

Nordea

Interim Report 3rd quarter 2022

Nordea Eiendoms kreditt AS

(unaudited)



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

Key financial figures

Summary of the income statement (NOKm)

	Jan-Sep 2022	Jan-Sep 2021	Year 2021
Net interest income	1 804	2 196	2 839
Net result from items at fair value	9	-110	-175
Other operating income	59	56	75
Total operating income	1 872	2 142	2 741
Staff costs	21	18	25
Other expenses	1 097	1 308	1 695
Total operating expenses	1 118	1 326	1 720
Loan losses (negative figures are reversals)	48	48	53
Operating profit	706	768	968
Income tax expense	176	192	242
Net profit for the period	529	576	726

Summary of the balance sheet (NOKm)

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Loans to the public, gross	293 902	283 926	286 234
Allowance for loan losses	-253	-212	-217
Other assets	5 842	6 369	6 238
Debt securities in issue	126 642	93 648	98 134
Other liabilities	153 043	176 628	174 139
Equity	19 805	19 807	19 982
Total assets	299 490	290 083	292 255
Average total assets	296 094	280 952	283 425

Ratios and key figures

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Basic/diluted Earnings per share (EPS), annualised basis, NOK	46,0	50,1	47,3
Equity per share ¹ , NOK	1 291	1 291	1 303
Shares outstanding ¹ , million	15,3	15,3	15,3
Return on average equity	3,6 %	3,9 %	3,7 %
Cost/income ratio	59,7 %	61,9 %	62,8 %
Loan loss ratio, annualised, basis points	2,2	2,3	1,9
Common Equity Tier 1 capital ratio	27,5 %	28,6 %	28,4 %
Tier 1 capital ratio ^{1,2}	27,5 %	28,6 %	28,4 %
Total capital ratio ^{1,2}	29,2 %	30,4 %	30,2 %
Own funds, NOKm ^{1,2}	20 355	20 320	20 328
Risk Exposure Amount ¹ , NOKm	69 679	66 926	67 392
Number of employees (Full-time equivalents) ¹	20,5	18,5	19,5

¹ At the end of the period.

² Excluding the year to date profit for interim figures.

Board of Directors' Report

Introduction

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

Nordea Eiendoms kreditt 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 294 billion at 30 September 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 nine months of 2022 was NOK 706 million (NOK 768 million). The profit reported is equivalent to a post-tax return on average equity of 3.6% (3.9%) on an annualised basis.

Net interest income in the first nine months decreased by 17.8% compared to the same period last year and amounted to NOK 1 804 million (NOK 2 196 million). The decrease is explained by lower lending margins, partly offset by higher lending volume.

Total operating expenses in the first nine months amounted to NOK 1 118 million (NOK 1 326 million). NOK 21 million (NOK 18 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 nine months of 2022 was 59.7% (61.9%).

Net loan losses

Loan losses and provisions recognised in the accounts for the first nine months of 2022 were NOK 47.8 million (NOK 48.0 million), whereof NOK 36.8 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 253 million at 30 September 2022, mainly due to migration into Stage 2 and change of macroeconomic scenarios.

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

Management judgement allowances decreased from NOK 38 million at the beginning of the year to NOK 32 million at end of the third quarter. These allowances continue to

ensure a strong reserve to cover both credit losses and planned improvements to provisioning models and processes.

Realised loan losses in the first nine months of 2022 were NOK 4.6 million. The underlying net loan losses in Nordea Eiendoms kreditt are low, reflecting a strong underlying credit portfolio with a positive rating migration (upgrades exceeding downgrades). No deterioration in credit quality have been observed in the third quarter. See note 4 and note 5 for further information about loan losses and impairment.

Funding and liquidity

During the first nine months of 2022 Nordea Eiendoms kreditt issued covered bonds amounting to NOK 47.4 billion in the Norwegian domestic market under its NOK 250 billion domestic covered bond programme. In the same period NOK 19.2 billion have matured. As of 30 September 2022, Nordea Eiendoms kreditt had outstanding covered bonds totalling NOK 120.6 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 third quarter of 2022 such borrowings amounted to NOK 151.0 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 1359% (612%) at the end of the third 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, introduced a Net Stable Funding Ratio (NSFR) requirement of minimum 100%. At the end of the third quarter 2022 Nordea Eiendoms kreditt had a NSFR ratio of 105.7%.

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 294 billion as of 30 September 2022 (NOK 284 billion), bought from Nordea Bank Abp, filial i Norge or issued directly from Nordea Eiendoms kreditt's own balance sheet. NOK 226 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 80.4% in relation to gross issued covered bonds.

Total assets amounted to NOK 299 billion at 30 September 2022 (NOK 290 billion).

