

# Nordea

## Interim Report 3<sup>rd</sup> quarter 2023

Nordea Eiendoms kreditt AS

(unaudited)



# Key financial figures

## Summary of the income statement (NOKm)

	Jan-Sep 2023	Jan-Sep 2022	Year 2022
Net interest income	1 587	1 872	2 319
Net fee and commission income	57	58	77
Net result from items at fair value	-47	6	-11
Other operating income	1	3	3
<b>Total operating income</b>	<b>1 597</b>	<b>1 939</b>	<b>2 388</b>
Staff costs	28	22	31
Other expenses	974	1 111	1 387
<b>Total operating expenses</b>	<b>1 001</b>	<b>1 134</b>	<b>1 419</b>
Loan losses (negative figures are reversals)	34	51	106
<b>Operating profit</b>	<b>562</b>	<b>755</b>	<b>863</b>
Income tax expense	141	189	215
<b>Net profit for the period</b>	<b>422</b>	<b>566</b>	<b>648</b>

## Summary of the balance sheet (NOKm)

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Loans to the public, gross	335 166	322 733	323 563
Allowance for loan losses	-345	-258	-311
Other assets	11 840	6 550	6 555
Debt securities in issue	175 028	130 988	149 352
Other liabilities	149 802	176 052	158 401
Equity	21 832	21 984	22 054
<b>Total assets</b>	<b>346 661</b>	<b>329 024</b>	<b>329 807</b>
Average total assets	340 077	320 074	322 559

## Ratios and key figures

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Basic/diluted Earnings per share (EPS), annualised basis, NOK	33,5	45,0	38,6
Equity per share <sup>1</sup> , NOK	1 301	1 310	1 314
Shares outstanding <sup>1</sup> , million	16,8	16,8	16,8
Return on average equity	2,6 %	3,4 %	2,9 %
Cost/income ratio	62,7 %	58,4 %	59,4 %
Loan loss ratio, annualised, basis points	1,3	2,1	3,4
Risk Exposure Amount <sup>1</sup> , NOKm	82 602	80 214	80 161
Own funds, NOKm <sup>12</sup>	22 538	22 497	22 530
Common Equity Tier 1 capital ratio	25,8%	26,6%	26,6%
Tier 1 capital ratio <sup>12</sup>	25,8%	26,6%	26,6%
Total capital ratio <sup>12</sup>	27,3%	28,0%	28,1%
Number of employees (Full-time equivalents) <sup>1</sup>	24,0	21,5	21,5

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

<sup>2</sup> Excluding the year to date profit for the interim period.

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

# Interim Report 3<sup>rd</sup> quarter 2023

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# 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 in Norway, and to finance its lending activities mainly by issuing covered bonds. The loan portfolio amounts to NOK 334 billion at 30 September 2023. 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 2023 was NOK 562 million, a significant reduction from NOK 755 million in the first nine months of 2022. The reduction compared to last year is mainly driven by lower lending margins from the mortgage loan portfolio due to fierce competition in the market, and increasing level of interest rates where we experience a time lag between increased funding costs and increased interest rates on lending to households. There is also a negative result from items at fair value this year. Return on average equity for the period was 2.6% (3.4%) on an annualised basis. The return on equity remains on a historically low level. This is to a large extent explained by significantly tighter lending spreads due to rapidly increasing market rates, but also as a result of the agreed pricing model for sales- and distribution fees that are paid to the parent bank.

Net interest income in the first nine months decreased by 15% compared to the same period last year and amounted to NOK 1 587 million (NOK 1 872 million). The decrease is explained by lower lending margins, partly offset by higher lending volume and higher income from the liquidity portfolio.

Total operating expenses in the first nine months of 2023 amounted to NOK 1 001 million (NOK 1 134 million). NOK 28 million (NOK 22 million) of operating expenses is staff related. The increase is mainly related to increased number of employees. 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, as well as treasury services, risk control and other supporting 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 according to market-based principles on conformity with OECD guidelines on transfer pricing. The cost/income ratio for the first nine months of 2023 was 62.7% (58.4%).

### Net loan losses

Loan losses and provisions recognised in the accounts for the first nine months of 2023 were NOK 34 million (NOK 51 million), whereof NOK 34 million is related to increased allowances for mortgage loans on the balance sheet and NOK 3 million is reversed provisions for loan commitments. Loan loss allowances have thus increased from NOK 311 million at the beginning of the year, to NOK 345 million on 30 September 2023, mainly due to migration into Stage 3, and change of macroeconomic scenarios. Provisions for loan commitments decreased from NOK 8 million at the beginning of the year to NOK 5 million on 30 September 2023. Loan losses in the third quarter was a reversal of NOK 34 million, partly due to reduced exposure in Stage 2.

Management judgement provisions are kept mainly unchanged during the first nine months of 2023. Nordea Eiendoms kreditt 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.

