flow hedges	Defined benefit plans	Retained earnings	
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					278,910	278,910
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:						
Valuation gains/losses			8,258			8,258
Tax on valuation gains/losses			-2,064			-2,064
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans				1,585		1,585
Tax on remeasurement of defined benefit plans				-396		-396
Other comprehensive income, net of tax	0	0	6,193	1,189	0	7,382
Total comprehensive income	0	0	6,193	1,189	278,910	286,292
Contribution and distribution						
Share Based Payments					-121	-121
Dividend paid					-647,819	-647,819
Balance at 30 June 2023	1,879,565	9,874,082	-3,488	-10,823	9,952,537	21,691,872

The company's share capital is NOK 1,880m. The number of shares is 16,781,828, each with a quota value of NOK 112. All shares and voting rights are owned by Nordea Bank AB (publ).

Cash flow statement

NOKt	Jan-Jun 2024	Jan-Jun 2023	Year 2023
Operating activities			
Operating profit before tax	681,448	371,882	667,940
Adjustments for items not included in cash flow (related to loan loss allowances)	40,227	65,713	46,496
Income taxes paid	-53,573	-209,250	-209,299
Cash flow from operating activities before changes in operating assets and liabilities	668,102	228,345	505,137
Changes in operating assets			
Change in loans to credit inst, non-liquid	-252,848	0	-504,116
Change in loans to the public	-14,410,686	-10,063,500	-11,105,577
Change in interest-bearing securities	-16,530	-5,150,287	-5,149,679
Change in derivatives, net	336,278	814,321	144,201
Change in other assets	1,117	-1,061,485	-43,190
Changes in operating liabilities			
Change in deposits by credit institutions	-12,689,286	-3,769,225	-30,068,583
Change in debt securities in issue	25,027,388	18,979,953	48,097,140
Change in other liabilities	28,616	-29,910	-2,130
Cash flow from operating activities	-1,307,849	-51,788	1,873,203
Financing activities			
Change of accrued interest on subordinated loan capital	235	280	932
Dividend paid	-500,265	-647,819	-647,819
Share Based Payment Programme	-878	-121	602
Cash flow from financing activities	-500,908	-647,660	-646,285
Cash flow for the period	-1,808,757	-699,444	1,226,918
Cash and cash equivalents			
NOKt	30 Jun 2024	30 Jun 2023	31 Dec 2023
Cash and cash equivalents at beginning of the period	1,958,390	731,472	731,472
Cash and cash equivalents at end of the period	149,633	32,028	1,958,390
Change	-1,808,757	-699,444	1,226,918
The following items are included in cash and cash equivalents:			
Loans to credit institutions	149,633	32,028	1,958,390
Total cash and cash equivalents	149,633	32,028	1,958,390

Notes to the financial statements

Note 1 Accounting policies

The financial statements as of the first half year of 2024 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 2023. The accounting policies, method of computation and presentations are unchanged from the Annual Report 2023, except for the items presented in the section "Changed accounting policies and presentation" below. For more information, see the accounting policies in the 2023 Annual Report.

Changed accounting policies and presentation

There has not been any changes in accounting policies and presentation that has been implemented by Nordea Eiendoms kreditt on 1 January 2024.

Other amendments to IFRS

The following amended standards issued by the IASB were implemented by Nordea Eiendoms kreditt on 1 January 2024, but have not had any significant impact on its financial statements.

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current as well as Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

Changes in IFRSs not yet applied

IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024 the IASB published the new standard IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. IFRS 18 sets out the requirements for presentation and disclosures in financial statements with focus on the income statement and reporting of financial performance.

The new standard is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The standard is not yet endorsed by the EU.

It is not yet possible to conclude how IFRS 18 will impact the presentation of Nordea Eiendoms kreditt's income statement and disclosures of management-defined performance measures. As IFRS 18 will not change Nordea Eiendoms kreditt's recognition and measurement it is not expected to have any significant impact on other financial statements or capital adequacy in the period of initial application.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024 the IASB published Amendments to the Classification and Measurement of Financial instruments (Amendments to IFRS 9 and IFRS 7).