Impaired loans

As of 30 September 2022 impaired loans amounted to NOK 565 million which corresponds to 0.19% of the total loan portfolio. Allowances of NOK 90 million have been made, and net impaired loans were NOK 475 million at 30 September 2022 compared to NOK 424 million at 30 September 2021.

Interest rate and currency hedging

The company uses interest rate and currency swaps to hedge interest rate and currency risk. At the end of the third quarter of 2022, the company was party to interest rate swaps with a nominal value of NOK 49.2 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 27.5%, at the end of the third quarter, a decrease of 0.1 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 was 29.2%, unchanged from last quarter.

REA was NOK 69.679 million, an increase of NOK 103 million, compared to the previous quarter, driven by increased volumes of residential mortgage loans.

Own Funds excluding profit was NOK 20 355 million at the end of the third quarter. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 19 169 million (no additional Tier 1 capital).

Regulatory development

Capital requirements

On 30 September, the Ministry of Finance published its notification of Norwegian systemically important (O-SII) banks. Nordea Eiendoms kreditt is one of three Norwegian institutions being identified as O-SII. The suggested O-SII buffer level for Nordea Eiendoms kreditt remains at 1%.

On 9 September, the Norwegian FSA published a revised Pillar 2 guideline (Circular 3/2022). Changes include that the Pillar 2 requirement may now be covered by 56.25% CET1 capital and 75% Tier 1 capital, while previously the Pillar 2 requirement was to be met only by CET1 capital. Further alignment with CRD V is expected to be published before year-end 2022.

Other information

Impacts from Russia's invasion of Ukraine

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 third quarter. These developments have been reflected in the regular update of Nordea's macroeconomic scenarios, which have been used in the IFRS 9 expected credit loss modelling. Nordea will continue to follow developments closely in the coming quarters.

Information on the financial impacts of the war in Ukraine and the Covid-19 pandemic, 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

So far, economic development has been strong this year with the seasonally adjusted unemployment rate dropping from 2.3% at the start of the year to a record low of 1.6% in September. Housing prices declined during the third quarter, but were still 4% higher in September than in the same month last year. Year-on-year consumer price inflation stood at 7% in September, driven by increased energy prices, but also by broad price increases of both imported goods and domestic goods and services. Norges Bank continues to hike interest rates due to a highly pressured economy and high inflation. The key rate was increased by 50bp in June, August and September, bringing it up to 2.25% in September, and Norges Bank signalled that it would be raised further going forward.

Nordea Direct Boligkreditt merger

The merger between Nordea Direct Boligkreditt AS (formerly Gjensidige Bank Boligkreditt AS) and Nordea Eiendoms kreditt AS was executed at 1 November 2022 according to approval from the regulators.

Nordea Eiendoms kreditt AS

Oslo, 14 November 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-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Year 2021
Operating income						
Interest income calculated using the effective interest rate		5 137 633	3 565 582	1 975 472	1 207 410	4 890 037
Other interest income		55 918	18 492	24 510	4 789	27 394
Interest expense		3 389 238	1 388 269	1 442 295	442 144	2 078 100
Net interest income	2	1 804 314	2 195 806	557 687	770 055	2 839 331
Fee and commission income		82 051	74 735	27 529	25 866	101 510
Fee and commission expense		25 193	19 122	11 643	8 954	26 534
Net fee and commission income		56 858	55 613	15 886	16 912	74 976
Net result from items at fair value	3	8 752	-109 704	9 648	2 482	-174 815
Other income		1 925	744	696	454	1 470
Total operating income		1 871 848	2 142 458	583 917	789 904	2 740 962
Staff costs		20 811	18 314	7 553	5 987	24 934
Other operating expenses		1 097 238	1 307 827	340 750	466 177	1 695 118
Depr/amortisation and impairment charges		102	55	34	18	84
Total operating expenses		1 118 151	1 326 196	348 337	472 182	1 720 137
Profit before loan losses		753 697	816 263	235 580	317 721	1 020 825
Loan losses	4	47 805	48 040	25 762	28 932	53 006
Operating profit		705 892	768 223	209 818	288 789	967 819
Income tax expense		176 477	192 057	52 456	72 197	241 960
Net profit for the period		529 415	576 165	157 362	216 592	725 860
Attributable to:						
Shareholder of Nordea Eiendoms kreditt AS		529 415	576 165	157 362	216 592	725 860
Total		529 415	576 165	157 362	216 592	725 860