Realised loan losses in the first nine months were NOK 3 million. The underlying net loan losses in Nordea Eiendoms kreditt are low, reflecting a strong credit portfolio. Loans in Stage 3 (impaired loans) have increased, but we have also seen more upgrades than downgrades in the customers' risk grade during the third quarter. Overall, the assessment is that the credit quality of the loan portfolio has not deteriorated. See note 4 and note 5 for further information about loan losses and impairment.

### Funding and liquidity

During the first nine months of 2023 Nordea Eiendoms kreditt issued covered bonds amounting to NOK 52.2 billion in the Norwegian domestic market under its NOK 250 billion domestic covered bond programme. In the same period a NOK equivalent of

NOK 25.8 billion have been bought back or matured. As of 30 September 2023, Nordea Eiendoms kreditt had outstanding covered bonds totalling NOK 173.3 billion in the Norwegian 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 unsecured funding from the parent bank. At the end of the third quarter of 2023 such borrowings amounted to NOK 146.1 billion.

Nordea Eiendoms kreditt holds a liquidity buffer of NOK 10.3 billion and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 1684% (1359%) 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. Net Stable Funding Ratio (NSFR) was 113.0% (115.7%) at the end of the third quarter 2023.

### Rating

The company has since April 2010 had the rating Aaa from Moody's Investor Service for the covered bonds issued by the company.

### Lending

The gross book value of loans to the public amounted to NOK 335 billion as of 30 September 2023 (NOK 322 billion). NOK 246 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 41.0% in relation to gross issued covered bonds.

Total assets amounted to NOK 347 billion at 30 September 2023 (NOK 329 billion).

### Impaired loans

As of 30 September 2023 impaired loans amounted to NOK 799 million which corresponds to 0.24% of the total loan portfolio. Allowances of NOK 139 million have been made and net impaired loans were NOK 660 million at 30 September 2023 compared to NOK 480 million at 30 September 2022.

### Interest rate and currency hedging

The company uses interest rate and currency swaps to hedge interest rate and currency risk. At the close of the third quarter of 2023, the company was party to interest rate swaps with a nominal value of NOK 44 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

#### Regulatory development

As decided by Norges Bank, the counter cyclical capital buffer increased from 2.0 percent to 2.5 percent with effect from 31 March 2023.

The introduction of the revised CRD (CRD V) in June 2022 entailed a new minimum capital structure for Pillar 2 requirements. Until 2022, the imposed Pillar 2 requirement was composed of CET1 capital, while from Q1 2023, the Pillar 2 requirements shall as a minimum be composed of 56.25 percent CET1 capital and minimum 75 percent Tier 1 capital.

In accordance with regulatory notification rules, the Ministry of Finance (the Ministry) notified relevant EU/EEA Authorities in June 2023 about the identification of Norwegian systemically important institutions (O-SII). In September 2023, The EFTA Standing Committee authorised the Ministry to implement the notified O-SII buffer rates. At the end of September 2023, the Ministry could finally decide the buffer rates, which for Nordea Eiendoms kreditt AS remains unchanged at 1%.

The BRRD2 was formally incorporated into the EEA Agreement on 1 August 2023 as well as that several amending regulations were incorporated. In parallel with the implementation of the Banking Package in 2019, the BRRD2 has technically already been incorporated into the Financial Institutions Act as well as the Financial Institutions Regulations.

### Capital position

Nordea Eiendoms kreditt's Common Equity Tier 1 (CET1) capital ratio excluding profit was 25.8%, at the end of the third quarter, no change from previous quarter. Both CET1 and Risk Exposure Amount (REA) were stable from second to third quarter. The Total Capital ratio excluding profit was 27.3%, same as previous quarter.

Own Funds excluding profit was NOK 22 538 million at the end of the third quarter. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 21 299 million (no additional Tier 1 capital).

### Other information

#### Impacts from Russia's invasion of Ukraine

In terms of direct credit risk Nordea Eiendoms kreditt is unaffected by the war as the company does not have any exposure towards Russia and Ukraine. The impact of the uncertainty after the onset of the war – reflected in higher inflation and higher interest rates – on the global and Nordic economies was further assessed in the third quarter. These developments have been reflected in the regular update of Nordea's macroeconomic scenarios, which are used to update the financial forecasts and model IFRS 9 expected credit losses. Nordea Eiendoms kreditt has also reviewed its management judgement allowance to ensure that the overall provisioning levels are appropriate.

Information on the financial impacts of the war in Ukraine, have been provided in Note 1 "Accounting policies", in Note 5 "Loans and impairment" and in Note 12 "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. The closing is expected late 2024 and is subject to regulatory approvals. The mortgage loan portfolio will be purchased by Nordea Eiendoms kreditt AS and the acquired loans will be integrated into the company after the closing of the transaction.