The amendments clarify whether contractual cash flows of financial assets with contingent features, e.g. ESG-linked features, represent Solely Payment of Principal and Interest (SPPI), which is a condition for measurement at amortised cost. Under the amendments certain financial assets, including those with ESG-linked features, can meet the SPPI criterion at initial recognition, provided that their cash flows are not significantly different from the cash flows from identical financial assets without such features. Additional disclosures on financial assets and financial liabilities with contingent features will also be required. The new requirements are expected to support Nordea Eiendoms kreditt's current accounting treatment of loans with ESG-linked features and are consequently not expected to have any significant impact on the financial statements or capital adequacy of Nordea Eiendoms kreditt in the period of initial application, other than disclosures.

The amendments also clarify the characteristics of contractually-linked instruments and non-recourse features. The current assessment is that these clarifications will not significantly impact the current classification of financial assets or capital adequacy in the period of initial application, but this remains subject to further analysis and is naturally dependent on the instruments on the balance sheet of Nordea Eiendoms kreditt at the time of transition.

The amendments address the recognition and derecognition of financial assets and financial liabilities, including an optional exception relating to the derecognition of financial liabilities that are settled using an electronic payment system. The current assessment is that this amendment will not significantly impact the financial statements or capital adequacy of Nordea Eiendoms kreditt in the period of initial application, but this remains subject to further analysis. The new standard is effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted. The standard is not yet endorsed by the EU. Nordea Eiendoms kreditt does not currently intend to adopt these amendments before the effective date.

Other amendments

The following changes in IFRSs not yet applied by Nordea are not assessed to have any significant impact on its financial statements or capital adequacy in the period of their initial application.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

Critical judgements affected by higher energy and raw material prices and reduced consumer spending

Nordea Eiendoms kreditt applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of higher energy and raw material prices and reduced consumer spending in various economic sectors on Nordea Eiendoms kreditt's financial statements. Particularly important in the second quarter of 2024 were the impairment testing of loans to the public.

In terms of direct credit risk Nordea Eiendoms kreditt is unaffected by Russia's invasion of Ukraine 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 1.4.

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 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 6.

Exchange rates

	Jan-Jun 2024	Jan-Jun 2023	Year 2023
GBP 1 = NOK			
Income statement (average)	13.4498	12.9215	13.1381
Balance sheet (at end of period)	13.4640	13.5933	12.8977
EUR 1 = NOK			
Income statement (average)	11.4948	11.3199	11.4238
Balance sheet (at end of period)	11.4020	11.6855	11.2120

Note 2 Net interest income

NOKt	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
Interest income calculated using the effective interest rate method	9,711,627	6,948,577	4,934,969	3,582,230	15,553,396
Other interest income	260,545	108,055	130,199	61,617	358,198
Interest expense	8,588,204	5,865,915	4,322,081	3,070,709	13,975,092
Net interest income	1,383,968	1,190,717	743,087	573,139	1,936,502
Interest income calculated using the effective interest rate method					
Loans to credit institutions	32,531	23,015	17,333	5,008	63,536
Loans to customers	9,636,267	6,886,373	4,892,565	3,556,755	15,411,921
Yield fees	25,950	27,774	16,513	14,669	50,584
Net interest paid or received on derivatives in accounting hedges of assets	16,879	11,415	8,559	5,798	27,355
Interest income	9,711,627	6,948,577	4,934,969	3,582,230	15,553,396
Other interest income					
Interest-bearing securities measured at fair value	260,545	108,055	130,199	61,617	358,198
Other interest income¹	260,545	108,055	130,199	61,617	358,198
Interest expense					
Deposits by credit institutions	2,948,084	2,759,264	1,431,290	1,420,815	6,404,791
Debt securities in issue	5,384,737	2,942,104	2,760,619	1,564,844	7,112,913
Subordinated loan capital	36,590	27,720	18,867	14,069	61,631
Other interest expenses	1,116	71,681	9	35,046	129,843
Net interest paid or received on derivatives in hedges of liabilities	217,677	65,147	111,296	35,934	265,913
Interest expense	8,588,204	5,865,915	4,322,081	3,070,709	13,975,092