Statement of comprehensive income

NOKt	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Year 2021
Net profit for the period	529 415	576 165	157 362	216 592	725 860
Items that may be reclassified subsequently to the income statement					
Cash flow hedges:					
Valuation gains/losses during the period	12 032	4 107	8 266	2 167	39 745
Tax on valuation gains/losses during the period	-3 008	-1 027	-2 066	-542	-9 936
Items that may not be reclassified subsequently to the income statement					
Defined benefit plans:					
Remeasurement of defined benefit plans	13 834	2 803	322	329	2 076
Tax on remeasurement of defined benefit plans	-3 458	-701	-80	-82	-519
Other comprehensive income, net of tax	19 400	5 183	6 440	1 872	31 365
Total comprehensive income	548 815	581 348	163 803	218 464	757 225
Attributable to:					
Shareholders of Nordea Eiendoms kreditt AS	548 815	581 348	163 803	218 464	757 225
Total	548 815	581 348	163 803	218 464	757 225

Balance sheet

NOKt	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
Assets				
Loans to credit institutions		232 849	535 641	397 796
Loans to the public	5, 10	293 648 095	283 713 911	286 016 966
Interest-bearing securities	9	5 225 290	5 215 397	5 205 173
Derivatives	7	417 539	606 658	648 759
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-65 889	-11 337	-17 024
Property and Equipment owned and RoU		111	135	213
Deferred tax assets		0	0	0
Current tax assets		0	0	0
Retirement benefit asset		7 454	0	0
Other assets		1	0	-78
Accrued income and prepaid expenses		24 659	22 140	2 656
Total assets	6	299 490 109	290 082 545	292 254 460
Liabilities				
Deposits by credit institutions		151 317 599	174 055 799	172 189 971
Debt securities in issue	11	126 641 544	93 647 787	98 133 486
Derivatives	7, 9	851 947	0	59 611
Fair value changes of the hedged items in portfolio hedge of interest rate risk		-771 243	253 720	161 100
Current tax liabilities		112 162	189 284	218 311
Other liabilities		12 746	9 003	9 231
Accrued expenses and prepaid income		187 042	889 695	239 471
Deferred tax liabilities		201 183	100 627	130 340
Provisions		9 074	3 474	2 731
Retirement benefit obligations		19 733	24 938	26 007
Subordinated loan capital		1 103 153	1 101 489	1 101 826
Total liabilities	6, 8	279 684 939	270 275 815	272 272 085
Equity				
Share capital		1 717 662	1 717 662	1 717 662
Share premium		8 815 965	8 815 965	8 815 965
Other reserves		-8 686	-54 268	-28 085
Retained earnings		8 750 813	8 751 206	9 476 834
Net profit for the period		529 415	576 165	
Total equity		19 805 170	19 806 730	19 982 375
Total liabilities and equity		299 490 109	290 082 545	292 254 460
Assets pledged as security for own liabilities		226 083 483	212 621 239	212 536 647
Commitments		29 546 723	27 827 194	27 874 717

Nordea Eiendoms kreditt AS Oslo, 14 November 2022

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Statements of changes in equity

NOKt	Share capital ¹	Share premium	Other reserves			Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans			
Opening balance at 1 January 2022	1 717 662	8 815 965	-14 944	-13 141		9 476 834	19 982 375
Total comprehensive income			9 024	10 375		529 415	548 815
Contribution and distribution							
Share Based Payment Programme						-20	-20
Dividend paid						-726 000	-726 000
Increase of share capital							0
Closing balance at 30 September 2022	1 717 662	8 815 965	-5 920	-2 765		9 280 229	19 805 170

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

NOKt	Share capital ¹	Share premium	Other reserves			Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans			
Opening balance at 1 January 2021	1 717 662	8 815 965	-44 753	-14 697		9 284 400	19 758 576
Total comprehensive income			3 080	2 103		576 165	581 348
Contribution and distribution							
Share Based Payment Programme EIP ²						806	806
Dividend paid						-534 000	-534 000
Closing balance at 30 September 2021	1 717 662	8 815 965	-41 673	-12 595		9 327 371	19 806 730

¹The company's share capital at 30 September 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-Sep 2022	Jan-Sep 2021	Year 2021
Operating activities			
Operating profit before tax	705 892	768 223	967 819
Adjustments for items not included in cash flow	43 184	20 592	24 539
Income taxes paid	-218 250	-383 470	-383 359
Cash flow from operating activities before changes in operating assets and liabilities	530 826	405 345	608 999
Changes in operating assets			
Change in loans to the public	-7 667 971	-17 686 359	-19 994 101
Change in interest-bearing securities	-20 117	-34 326	-24 102
Change in derivatives, net	1 023 556	777 183	794 693
Change in other assets	19 431	56 051	81 222
Changes in operating liabilities			
Change in deposits by credit institutions	-20 872 372	67 116 934	65 251 106
Change in debt securities in issue	28 508 058	-49 095 786	-44 610 087
Change in other liabilities	-961 665	258 425	-448 212
Cash flow from operating activities	559 746	1 797 467	1 659 518
Financing activities			
Issue of subordinated loan capital	0	-1 200 243	0
Repayment of subordinated loan capital	0		-1 200 000
Change of accrued interest on subordinated loan capital	1 327		94
Dividend paid	-726 000	-534 000	-534 000
Share Based Payment Programme (EIP)	-20	806	573
Cash flow from financing activities	-724 693	-1 733 437	-1 733 333
Cash flow for the year	-164 947	64 029	-73 816
Cash and cash equivalents at beginning of the period	397 796	471 612	471 612
Cash and cash equivalents at end of the period	232 849	535 641	397 796
Change	-164 947	64 029	-73 816