## Macroeconomy

Norwegian mainland GDP was flat in the second quarter of 2023. However, the labour market has been resilient: the seasonally adjusted unemployment rate remained below 2%, having edged up only slightly since the first quarter, primarily in the construction sector. Housing prices have started to come down and were 1.3% lower in September than in the same month last year. While headline consumer price inflation has decreased due

to lower energy prices, underlying inflation is proving more sticky. Year-on-year consumer price inflation stood at 4.0% in October. Norges Bank continued its rate-hiking cycle, raising the key rate by 50bp in June and by 25bp in both August and September. The central bank also signalled a final hike in December, to 4.5%. The Norwegian krone has strengthened somewhat since the early summer.

## Nordea Eiendoms kreditt AS

Oslo, 14 November 2023

Randi Marjamaa  
Chair

Gro Elisabeth Lundevik  
Vice Chair

Ola Littorin  
Board member

Asbjørn Rødal  
Board member

Tina Sandvik  
Board member

Lene Steinum  
Board member

Anne Sofie Knoph  
Employee representative

Elen M. Stiksrud  
Chief Executive Officer

## Income statement

NOKt	Note	Jan-Sep 2023	Jan-Sep 2022	Q3 2023	Q3 2022	Year 2022
<b>Operating income</b>						
Interest income calculated using the effective interest rate method	2	11 068 333	5 513 032	4 119 756	2 130 151	8 458 243
Other interest income	2	226 963	57 669	118 908	25 146	98 957
Interest expense	2	9 708 566	3 698 703	3 842 651	1 590 817	6 238 603
<b>Net interest income</b>		<b>1 586 729</b>	<b>1 871 997</b>	<b>396 013</b>	<b>564 480</b>	<b>2 318 597</b>
Fee and commission income		83 258	83 542	28 371	28 025	111 547
Fee and commission expense		26 212	25 193	6 784	11 643	34 569
<b>Net fee and commission income</b>		<b>57 045</b>	<b>58 349</b>	<b>21 587</b>	<b>16 382</b>	<b>76 978</b>
Net result from items at fair value	3	-47 070	6 398	-2 169	9 962	-11 077
Other income		584	2 720	184	961	3 359
<b>Total operating income</b>		<b>1 597 289</b>	<b>1 939 464</b>	<b>415 615</b>	<b>591 786</b>	<b>2 387 857</b>
Staff costs		27 613	22 409	10 020	7 805	31 171
Other operating expenses		973 417	1 111 073	248 729	345 682	1 387 333
Depr/amortisation and impairment charges		108	102	40	34	136
<b>Total operating expenses</b>		<b>1 001 138</b>	<b>1 133 584</b>	<b>258 789</b>	<b>353 521</b>	<b>1 418 640</b>
<b>Profit before loan losses</b>		<b>596 151</b>	<b>805 878</b>	<b>156 827</b>	<b>238 265</b>	<b>969 216</b>
Loan losses	4	33 703	51 162	-33 739	29 317	106 375
<b>Operating profit</b>		<b>562 447</b>	<b>754 716</b>	<b>190 565</b>	<b>208 948</b>	<b>862 841</b>
Income tax expense		140 624	188 683	47 652	52 238	215 022
<b>Net profit for the period</b>		<b>421 823</b>	<b>566 033</b>	<b>142 914</b>	<b>156 710</b>	<b>647 819</b>
<b>Attributable to:</b>						
Shareholder of Nordea Eiendoms kreditt AS		421 823	566 033	142 914	156 710	647 819
<b>Total</b>		<b>421 823</b>	<b>566 033</b>	<b>142 914</b>	<b>156 710</b>	<b>647 819</b>

## Statement of comprehensive income

NOKt	Jan-Sep 2023	Jan-Sep 2022	Q3 2023	Q3 2022	Year 2022
<b>Net profit for the period</b>	<b>421 823</b>	<b>566 033</b>	<b>142 914</b>	<b>156 710</b>	<b>647 819</b>
<b>Items that may be reclassified subsequently to the income statement</b>					
Cash flow hedges:					
Valuation gains/losses	3 217	12 032	-5 041	8 266	7 019
Tax on valuation gains/losses	-804	-3 008	1 260	-2 066	-1 755
<b>Items that may not be reclassified subsequently to the income statement</b>					
Defined benefit plans:					
Remeasurement of defined benefit plans	2 130	13 834	545	322	1 504
Tax on remeasurement of defined benefit plans	-533	-3 458	-136	-80	-376
<b>Other comprehensive income, net of tax</b>	<b>4 010</b>	<b>19 400</b>	<b>-3 371</b>	<b>6 440</b>	<b>6 393</b>
<b>Total comprehensive income</b>	<b>425 833</b>	<b>585 433</b>	<b>139 543</b>	<b>163 150</b>	<b>654 212</b>
<b>Attributable to:</b>					
Shareholders of Nordea Eiendoms kreditt AS	425 833	585 433	139 543	163 150	654 212
<b>Total</b>	<b>425 833</b>	<b>585 433</b>	<b>139 543</b>	<b>163 150</b>	<b>654 212</b>