Interest from categories of financial instruments

NOKt	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
Financial assets at amortised cost	9,694,748	6,937,162	4,926,411	3,576,432	15,526,041
Financial assets at fair value through profit or loss (including hedging instruments) ¹	277,424	119,470	138,758	67,415	385,553
Financial liabilities at amortised cost	-8,370,527	-5,800,768	-4,210,785	-3,034,775	-13,709,179
Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹	-217,677	-65,147	-111,296	-35,934	-265,913
Net interest income	1,383,968	1,190,717	743,087	573,139	1,936,502

¹ Includes net interest income from derivatives, measured at fair value and related to Nordea Eiendoms kreditt's funding. This can have both a positive and negative impact on other interest expense.

Note 3 Net result from items at fair value

Net gains/losses for categories of financial instruments	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
Financial assets and liabilities mandatorily at fair value through profit or loss	-460,029	-674,928	-67,827	-744,855	84,642
Financial assets at amortised cost	-1,201	-18,467	857	-20,468	-6,274
Financial liabilities at amortised cost	470,287	648,328	88,355	763,836	-155,529
Foreign exchange gains/losses excluding currency hedges	262	165	237	-241	103
Total	9,319	-44,902	21,622	-1,728	-77,058

Note 4 Loan Losses

NOKt	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
Net loan losses, Stage 1	1,720	11,679	3,011	7,694	-3,974
Net loan losses, Stage 2	34,577	45,462	6,005	15,681	3,409
Total loan losses, non-defaulted	36,297	57,141	9,016	23,374	-565
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated	414	10,852	2,360	6,268	49,521
Realised loan losses	2,608	1,739	1,275	1,708	3,011
Recoveries on previous realised loan losses	-121	-11	-71	0	-2,549
Reversals of provisions	0	-2,280	0	-2,280	-2,280
Net loan losses, defaulted	2,901	10,301	3,565	5,697	47,703
Net loan losses	39,198	67,442	12,581	29,071	47,138

Key ratios¹

	Jan-Jun 2024	Jan-Jun 2023	Q2 2024	Q2 2023	Year 2023
Loan loss ratio, basis points	2.27	4.11	1.45	3.52	1.42
- of which stage 1	0.10	0.71	0.35	0.93	-0.12
- of which stage 2	2.01	2.77	0.69	1.90	0.10
- of which stage 3	0.17	0.63	0.41	0.69	1.44

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

Note 5 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.

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	906,597				906,597
Loans to the public	348,679,243				348,679,243
Interest-bearing securities		10,602,095			10,602,095
Derivatives			108,830		108,830
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-35,982				-35,982
Property and Equipment owned and RoU				587	587
Accrued income and prepaid expenses	39,738			1,746	41,484
Total 30 June 2024	349,589,596	10,602,095	108,830	2,333	360,302,853
Total 31 December 2023	336,775,638	10,585,566	183,957	1,748	347,546,909

NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial assets	
Liabilities					
Deposits by credit institutions	113,156,010				113,156,010
Debt securities in issue	222,476,802				222,476,802
Derivatives		63,712	862,902		926,614
Current tax liabilities				73,105	73,105
Other liabilities	3,521			12,020	15,541
Accrued expenses and prepaid income	14,171			249,806	263,977
Deferred tax liabilities				343,248	343,248
Provisions				5,970	5,970
Retirement benefit obligations				25,323	25,323
Subordinated loan capital	1,104,987				1,104,987
Total 30 June 2024	336,755,491	63,712	862,902	709,472	338,391,577
Total 31 December 2023	324,414,125	146,593	518,870	562,102	325,641,690