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Eiendoms kreditt's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as loan losses. The cash flows are classified by operating, investing and financing activities. Nordea Eiendoms kreditt does not have investing 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-Sep 2022	Jan-Sep 2021	Year 2021
Interest payments received	5 077 652	3 872 701	5 098 393
Interest expenses paid	-3 100 323	-1 654 970	-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 third quarter of 2022 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 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 three quarters 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 recognition, give rise to taxable and deductible temporary differences of equal amounts. Such a requirement may apply on the initial recognition of a lease liability and the corresponding right-of-use asset at the commencement of a lease. The requirement also applies in the context of decommissioning, restoration and similar liabilities where the corresponding amounts are recognised as part of the cost of the related asset.

The 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-Sep 2022	Jan-Sep 2021	Full year 2021
GBP 1 = NOK			
Income statement (average)	11,8123	11,8413	11,8224
Balance sheet (at end of period)	12,0632	11,7928	11,9374
EUR 1 = NOK			
Income statement (average)	10,0032	10,2275	10,1655
Balance sheet (at end of period)	10,5945	10,1330	10,0185

Note 2 Net interest income

NOKt	Jan-Sep	Jan-Sep	Q3	Q3	Full year
	2022	2021	2022	2021	2021
Interest income calculated using the effective interest rate method	5 137 633	3 565 582	1 975 472	1 207 410	4 890 037
Other interest income	55 918	18 492	24 510	4 789	27 394
Interest expense	3 389 238	1 388 269	1 442 295	442 144	2 078 100
Net interest income	1 804 314	2 195 806	557 687	770 055	2 839 331

Interest income calculated using the effective interest rate method

Loans to credit institutions	9 773	637	6 249	72	1 534
Loans to customers	5 072 872	3 526 981	1 948 420	1 195 745	4 833 878
Yield fees	54 448	52 297	19 171	16 419	71 825
Net interest paid or received on derivatives in accounting hedges of assets	540	-14 332	1 632	-4 827	-17 200
Interest income	5 137 633	3 565 582	1 975 472	1 207 410	4 890 037

Other interest income

Interest-bearing securities measured at fair value	55 918	18 492	24 510	4 789	27 394
Other interest income¹	55 918	18 492	24 510	4 789	27 394

Interest expense

Deposits by credit institutions	1 855 928	720 372	781 275	272 055	1 127 365
Debt securities in issue	1 437 184	803 382	603 090	167 851	1 037 868
Subordinated loan capital	23 895	36 713	9 117	11 561	42 694
Other interest expenses	94 370	64 348	31 457	21 450	130 447
Net interest paid or received on derivatives in hedges of liabilities	-22 140	-236 546	17 357	-30 773	-260 274
Interest expense	3 389 238	1 388 269	1 442 295	442 144	2 078 100

Interest from categories of financial instruments

NOKt	Jan-Sep	Jan-Sep	Q3	Q3	Full year
	2022	2021	2022	2021	2021
Financial assets at amortised cost	5 137 093	3 579 915	1 973 840	1 212 237	4 907 237
Financial assets at fair value through profit and loss (including hedging instruments) ¹	56 458	4 160	26 141	-38	10 194
Financial liabilities at amortised cost	-3 411 377	-1 624 815	-1 424 938	-472 917	-2 338 374
Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹	22 140	236 546	-17 357	30 773	260 274
Net interest income	1 804 314	2 195 806	557 687	770 055	2 839 331

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

Note 3 Net result from items at fair value

NOKt	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Year 2021
Financial instruments at FVPL - Mandatorily ¹	17 996	23 060	23 370	6 856	10 815
Financial instruments under hedge accounting	-9 244	-132 764	-13 722	-4 374	-185 631
- of which net gains/losses on hedged items	1 054 602	370 671	266 101	89 511	395 414
- of which net gains/losses on hedging instruments	-1 063 846	-503 435	-279 823	-93 885	-581 045
Total	8 752	-109 704	9 648	2 482	-174 815