# Balance sheet

NOKt	Note	30 Sep 2023	30 Sep 2022	31 Dec 2022
<b>Assets</b>				
Loans to credit institutions		1 203 967	721 826	731 472
Loans to the public	5, 9	334 821 859	322 474 469	323 251 987
Interest-bearing securities	8	10 594 600	5 410 600	5 435 886
Derivatives	8	47 948	417 539	423 732
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-63 387	-65 889	-55 554
Property and Equipment owned and RoU		729	111	77
Retirement benefit assets		0	7 454	0
Other assets		120	32 830	-33
Accrued income and prepaid expenses		55 586	25 084	19 524
<b>Total assets</b>	6, 7	<b>346 661 420</b>	<b>329 024 026</b>	<b>329 807 091</b>
<b>Liabilities</b>				
Deposits by credit institutions		146 848 624	173 459 685	155 913 879
Debt securities in issue	10	175 028 075	130 987 777	149 352 274
Derivatives	8	1 330 855	860 033	761 036
Current tax liabilities		23 471	121 983	209 296
Other liabilities		16 662	47 069	20 845
Accrued expenses and prepaid income		197 248	221 515	226 015
Deferred tax liabilities		252 002	209 557	133 515
Provisions		4 935	9 074	8 211
Retirement benefit obligations		23 184	19 733	24 682
Subordinated loan capital		1 104 627	1 103 153	1 103 819
<b>Total liabilities</b>	6, 7	<b>324 829 684</b>	<b>307 039 579</b>	<b>307 753 572</b>
<b>Equity</b>				
Share capital		1 879 565	1 938 662	1 879 565
Share premium		9 874 082	9 814 985	9 874 082
Other reserves		-17 682	-8 686	-21 693
Retained earnings		9 673 948	9 673 453	10 321 566
Net profit for the period		421 823	566 033	
<b>Total equity</b>		<b>21 831 737</b>	<b>21 984 447</b>	<b>22 053 520</b>
<b>Total liabilities and equity</b>		<b>346 661 420</b>	<b>329 024 026</b>	<b>329 807 091</b>
Assets pledged as security for own liabilities		245 944 007	254 905 310	245 131 742
Commitments		34 380 693	31 476 644	31 618 092

## Nordea Eiendoms kreditt AS

Oslo, 14 November 2023

Randi Marjamaa  
Chair

Gro Elisabeth Lundevik  
Vice Chair

Ola Littorin  
Board member

Asbjørn Rødal  
Board member

Tina Sandvik  
Board member

Lene Steinum  
Board member

Anne Sofie Knoph  
Employee representative

Elen M. Stiksrud  
Chief Executive Officer



# Statements of changes in equity

The equity in Nordea Eiendoms kreditt increased by NOKt 2 142 685, as a result of the merger with Nordea Direct Boligkreditt AS on 1 November 2022. The share capital was increased by NOKt 161 903, and replaced the share capital in Nordea Direct Boligkreditt AS of NOKt 221 000. The share premium increased by NOKt 1 058 117 including NOKt 59 097 reclassified from share capital. Retained earnings increased by NOKt 922 665 as a result of the merger.

NOKt	Share capital <sup>1</sup>	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
<b>Balance at 1 January 2023</b>	<b>1 879 565</b>	<b>9 874 082</b>	<b>-9 681</b>	<b>-12 012</b>	<b>10 321 567</b>	<b>22 053 520</b>
Net profit for the year					421 823	421 823
<b>Items that may be reclassified subsequently to the income statement</b>						
Cash flow hedges:						
Valuation gains/losses			3 217			3 217
Tax on valuation gains/losses			-804			-804
<b>Items that may not be reclassified subsequently to the income statement</b>						
Defined benefit plans:						
Remeasurement of defined benefit plans				2 130		2 130
Tax on remeasurement of defined benefit plans				-533		-533
Other comprehensive income, net of tax	0	0	2 413	1 598	0	4 010
Total comprehensive income	0	0	2 413	1 598	421 823	425 833
<b>Contribution and distribution</b>						
Share Based Payments					202	202
Dividend paid					-647 819	-647 819
<b>Balance at 30 September 2023</b>	<b>1 879 565</b>	<b>9 874 082</b>	<b>-7 268</b>	<b>-10 414</b>	<b>10 095 773</b>	<b>21 831 737</b>

NOKt	Share capital <sup>1</sup>	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
<b>Balance at 1 January 2022</b>	<b>1 938 662</b>	<b>9 814 985</b>	<b>-14 945</b>	<b>-13 140</b>	<b>10 399 499</b>	<b>22 125 061</b>
Net profit for the year					566 033	566 033
<b>Items that may be reclassified subsequently to the income statement</b>						
Cash flow hedges:						
Valuation gains/losses			12 032			12 032
Tax on valuation gains/losses			-3 008			-3 008
<b>Items that may not be reclassified subsequently to the income statement</b>						
Defined benefit plans:						
Remeasurement of defined benefit plans				13 834		13 834
Tax on remeasurement of defined benefit plans				-3 458		-3 458
Other comprehensive income, net of tax	0	0	9 024	10 375	0	19 400
Total comprehensive income	0	0	9 024	10 375	566 033	585 433
<b>Contribution and distribution</b>						
Share Based Payments					-46	-46
Dividend paid					-726 000	-726 000
<b>Balance at 30 September 2022</b>	<b>1 938 662</b>	<b>9 814 985</b>	<b>-5 921</b>	<b>-2 764</b>	<b>10 239 486</b>	<b>21 984 447</b>

<sup>1</sup>The company's share capital at 30 September 2023 was NOKt 1,879,565,-. The number of shares was 16 781 828, each with a quota value of NOK 112. All shares are owned by Nordea Bank AB (publ).