Note 6 Assets and liabilities at fair value

Fair value of financial assets and liabilities

NOKt	30 Jun 2024		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	349,549,857	343,632,629	336,727,511	337,499,000
Interest-bearing securities	10,602,095	10,602,095	10,585,566	10,585,566
Derivatives	108,830	108,830	183,957	183,957
Accrued income and prepaid expenses	39,738	39,738	48,127	48,127
Total financial assets	360,300,519	354,383,292	347,545,160	348,316,650
Financial liabilities				
Deposits and debt instruments	336,737,800	338,026,898	324,399,462	324,500,812
Derivatives	926,614	926,614	665,463	665,463
Other financial liabilities	3,521	3,521	3,518	3,518
Accrued expenses and prepaid income	14,171	14,171	11,145	11,145
Total financial liabilities	337,682,107	338,971,204	325,079,588	325,180,938

Assets and liabilities held at fair value on the balance sheet - Categorisation in the fair value hierarchy

NOKt	Quoted prices in active markets for same instrument	Valuation technique using observable data	Valuation technique using non- observable data	Total
	(Level 1)	(Level 2)	(Level 3)	
Financial assets ¹				
Interest-bearing securities		10,177,400	424,695	10,602,095
Derivatives		151,010	-42,180	108,830
Total 30 June 2024	0	10,328,410	382,515	10,710,925
Total 31 December 2023	0	10,361,794	407,729	10,769,523
Financial liabilities ¹				
Derivatives		926,614	0	926,614
Total 30 June 2024	0	926,614	0	926,614
Total 31 December 2023	0	665,463	0	665,463

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

Movements in Level 3

NOKt	1 January 2024	Unrealised fair value gains/losses recorded in income statement	Transfers into / out of level 3	30 June 2024
Interest-bearing securities	426,957	-2,262	0	424,695
Derivatives (net)	-19,228	-22,952	0	-42,180
Total, net	407,729	-25,214	0	382,515

Valuation according to Level 3 is due to observable market data not being available in the period.

Note 7 Loans and impairment

NOKt	30 Jun 2024	30 Jun 2023	31 Dec 2023
Loans measured at amortised cost, not impaired (Stage 1 and 2)	348,144,136	333,035,212	333,635,547
Impaired loans (Stage 3)	931,265	590,803	1,032,728
- of which servicing	272,740	136,299	381,706
- of which non-servicing	658,525	454,504	651,022
Loans before allowances	349,075,401	333,626,014	334,668,275
Allowances for individually assessed impaired loans (Stage 3)	-162,646	-123,786	-162,454
- of which servicing	-42,687	-34,787	-47,565
- of which non-servicing	-119,958	-88,999	-114,889
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-233,513	-249,490	-198,147
Allowances	-396,159	-373,275	-360,601
Loans, carrying amount	348,679,243	333,252,739	334,307,675

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2024	-46,995	-151,151	-162,454	-360,601
Changes due to origination and acquisition	-24,755	-32,091	-3,202	-60,047
Changes due to transfers from Stage 1 to Stage 2	2,964	-69,340	0	-66,376
Changes due to transfers from Stage 1 to Stage 3	133	0	-21,326	-21,193
Changes due to transfers from Stage 2 to Stage 1	-2,081	52,686	0	50,605
Changes due to transfers from Stage 2 to Stage 3	0	4,652	-28,070	-23,418
Changes due to transfers from Stage 3 to Stage 1	-60	0	17,802	17,742
Changes due to transfers from Stage 3 to Stage 2	0	-2,092	19,849	17,758
Changes due to changes in credit risk without stage transfer	14,455	-17,287	-24,307	-27,140
Changes due to repayments and disposals	7,625	29,823	39,062	76,510
Balance at 30 Jun 2024	-48,713	-184,800	-162,646	-396,159

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2023	-50,045	-145,269	-115,213	-310,527
Changes due to origination and acquisition	-37,831	-953	-5,548	-44,331
Changes due to transfers from Stage 1 to Stage 2	3,011	-68,136	0	-65,126
Changes due to transfers from Stage 1 to Stage 3	38	0	-12,842	-12,804
Changes due to transfers from Stage 2 to Stage 1	-1,841	54,446	0	52,605
Changes due to transfers from Stage 2 to Stage 3	0	2,921	-16,965	-14,044
Changes due to transfers from Stage 3 to Stage 1	-68	-17	5,754	5,669
Changes due to transfers from Stage 3 to Stage 2	0	-1,482	15,322	13,840
Changes due to changes in credit risk without stage transfer	17,458	-57,101	-27,030	-66,673
Changes due to repayments and disposals	7,879	27,502	32,736	68,117
Balance at 30 Jun 2023	-61,399	-188,090	-123,786	-373,275