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

Note 4 Loan losses

Net loan losses					
NOKt	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Year 2021
Net loan losses, Stage 1	9 799	-5 396	6 735	2 855	-8 820
Net loan losses, Stage 2	38 048	19 782	13 882	24 303	13 454
Total loan losses, non-defaulted	47 847	14 386	20 618	27 158	4 634
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated	-4 663	19 945	4 030	-9 267	33 639
Realised loan losses	4 620	27 962	1 115	11 061	28 986
Decrease of provisions to cover realised loan losses	0	-6 662	0	0	-6 662
Recoveries on previous realised loan losses	0	-515	0	-20	-515
Reversals of provisions	0	-7 076	0	0	-7 076
Net loan losses, defaulted	-43	33 654	5 144	1 774	48 372
Net loan losses	47 805	48 040	25 762	28 932	53 006

Key ratios¹					
	Jan-Sep 2022	Jan-Sep 2021	Q3 2022	Q3 2021	Year 2021
Loan loss ratio, basis points	2,20	2,34	3,52	4,10	1,91
- of which stage 1	0,45	-0,26	0,92	0,40	-0,32
- of which stage 2	1,75	0,96	1,90	3,44	0,49
- of which stage 3	0,00	1,64	0,70	0,25	1,75

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

Note 5 Loans and impairment

Loans and impairment

NOKt	30 Sep 2022	30 Sep 2021	31 Dec 2021
Loans measured at amortised cost, not impaired (Stage 1 and 2)	293 336 179	283 420 149	285 729 218
Impaired loans (Stage 3)	565 400	505 716	504 390
- of which servicing	190 351	117 043	144 288
- of which non-servicing	375 049	388 673	360 102
Loans before allowances	293 901 579	283 925 865	286 233 609
Allowances for individually assessed impaired loans (Stage 3)	-90 488	-81 511	-95 205
- of which servicing	-22 092	-10 246	-18 218
- of which non-servicing	-68 396	-71 265	-76 987
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-162 996	-130 443	-121 438
Allowances	-253 484	-211 953	-216 643
Loans, carrying amount	293 648 095	283 713 911	286 016 966

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	-35 154	-86 284	-95 205	-216 643
Changes due to origination and acquisition	-23 642	-24 428	-3 367	-51 437
Changes due to transfers from Stage 1 to Stage 2	2 277	-61 778	0	-59 500
Changes due to transfers from Stage 1 to Stage 3	72	0	-17 446	-17 374
Changes due to transfers from Stage 2 to Stage 1	-1 353	33 257	0	31 904
Changes due to transfers from Stage 2 to Stage 3	0	1 764	-10 762	-8 998
Changes due to transfers from Stage 3 to Stage 1	-81	0	5 329	5 248
Changes due to transfers from Stage 3 to Stage 2	0	-587	5 420	4 833
Changes due to changes in credit risk without stage transfer	7 598	-93	-2 055	5 449
Changes due to repayments and disposals	6 776	18 661	27 597	53 034
Balance at 30 Sep 2022	-43 508	-119 488	-90 488	-253 484

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	-41 946	-73 003	-75 304	-190 252
Changes due to origination and acquisition	-22 761	-25 532	-8 420	-56 712
Changes due to transfers from Stage 1 to Stage 2	2 340	-36 838	0	-34 498
Changes due to transfers from Stage 1 to Stage 3	31	0	-2 215	-2 185
Changes due to transfers from Stage 2 to Stage 1	-1 195	27 379	0	26 183
Changes due to transfers from Stage 2 to Stage 3	0	586	-3 913	-3 327
Changes due to transfers from Stage 3 to Stage 1	-82	0	1 561	1 479
Changes due to transfers from Stage 3 to Stage 2	0	-2 033	7 969	5 936
Changes due to changes in credit risk without stage transfer	16 425	-410	-31 513	-15 498
Changes due to repayments and disposals	8 853	17 743	23 663	50 259
Write-off through decrease in allowance account	0	0	6 662	6 662
Balance at 30 Sep 2021	-38 334	-92 108	-81 511	-211 953

Note 5 Loans and impairment cont.

Key ratios

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Impairment rate, (stage 3) gross, basis points ¹	19,2	17,8	17,6
Impairment rate (stage 3), net, basis points ²	16,2	14,9	14,3
Total allowance rate (stage 1, 2 and 3), basis points ³	8,6	7,5	7,6
Allowances in relation to credit impaired loans (stage 3), % ⁴	16,0	16,1	18,9
Allowances in relation to loans in stage 1 and 2, basis points ⁵	5,6	4,6	4,3