# Cash Flow statement

NOKt	Jan-Sep 2023	Jan-Sep 2022	Year 2022
<b>Operating activities</b>			
Operating profit before tax	562 447	758 076	862 841
Adjustments for items not included in cash flow	30 707	71 378	97 727
Income taxes paid	-209 299	-250 612	-261 312
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>	<b>383 855</b>	<b>578 842</b>	<b>699 256</b>
<b>Changes in operating assets</b>			
Change in loans to the public	-11 603 855	-16 848 528	-17 664 399
Change in interest-bearing securities	-5 158 714	-15 717	-41 346
Change in derivatives, net	945 603	1 049 975	949 386
Change in other assets	-29 034	19 431	46 176
<b>Changes in operating liabilities</b>			
Change in deposits by credit institutions	-9 065 255	-7 912 592	-25 462 473
Change in debt securities in issue	25 675 801	24 768 645	42 227 149
Change in other liabilities	-29 101	-927 446	-32 454
<b>Cash flow from operating activities</b>	<b>1 119 300</b>	<b>712 610</b>	<b>721 295</b>
<b>Financing activities</b>			
Change of accrued interest on subordinated loan capital	808	1 327	1 993
Dividend paid	-647 819	-726 000	-726 000
Share Based Payment Programme (EIP)	202	-20	274
<b>Cash flow from financing activities</b>	<b>-646 809</b>	<b>-724 693</b>	<b>-723 733</b>
<b>Cash flow for the year</b>	<b>472 495</b>	<b>-12 085</b>	<b>-2 438</b>
Cash and cash equivalents at beginning of the period (Loans to credit institutions)	731 472	733 910	733 910
Cash and cash equivalents at end of the period (Loans to credit institutions)	1 203 967	721 825	731 472
<b>Change</b>	<b>472 495</b>	<b>-12 085</b>	<b>-2 438</b>

## Comments on the cash flow statement

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

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

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

NOKt	Jan-Sep 2023	Jan-Sep 2022	Year 2022
Interest payments received	10 808 835	5 077 652	8 157 307
Interest expenses paid	-9 075 497	-3 100 323	-5 341 358

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

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

# Notes to the financial statements

## Note 1 Accounting policies

The financial statements are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as endorsed by the European Union (EU). In addition, certain complementary rules in the Norwegian Accounting Act with supported regulation have been applied.

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statement for the year ended 31 December 2022.

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

### Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea Eiendoms kreditt on 1 January 2023.

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

On 1 January 2023 Nordea Eiendoms kreditt started applying the amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

The gross deferred tax assets and liabilities will be disclosed, but will be set off on the balance sheet if such requirements are met.

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

#### Other amendments to IFRS

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

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

### Critical judgements and estimation uncertainty

Nordea Eiendoms kreditt applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of the war in Ukraine, continued high level of inflation, increased interest rates and reduced economic growth on Nordea Eiendoms kreditt's financial statements.

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

More information on where critical judgements are generally applied and where estimation uncertainty exists, can be found in the Annual Report, Note 1 "Accounting policies", section 4.

Areas particularly important are loans to the public and provisions for loan losses. Critical judgement was applied in the assessment of when loans had experienced a significant increase in credit risk (staging) and in the application of macro scenarios and scenario weights when estimating the increase in expected credit losses.

Critical judgements were also applied when determining the fair value of financial instruments that lack quoted prices or recently observed market prices. In these instances, decisions are based upon professional judgement in accordance with Nordea Eiendoms kreditt's accounting and valuation policies. More information on financial instruments held at fair value on Nordea Eiendoms kreditt's balance sheet can be found in Note 8.

### Exchange rates

	Jan-Sep	Jan-Sep	Full year
GBP 1 = NOK	2023	2022	2022
Income statement (average)	13,0411	11,8123	11,8469
Balance sheet (at end of period)	13,0216	12,0632	11,8848

  

EUR 1 = NOK			
Income statement (average)	11,3507	10,0032	10,1021
Balance sheet (at end of period)	11,2780	10,5945	10,5180