Key ratios	30 Jun 2024	30 Jun 2023	31 Dec 2023
Impairment rate, (stage 3) gross, basis points ¹	26.7	17.7	30.9
Impairment rate (stage 3), net, basis points ²	22.0	14.0	26.0
Total allowance rate (stage 1, 2 and 3), basis points ³	11.3	11.2	10.8
Allowances in relation to credit impaired loans (stage 3), % ⁴	17.5	21.0	15.7
Allowances in relation to loans in stage 1 and 2, basis points ⁵	6.7	7.5	5.9

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

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

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

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

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

Forward-looking information

Forward-looking information is used for both assessing significant increases in credit risk and calculating expected credit losses. Nordea Eiendoms kreditt uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. For the second quarter of 2024, 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 first quarter of 2024). The weight of the adverse scenario was kept at an elevated level, reflecting continued uncertainty about 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 light of the conflict in the Middle East and the war in Ukraine. They take into consideration continued high inflation, reinforced by a renewed surge in energy prices, and the potential impact of high interest rates on financial markets and 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 soft landings in the Nordic economies and slightly higher unemployment in the coming

years as higher rates and elevated inflation continue to weigh on economic activity. In 2024, growth in Finland, Norway and Sweden is expected to remain weak or negative, while relatively high growth is expected for the Danish economy driven by the pharmaceutical sector and a reopening of gas extraction from the North Sea. Over the next few years, growth is projected to pick up in Finland, Norway and Sweden, as inflation falls and central banks lower interest rates. A modest recovery in home prices is expected in 2024 and beyond supported by rising household purchasing power. 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. Persistent and high inflation, reinforced by higher energy prices, may lead central banks to adopt a higher for longer strategy, triggering a deeper recession due to falling private consumption and investments. In addition, house prices may see an even larger decline due to higher interest rates, a squeeze in household purchasing power and weak confidence. Normalising inflation and lower interest rates, on the other hand, may lead to a stronger recovery than assumed in the baseline scenario.

At the end of the second quarter of 2024 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 92m (NOK 92m at the end of the first quarter 2024). 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 88m at the end of the second quarter of 2024 (NOK 88m at the end of the first quarter of 2024) and the reserve covering issues identified in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to NOK 4m (NOK 4m at the end of the first quarter of 2024). Hence, the management judgement allowances were kept unchanged during the second quarter of 2024.

Scenarios

	2024	2025	2026	Probability weight
Favourable scenario				10%
GDP growth, %	1.5	2.1	0.9	
Unemployment, %	3.6	3.6	3.6	
Change in household consumption, %	1.1	2.3	2.4	
Change in house prices, %	1.9	3.3	2.7	
Baseline scenario				50%
GDP growth, %	0.4	1.8	0.5	
Unemployment, %	3.8	4.0	4.0	
Change in household consumption, %	1.0	2.1	2.1	
Change in house prices, %	1.0	2.2	2.8	
Adverse scenario				40%
GDP growth, %	-0.9	-0.8	0.4	
Unemployment, %	4.2	5.3	5.2	
Change in household consumption, %	0.8	1.7	0.9	
Change in house prices, %	-3.6	-4.2	2.0	