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

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

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

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

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

Forward looking information

Forward looking information is used both for assessing significant increases in credit risk and in the calculation of expected credit losses. Nordea Eiendomskreditt uses three macroeconomic scenarios, a baseline scenario, a favourable scenario and an adverse scenario. For the third quarter of 2022, the scenarios were weighted into the final expected credit losses (ECL) using baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of June 2022). The weightings reflected increasing downside risks to the macroeconomic projections during the third 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 and determining the relative weighting between the scenarios, Nordea took into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The risks around the baseline forecast are clearly tilted towards the downside. The scenarios 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 purchasing power from high energy and food prices, the general uncertainty related to the Ukraine war and the effect of higher interest rates. The significant increase in interest rates is expected to lead to falling prices in the Norwegian housing market over the coming year.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline projection. The development in energy prices may lead to an outright recession over the coming quarters due to weaker growth in private consumption and investments. In addition, house prices may see an even larger fall due to the high level of interest rates and squeeze in household purchasing power. A stabilisation of energy prices at a lower level and a resolution of the supply chain problems may on the other hand lead to a more positive outcome.

At the end of the third quarter of 2022 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 32m. 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 third quarter of 2022 (NOK 25m at the end of the second 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 7m (NOK 14m at the end of the second quarter of 2022). During the third quarter the macroeconomic conditions and outlook deteriorated driven by high inflation, higher interest rates and lower global growth. As a result, the cyclical management judgement allowance was kept unchanged at NOK 25m.

Note 5 Loans and impairment cont.

Scenarios	2022	2023	2024	Probability
				weight
Favourable scenario				10 %
GDP growth, %	2.2	1.6	1.1	
Unemployment, %	2.9	3.0	2.9	
Change in household consumption, %	1.9	1.7	2.8	
Change in house prices, %	-0.4	2.6	5.0	
Baseline scenario				50 %
GDP growth, %	1.6	1.1	0.2	
Unemployment, %	3.1	3.3	3.4	
Change in household consumption, %	1.3	0.8	1.5	
Change in house prices, %	-0.1	2.0	4.3	
Adverse scenario				40 %
GDP growth, %	-1.6	1.5	1.9	
Unemployment, %	4.4	4.4	3.9	
Change in household consumption, %	-0.9	-0.7	1.0	
Change in house prices, %	-5.7	-2.5	1.3	

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 September 2022, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial assets	
Assets					
Loans to credit institutions	232 849				232 849
Loans to the public	293 648 095				293 648 095
Interest-bearing securities		5 225 290			5 225 290
Derivatives		-13 817	431 356		417 539
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-65 889				-65 889
Equipment owned and RoU				111	111
Retirement benefit assets				7 454	7 454
Prepaid expenses and accrued income	22 764			1 895	24 659
Total assets	293 837 819	5 211 473	431 356	9 461	299 490 109

30 September 2022, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial liabilities	
Liabilities					
Deposits by credit institutions	151 317 599				151 317 599
Debt securities in issue	126 641 544				126 641 544
Derivatives		67 926	784 021		851 947
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-771 243				-771 243
Current tax liabilities				112 162	112 162
Other liabilities	2 957			9 789	12 746
Accrued expenses and prepaid income	2 361			184 681	187 042
Deferred tax liabilities				201 183	201 183
Provisions				9 074	9 074
Retirement benefit obligations				19 733	19 733
Subordinated loan capital	1 103 153				1 103 153
Total liabilities	278 296 371	67 926	784 021	536 621	279 684 939

Note 7 Derivatives and hedge accounting

30 September 2022, NOKt	Positive	Fair value Negative	Total nominal amount
Derivatives at FVPL - Mandatorily ¹:			
Interest rate sw aps	-13 817	67 926	37 000 000
Total	-13 817	67 926	37 000 000
Derivatives used for hedge accounting:			
Interest rate sw aps	79 915	701 448	12 233 000
Currency interest rate sw aps	351 441	82 573	4 208 000
Total	431 356	784 021	16 441 000
- of w hich fair value hedges	79 915	701 448	12 233 000
- of w hich cash flow hedges	351 441	82 573	4 208 000
Total derivatives	417 538	851 947	53 441 000

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

30 September 2021, NOKt	Positive	Fair value Negative	Total nominal amount
Derivatives at FVPL - Mandatorily ¹:			
Interest rate sw aps	-18 937	0	45 000 000
Total	-18 937	0	45 000 000
Derivatives used for hedge accounting:			
Interest rate sw aps	260 543	0	12 904 000
Currency interest rate sw aps	365 052	0	4 208 000
Total	625 595	0	17 112 000
- of w hich fair value hedges	260 543	0	12 904 000
- of w hich cash flow hedges	365 052	0	4 208 000
Total derivatives	606 658	0	62 112 000