## Note 2 Net interest income

NOKt	Jan-Sep	Jan-Sep	Q3	Q3	Full year
	2023	2022	2023	2022	2022
<b>Interest income calculated using the effective interest rate method</b>	<b>11 068 333</b>	<b>5 513 032</b>	<b>4 119 756</b>	<b>2 130 151</b>	<b>8 458 243</b>
Interest income	226 963	57 669	118 908	25 146	98 957
Interest expense	9 708 566	3 698 703	3 842 651	1 590 817	6 238 603
<b>Net interest income</b>	<b>1 586 729</b>	<b>1 871 997</b>	<b>396 013</b>	<b>564 480</b>	<b>2 318 597</b>
<b>Interest income calculated using the effective interest rate method</b>					
Loans to credit institutions	41 010	18 710	17 995	9 849	44 839
Loans to customers	10 968 580	5 439 333	4 082 207	2 099 500	8 338 649
Yield fees	39 812	54 448	12 039	19 171	69 467
Net interest paid or received on derivatives in accounting hedges of assets	18 931	540	7 515	1 632	5 288
<b>Interest income</b>	<b>11 068 333</b>	<b>5 513 032</b>	<b>4 119 756</b>	<b>2 130 151</b>	<b>8 458 243</b>
<b>Other interest income</b>					
Interest-bearing securities measured at fair value	226 963	57 669	118 908	25 146	98 957
<b>Other interest income<sup>1</sup></b>	<b>226 963</b>	<b>57 669</b>	<b>118 908</b>	<b>25 146</b>	<b>98 957</b>
<b>Interest expense</b>					
Deposits by credit institutions	4 528 186	2 079 288	1 768 922	900 408	3 425 269
Debt securities in issue	4 873 931	1 523 289	1 931 827	632 478	2 611 354
Subordinated loan capital	43 962	23 895	16 242	9 117	36 518
Other interest expenses	104 772	94 370	33 092	31 457	156 613
Net interest paid or received on derivatives in hedges of liabilities	157 715	-22 140	92 568	17 357	8 849
<b>Interest expense</b>	<b>9 708 566</b>	<b>3 698 703</b>	<b>3 842 651</b>	<b>1 590 817</b>	<b>6 238 603</b>

### Interest from categories of financial instruments

NOKt	Jan-Sep	Jan-Sep	Q3	Q3	Full year
	2023	2022	2023	2022	2022
Financial assets at amortised cost	11 049 403	5 514 242	4 112 241	2 129 156	8 454 945
Financial assets at fair value through profit and loss (including hedging instruments) <sup>1</sup>	245 893	56 458	126 423	26 141	102 256
Financial liabilities at amortised cost	-9 550 851	-3 720 843	-3 750 083	-1 573 460	-6 229 755
Financial liabilities at fair value through profit or loss (related to hedging instruments) <sup>1</sup>	-157 715	22 140	-92 568	-17 357	-8 849
<b>Net interest income</b>	<b>1 586 729</b>	<b>1 871 997</b>	<b>396 013</b>	<b>564 480</b>	<b>2 318 597</b>

<sup>1</sup> 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, for further information see Note 1 Accounting policies in the Annual report.

## Note 3 Net result from items at fair value

### Net gains/losses for categories of financial instruments

NOKt	Jan-Sep	Jan-Sep	Q3	Q3	Full Year
	2023	2022	2023	2022	2022
Financial assets and liabilities mandatorily at fair value through profit or loss <sup>1</sup>	-876 215	-1 048 251	-201 287	-256 731	-866 788
Financial assets at amortised cost <sup>2</sup>	-21 868	-63 557	-3 402	-12 505	-65 688
Financial liabilities at amortised cost <sup>3</sup>	850 757	1 118 159	202 429	278 606	920 915
Foreign exchange gains/losses excluding currency hedges	256	47	90	592	483
<b>Total</b>	<b>-47 070</b>	<b>6 398</b>	<b>-2 169</b>	<b>9 962</b>	<b>-11 077</b>

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

<sup>2</sup> This row includes net gain/loss arising from derecognition of financial assets measured at amortised cost of NOK -14m (NOK -15m) in the first three quarters of 2023. The reason for derecognition is that the assets were prepaid by the customer. This line item also includes fair value changes of hedged amortised cost assets in hedges of interest rate risk of NOK -8m (NOK -49m) in the first three quarters of 2023.

<sup>3</sup> This row mainly includes fair value changes of hedged amortised cost liabilities in hedges of interest rate risk of NOK 862m (NOK 1130m) in the first three quarters of 2023.

## Note 4 Loan losses

### Net loan losses

NOKt	Jan-Sep	Jan-Sep	Q3	Q3	Year
	2023	2022	2023	2022	2022
Net loan losses, Stage 1	6 826	11 981	-4 853	8 937	16 112
Net loan losses, Stage 2	-113	38 671	-45 575	14 688	62 172
<b>Total loan losses, non-defaulted</b>	<b>6 712</b>	<b>50 652</b>	<b>-50 429</b>	<b>23 625</b>	<b>78 284</b>