Note 8 Cover Pool

	30 Jun 2024		30 Jun 2023		31 Dec 2023	
NOKt	Nominal value	Net present value	Nominal value	Net present value	Nominal value	Net present value
Loans to the public	348,200,337	348,748,763	333,008,700	332,151,636	333,867,921	333,695,176
- whereof pool of eligible loans	328,370,376	328,887,569	247,387,711	246,751,009	313,352,624	313,190,494
Supplementary assets and derivatives:	202,200	-560,084	230,550	-741,623	183,200	-266,132
- whereof CIRS	202,200	51,140	230,550	40,364	183,200	45,739
- whereof IRS	0	-611,224	0	-781,987	0	-311,870
Total cover pool	328,572,576	328,327,485	247,618,261	246,009,386	313,535,824	312,924,362
Debt securities in issue (net outstanding amount)	221,330,200	221,928,107	167,752,550	166,360,750	195,948,200	196,799,615
Over-collateralization calculated on net outstanding covered bonds	48.5%	47.9%	47.6%	47.9%	60.0%	59.0%
Debt securities in issue (issued amount)	221,330,200	221,928,107	167,752,550	166,360,750	195,948,200	196,799,615
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) ¹	48.5%	47.9%	47.6%	47.9%	60.0%	59.0%

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

The cover pool increase during the first half year is due to lending growth and a transfer of mortgage loans from the parent bank. A higher increase in outstanding covered bonds explains the decrease in over-collateralization since year end 2023.

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 9

Debt securities in issue and loans from financial institutions

	30 Jun 2024			30 Jun 2023		
	Nominal value	Other ¹	Carrying amount	Nominal value	Other ¹	Carrying amount
NOKt						
Covered bonds issued in Norwegian kroner	220,190,000			166,584,000		
Outstanding covered bonds issued in Norwegian kroner	220,190,000			166,584,000		
Covered bonds issued in EUR (in NOK)	1,140,200			1,168,550		
Total outstanding covered bonds	221,330,200	1,146,602	222,476,802	167,752,550	579,677	168,332,227
Loans and deposits from financial institutions for a fixed term	112,430,000	726,010	113,156,010	151,397,244	747,410	152,144,654
Subordinated loan	1,100,000	4,987	1,104,987	1,100,000	4,099	1,104,099
Total	334,860,200	1,877,600	336,737,800	320,249,794	1,331,186	321,580,980

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

Maturity information

Maximum 1 year	72,445,000	80,081,244
More than 1 year	262,415,200	240,168,550
Total	334,860,200	320,249,794

Norwegian covered bonds (NOKt) at 30 June 2024

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
NO0013134684	23/01/2024	23/02/2029	Float	3M Nibor + 0.56%	NOK	26,450,000
NO0013072991	22/11/2023	22/11/2028	Float	3M Nibor + 0.54%	NOK	7,000,000
NO0012982729	10/08/2023	10/08/2032	Fixed	4.61%	NOK	1,000,000
NO0012959636	14/07/2023	14/07/2025	Float	3M Nibor + 0.28%	NOK	1,000,000
NO0012838277	14/02/2023	14/02/2035	Fixed	3.39%	NOK	1,420,000
NO0012829763	02/02/2023	02/02/2028	Float	3M Nibor + 0.48%	NOK	27,700,000
NO0012732017	28/10/2022	28/10/2037	Fixed	4.0%	NOK	1,420,000
NO0012720988	12/10/2022	12/10/2029	Fixed	4.0%	NOK	7,500,000
NO0012513532	03/05/2022	17/03/2027	Float	3M Nibor + 0.33%	NOK	26,050,000
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	27,400,000
NO0010893282	16/09/2020	16/09/2025	Float	3M Nibor + 1.50%	NOK	35,000,000
NO0010873334	22/01/2020	19/03/2025	Float	3M Nibor + 0.26%	NOK	40,000,000
NO0010852650	22/05/2019	22/05/2026	Fixed	2.17%	NOK	6,000,000
NO0010821986	04/05/2018	04/05/2048	Fixed	2.6%	NOK	300,000
NO0010812084	11/12/2017	17/06/2043	Fixed	3M Nibor + 0.75%	NOK	300,000
NO0010766827	21/06/2016	18/06/2031	Fixed	2.2%	NOK	500,000
NO0010678766	08/05/2013	08/05/2025	Fixed	3.6%	NOK	100,000
NO0010593064	22/12/2010	18/06/2025	Fixed	4.8%	NOK	550,000
Total						220,190,000