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

Note 8 Fair value of financial assets and liabilities

NOKt	30 Sep 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	293 815 055	295 285 536	287 976 954	287 173 600
Interest-bearing securities	5 225 290	5 225 290	5 258 893	5 205 173
Derivatives	417 539	417 539	317 330	648 759
Prepaid expenses and accrued income	22 764	22 764	5 121	1 021
Total financial assets	299 480 648	300 951 129	293 558 297	293 028 552
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Deposits and debt instruments	278 291 053	277 874 938	271 586 384	272 346 763
Derivatives	851 947	851 947	59 611	59 611
Other financial liabilities	2 957	2 957	2 784	2 784
Accrued expenses and prepaid income	2 361	2 361	414	414
Total financial liabilities	279 148 318	278 732 203	271 649 192	272 409 571

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

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

Categorisation into fair value hierarchy

30 September 2022, NOKt	Quoted prices in	Valuation	Valuation technique	Total
	active markets for same instrument (Level 1)	technique using observable data (Level 2)	using non-observable data (Level 3)	
Financial assets¹				
Interest-bearing securities		5 225 290		5 225 290
Derivatives		417 539		417 539
Total assets	0	5 642 829	0	5 642 829
Financial liabilities¹				
Derivatives		775 782	76 165	851 947
Total liabilities	0	775 782	76 165	851 947

31 December 2021, NOKt	Quoted prices in	Valuation	Valuation technique	Total
	active markets for same instrument (Level 1)	technique using observable data (Level 2)	using non-observable data (Level 3)	
Financial assets¹				
Interest-bearing securities		5 205 173		5 205 173
Derivatives		648 759		648 759
Total assets	0	5 853 932	0	5 853 932
Financial liabilities¹				
Derivatives		59 611		59 611
Total liabilities	0	59 611	0	59 611

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 September 2022, NOKt	1 Jan 2022	Transfers into Level 3	Transfers out of Level 3	30 September 2022
Derivatives (net)	0	-76 165	0	-76 165

Unrealised gains and losses relates to those assets and liabilities held at the end of the reporting period. During the period Nordea Eiendoms kreditt 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 September 2022, NOKt	Fair value	Valuation techniques	Unobservable input
Derivatives			
Interest rate derivatives	-76 165	Option model	Correlation, volatilities
Total	-76 165		

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 and significant unobservable inputs used in the valuation techniques.

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 Sep 2022		30 Sep 2021		31 Dec 2021	
	Nominal value	Net present value	Nominal value	Net present value	Nominal value	Net present value
Loans to the public	293 554 294	292 302 983	283 729 209	283 622 396	286 003 331	285 574 385
- w hereof pool of eligible loans	226 083 483	225 119 775	212 621 239	212 541 196	212 536 647	212 217 886
Supplementary assets and derivatives:						
- w hereof CIRS	470 407	253 126	343 152	400 269	375 082	421 083
- w hereof IRS	0	-474 303	0	353 231	0	366 191
Total cover pool	226 553 890	224 898 597	212 964 391	213 294 695	212 911 729	213 005 160
Debt securities in issue (net outstanding amount)	125 232 407	124 669 122	92 677 152	93 230 092	96 967 082	97 493 204
Over-collateralization calculated on net outstanding covered bonds	80,9 %	80,4 %	129,8 %	128,8 %	119,6 %	118,5 %
Debt securities in issue (issued amount)	125 232 407	124 669 122	92 677 152	93 230 092	96 967 082	97 493 204
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) 1	80,9 %	80,4 %	129,8 %	128,8 %	119,6 %	118,5 %

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

The guidelines for calculating the over-collateralization requirement in the Norwegian legislation is given in the Financial Undertakings Act (Act No. 17 of 10 April 2015) Chapter 11 Bonds secured on a loan portfolio (covered bonds), and appurtenant regulations. Due to different calculation methods, Net present value in the table above 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 Sep 2022			30 Sep 2021		
	Nominal value	Other 1	Carrying amount	Nominal value	Other 1	Carrying amount
Covered bonds issued in Norwegian kroner	120 554 000			88 126 000		
Holdings of own covered bonds in Norwegian kroner	0			0		
Outstanding covered bonds issued in Norwegian kroner	120 554 000			88 126 000		
Covered bonds issued in GBP (in NOK)	3 618 957			3 537 852		
Covered bonds issued in EUR (in NOK)	1 059 450			1 013 300		
Total outstanding covered bonds	125 232 407	1 409 137	126 641 544	92 677 152	970 635	93 647 787
Loans and deposits from financial institutions on-demand	0	0	0	0	0	0
Loans and deposits from financial institutions for a fixed term	150 965 301	352 298	151 317 599	173 893 951	161 848	174 055 799
Subordinated loan	1 100 000	3 153	1 103 153	1 100 000	1 489	1 101 489
Total	277 297 708	1 764 588	279 062 295	267 671 103	1 133 971	268 805 074

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

Maturity information

Maximum 1 year	68 072 957	74 844 650
More than 1 year	209 224 751	192 826 453
Total	277 297 708	267 671 103