### Stage 3, defaulted

Net loan losses, individually assessed, collectively calculated	26 275	-3 864	15 366	4 647	19 951
Realised loan losses	3 007	4 620	1 325	1 115	15 704
Recoveries on previous realised loan losses	-11	0	0	0	-7 122
Reversals of provisions	-2 280	-246	0	-69	-442
<b>Net loan losses, defaulted</b>	<b>26 991</b>	<b>511</b>	<b>16 690</b>	<b>5 692</b>	<b>28 091</b>

<b>Net loan losses</b>	<b>33 703</b>	<b>51 162</b>	<b>-33 739</b>	<b>29 317</b>	<b>106 375</b>
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### Key ratios<sup>1</sup>

	Jan-Sep	Jan-Sep	Q3	Q3	Year
	2023	2022	2023	2022	2022
Loan loss ratio, basis points	1,34	2,15	-4,04	3,69	3,37
- of which stage 1	0,27	0,50	-0,58	1,13	0,51
- of which stage 2	0,00	1,62	-5,46	1,85	1,97
- of which stage 3	1,08	0,02	2,00	0,72	0,89

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

## Note 5 Loans and impairment

### Loans and impairment

NOKt	30 Sep 2023	30 Sep 2022	31 Dec 2022
Loans measured at amortised cost, not impaired (Stage 1 and 2)	334 367 049	322 161 542	322 953 240
Impaired loans (Stage 3)	799 320	571 347	609 274
- of which servicing	187 834	190 351	206 772
- of which non-servicing	611 487	375 049	402 502
<b>Loans before allowances</b>	<b>335 166 369</b>	<b>322 732 889</b>	<b>323 562 514</b>
Allowances for individually assessed impaired loans (Stage 3)	-139 151	-91 540	-115 213
- of which servicing	-26 677	-22 092	-36 088
- of which non-servicing	-112 474	-69 448	-79 124
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-205 359	-166 878	-195 315
<b>Allowances</b>	<b>-344 510</b>	<b>-258 418</b>	<b>-310 527</b>
<b>Loans, carrying amount</b>	<b>334 821 859</b>	<b>322 474 471</b>	<b>323 251 987</b>

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

NOKt	Stage 1	Stage 2	Stage 3	Total
<b>Balance at 1 January 2023</b>	<b>-50 045</b>	<b>-145 269</b>	<b>-115 213</b>	<b>-310 527</b>
Changes due to origination and acquisition	-35 098	-40 032	-6 995	-82 126
Changes due to transfers from Stage 1 to Stage 2	2 185	-58 417	0	-56 232
Changes due to transfers from Stage 1 to Stage 3	103	0	-27 238	-27 136
Changes due to transfers from Stage 2 to Stage 1	-3 405	60 757	0	57 352
Changes due to transfers from Stage 2 to Stage 3	0	3 773	-28 136	-24 363
Changes due to transfers from Stage 3 to Stage 1	-94	0	7 105	7 011
Changes due to transfers from Stage 3 to Stage 2	0	-1 660	19 418	17 758
Changes due to changes in credit risk without stage transfer	18 318	-3 086	-24 345	-9 114
Changes due to repayments and disposals	10 286	36 327	36 253	82 866
<b>Balance at 30 Sep 2023</b>	<b>-57 751</b>	<b>-147 608</b>	<b>-139 151</b>	<b>-344 510</b>

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

NOKt	Stage 1	Stage 2	Stage 3	Total
<b>Balance at 1 January 2022</b>	<b>-35 501</b>	<b>-87 014</b>	<b>-95 703</b>	<b>-218 218</b>
Changes due to origination and acquisition	-24 612	-24 794	-3 367	-52 773
Changes due to transfers from Stage 1 to Stage 2	2 713	-62 213	0	-59 500
Changes due to transfers from Stage 1 to Stage 3	944	0	-18 318	-17 374
Changes due to transfers from Stage 2 to Stage 1	-1 364	33 267	0	31 904
Changes due to transfers from Stage 2 to Stage 3	0	1 765	-10 762	-8 998
Changes due to transfers from Stage 3 to Stage 1	-80	0	5 328	5 248
Changes due to transfers from Stage 3 to Stage 2	0	-625	5 458	4 833
Changes due to changes in credit risk without stage transfer	4 989	-90	-1 979	2 920
Changes due to repayments and disposals	6 877	18 863	27 802	53 542
<b>Balance at 30 Sep 2022</b>	<b>-46 034</b>	<b>-120 841</b>	<b>-91 542</b>	<b>-258 418</b>

### Key ratios

	30 Sep 2023	30 Sep 2022	31 Dec 2022
Impairment rate, (stage 3) gross, basis points <sup>1</sup>	23,8	17,7	18,8
Impairment rate (stage 3), net, basis points <sup>2</sup>	19,7	14,9	15,3
Total allowance rate (stage 1, 2 and 3), basis points <sup>3</sup>	10,3	8,0	9,6
Allowances in relation to credit impaired loans (stage 3), % <sup>4</sup>	17,4	16,0	18,9
Allowances in relation to loans in stage 1 and 2, basis points <sup>5</sup>	6,1	5,2	6,0

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

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

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

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

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

## Note 5 Loans and impairment cont.

### Forward looking information

Forward looking information is used both for assessing significant increases in credit risk and in the calculation of expected credit losses. Nordea Eiendomskreditt uses three macroeconomic scenarios, a baseline scenario, a favourable scenario and an adverse scenario. For the third quarter of 2023 the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of the second quarter of 2023). The weight of the adverse scenario was kept at an elevated level, reflecting continued uncertainty regarding the macroeconomic outlook.