Covered bonds issued in foreign currency at 30 June 2024

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
XS1451306036	19/07/2016	15/07/2031	Fixed	0.738%	EUR	100,000
Total (in NOKt equivalent)						1,140,200

Note 10 Capital adequacy

Summary of items included in own funds

NOKm	30 Jun 2024 ¹	31 Dec 2023	30 Jun 2023 ¹
Equity in the consolidated situation	21,400	21,905	21,413
Proposed/actual dividend	0	-500	0
Common Equity Tier 1 capital before regulatory adjustments	21,400	21,405	21,413
Deferred tax assets			
Intangible assets			
IRB provisions shortfall (-)	-115	-114	-92
Pension assets in excess of related liabilities			
Other items, net	4	-6	-3
Total regulatory adjustments to Common Equity Tier 1 capital	-112	-120	-95
Common Equity Tier 1 capital (net after deduction)	21,288	21,285	21,318
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)	21,288	21,285	21,318
Tier 2 capital before regulatory adjustments	1,100	1,100	1,100
IRB provisions excess (+)	163	162	124
Deductions for investments in insurance companies			
Other items, net			
Total regulatory adjustments to Tier 2 capital	163	162	124
Tier 2 capital	1,263	1,262	1,224
Own funds (net after deduction)	22,551	22,548	22,542

¹ Excluding profit.

Minimum capital requirement and REA, Risk Exposure Amount

	30 Jun 2024	30 Jun 2024	31 Dec 2023	31 Dec 2023	30 Jun 2023	30 Jun 2023
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
NOKm						
Credit risk	6,720	83,994	6,276	78,450	6,308	78,858
- of which counterparty credit risk	6	78	9	111	4	51
IRB	6,017	75,213	5,733	71,661	5,709	71,368
- institutions	21	262	25	308	44	550
- retail	5,994	74,926	5,708	71,351	5,663	70,790
- secured by immovable property collateral	5,202	65,030	4,946	61,830	4,865	60,813
- other retail	792	9,896	762	9,521	798	9,977
- other	2	26	0	2	2	28
Standardised	702	8,781	543	6,789	599	7,490
- institutions	21	262	49	613	5	64
- retail	0	0	0	0	0	0
- secured by mortgages on immovable properties	680	8,503	493	6,168	594	7,426
- in default	1	16	1	8	0	0
Operational risk	283	3,537	283	3,537	303	3,784
Standardised	283	3,537	283	3,537	303	3,784
Total	7,003	87,531	6,559	81,987	6,611	82,642

Capital ratios

Percentage	30 Jun 2024	31 Dec 2023	30 Jun 2023
Common Equity Tier 1 capital ratio, excluding profit	24.3	26.0	25.8
Tier 1 capital ratio, excluding profit	24.3	26.0	25.8
Total capital ratio, excluding profit	25.8	27.5	27.3

Leverage ratio

Tier 1 capital, transitional definition, NOKm	21,288	21,285	21,318
Leverage ratio exposure, NOKm	379,291	364,889	361,754
Leverage ratio, percentage	5.6	5.8	5.9

Note 11 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 in Norway, 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 2024 the over-collateralization (OC) was 48.5%, 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 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 7 "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 12 Related-party transactions

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. Only counterparties to derivative contracts are Nordea Group internal. The volume of interest rate swaps was NOK 33bn (NOK 41bn) and currency swaps NOK 1bn (NOK 1bn) at the end of the second quarter 2024. Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendomskreditt, and at the end of the second quarter 2024 such borrowings amounted to NOK 113bn including accrued interests.

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

by Nordea Eiendomskreditt of NOK 37bn at the end of the second quarter of 2024.

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 650m in 2024 (NOK 679m). 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 14m in the first half year of 2024 (NOK 15m).

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 their best of their knowledge the interim report for the six months to 30 June 2024 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 2024 gives a true and fair:

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

Nordea Eiendoms kreditt AS
Oslo, 14 August 2024

Randi Marjamaa
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Tina Sandvik
Board member

Lene Steinum
Board member

Elen M. Stiksrud
Chief Executive Officer

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