Norwegian covered bonds (NOKt) at 30 September 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	14 904 000
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	16 450 000
NO0010981301	21.04.2021	18.03.2026	Float	3M Nibor + 1,50%	NOK	11 950 000
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	3 500 000
NO0012513532	03.05.2022	17.03.2027	Float	3M Nibor + 0,33%	NOK	10 200 000
Total						120 554 000

Covered bonds issued in foreign currency at 30 September 2022

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
XS1837099339	18.06.2018	18.06.2023	Float	3M GBP Libor + 0,33%	GBP	300 000
XS1451306036	19.07.2016	15.07.2031	Fixed	0,738	EUR	100 000
Total (in NOKt equivalent)						4 678 407

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 Sep 2022	31 Dec ¹ 2021	30 Sep 2021
Equity	19 276	19 983	19 231
Proposed/actual dividend		-726	
Common Equity Tier 1 capital before regulatory adjustments	19 276	19 257	19 231
IRB provisions shortfall (-)	-106	-130	-127
Other items, net	-1	8	35
Total regulatory adjustments to Common Equity Tier 1 capital	-107	-122	-92
Common Equity Tier 1 capital (net after deduction)	19 169	19 135	19 139
Additional Tier 1 capital			
Tier 1 capital (net after deduction)	19 169	19 135	19 139
Tier 2 capital before regulatory adjustments	1 100	1 100	1 100
IRB provisions excess (+)	86	93	81
Total regulatory adjustments to Tier 2 capital	86	93	81
Tier 2 capital	1 186	1 193	1 181
Own funds (net after deduction)²	20 355	20 328	20 320

¹ Including profit of the period

² Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 20375m by 30 Sep 2022

NOKm	30 Sep 2022	31 Dec 2021	30 Sep 2021
Common Equity Tier 1 capital, including profit	19 155	19 135	19 139
Total Own Funds, including profit	20 341	20 328	20 319

Assumed 100% dividend payment from year 2021

Note 12 Capital adequacy cont.

	30 Sep 2022	30 Sep 2022	31 Dec 2021	31 Dec 2021	30 Sep 2021	30 Sep 2021
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
NOKm						
Credit risk	5 291	66 132	5 161	64 522	5 124	64 056
- of which counterparty credit risk	8	97	24	302	24	305
IRB	5 279	65 988	5 131	64 143	5 091	63 641
- institutions	17	215	18	225	18	226
- retail	5 261	65 761	5 113	63 917	5 072	63 405
- secured by immovable property collateral	4 683	58 535	4 548	56 847	4 497	56 212
- other retail	578	7 226	565	7 070	575	7 193
- other	1	12	0	1	1	10
Standardised	12	144	30	379	33	415
- institutions	12	144	30	379	33	415
Operational risk	284	3 547	228	2 845	228	2 845
Standardised	284	3 547	228	2 845	228	2 845
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR			2	25	2	25
Total	5 575	69 679	5 391	67 392	5 354	66 926

Capital ratios

	30 Sep 2022	31 Dec 2021	30 Sep 2021
Percentage			
Common Equity Tier 1 capital ratio	27,5	28,4	28,6
Tier 1 capital ratio	27,5	28,4	28,6
Total capital ratio	29,2	30,2	30,4

	30 Sep 2022	31 Dec ¹ 2021	30 Sep 2021
Leverage ratio			
Tier 1 capital, transitional definition, NOKm	19 169	19 135	19 139
Leverage ratio exposure, NOKm	314 236	306 947	304 842
Leverage ratio, percentage	6,1	6,2	6,3

¹ Including profit for the period

Note 13 Risks and uncertainties

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

Being an issuer of covered bonds, the company is also exposed to changes in the residential property market and the market for holiday homes. A decline in housing prices will reduce the value of the company's cover pool for the purpose of calculating the regulatory asset coverage requirement. Quarterly stress tests are carried out to estimate the effects of declining prices for residential properties and holiday homes. At the end of the third quarter 2022 the over-collateralization (OC) was 80.4%, meaning that the company can withstand a significant price drop without breaching the regulatory OC requirement. A drop in house prices will also increase the credit risk and may lead to increased loan losses in case of default, due to decreased value of the collateral.

There are 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 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 third quarter 2022 such borrowings amounted to NOK 151 billion.

Subordinated loans provided by Nordea Bank Abp was NOK 1.1 billion at the end of the third quarter. In addition, Nordea Bank Abp had a holding of covered bonds issued by Nordea Eiendoms kreditt of NOK 11 billion at the end of the third 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 1 028 million in the first nine months of 2022 (NOK 1 251 million booked in the first nine 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 26 million in the first nine months of 2022. All group internal transactions are settled according to market-based principles on conformity with OECD requirements on transfer pricing.

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