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

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

The baseline scenario for the Nordic economies foresees modest growth and slightly higher unemployment in the coming years as the pass-through of higher rates and elevated inflation continues to

weigh on economic activity. Growth in 2023 remains moderate in Denmark, Finland and Norway, and negative in Sweden. Core inflation is expected to remain elevated. Home prices have stabilised after the downward adjustment in 2023. In 2024 prices are expected to rise slowly before picking up further in 2025. 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 may lead central banks to adopt a higher-for-longer strategy, triggering a deep recession due to falling private consumption and investment. In addition, housing prices may see an even larger decline due to high interest rates, a squeeze in household purchasing power and weak confidence. Normalising inflation, on the other hand, may aid growth in 2024 and support a stronger recovery going forward.

At the end of the third quarter of 2023 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 101m (NOK 107m at the end of the second quarter 2023). 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 97m at the end of the third quarter of 2023 (NOK 101 at the end of the second quarter of 2023) 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 6m at the end of the second quarter of 2023).

The cyclical management judgement allowance was reassessed based on updated credit portfolio assessments and stress testing, but kept mainly unchanged this quarter. Overall, the existing levels of allowances were concluded to be sufficient for the current risk outlook.

## Note 5 Loans and impairment cont.

Scenarios				Probability
	2024	2025	2026	weight
<b>Favourable scenario</b>				10%
GDP grow th, %	2.2	1.0	0.8	
Unemployment, %	3.1	3.2	3.5	
Change in household consumption, %	1.7	2.5	2.9	
Change in house prices, %	1.4	3.8	6.0	
<b>Baseline scenario</b>				50%
GDP grow th, %	0.5	1.1	1.0	
Unemployment, %	3.7	3.8	3.8	
Change in household consumption, %	0.1	2.1	2.6	
Change in house prices, %	0.6	3.5	4.9	
<b>Adverse scenario</b>				40%
GDP grow th, %	-1.4	0.4	0.4	
Unemployment, %	4.7	4.8	4.9	
Change in household consumption, %	-0.9	1.3	1.5	
Change in house prices, %	-4.2	1.2	2.0	

## Note 6 Classification of assets and liabilities

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

30 September 2023, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial assets	
<b>Assets</b>					
Loans to credit institutions	1 203 967				1 203 967
Loans to the public	334 821 859				334 821 859
Interest-bearing securities		10 594 600			10 594 600
Derivatives		-18 055	66 003		47 948
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-63 387				-63 387
Property and Equipment owned and RoU				729	729
Other assets				120	120
Accrued income and prepaid expenses	54 031			1 555	55 586
<b>Total assets</b>	<b>336 016 470</b>	<b>10 576 545</b>	<b>66 003</b>	<b>2 404</b>	<b>346 661 420</b>

30 September 2023, NOKt	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial liabilities	
<b>Liabilities</b>					
Deposits by credit institutions	146 848 624				146 848 624
Debt securities in issue	175 028 075				175 028 075
Derivatives		136 758	1 194 097		1 330 855
Current tax liabilities				23 471	23 471
Other liabilities	3 202			13 460	16 662
Accrued expenses and prepaid income	9 096			188 152	197 248
Deferred tax liabilities				252 002	252 002
Provisions				4 935	4 935
Retirement benefit obligations				23 184	23 184
Subordinated loan capital	1 104 627				1 104 627
<b>Total liabilities</b>	<b>322 993 624</b>	<b>136 758</b>	<b>1 194 097</b>	<b>505 204</b>	<b>324 829 684</b>



## Note 7 Fair value of financial assets and liabilities

NOKt	30 Sep 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Loans	335 962 438	338 577 377	323 927 906	328 228 331
Interest-bearing securities	10 594 600	10 594 600	5 435 886	5 435 886
Derivatives	47 948	47 948	423 732	423 732
Accrued income and prepaid expenses	54 031	54 031	18 148	18 148
<b>Total financial assets</b>	<b>346 659 016</b>	<b>349 273 955</b>	<b>329 805 671</b>	<b>334 106 097</b>
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities</b>				
Deposits and debt instruments	322 981 327	323 234 048	306 369 973	306 385 298
Derivatives	1 330 855	1 330 855	761 036	761 036
Other financial liabilities	3 202	3 202	3 597	3 597
Accrued expenses and prepaid income	9 096	9 096	3 883	3 883
<b>Total financial liabilities</b>	<b>324 324 480</b>	<b>324 577 201</b>	<b>307 138 489</b>	<b>307 153 814</b>

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

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

### Categorisation into fair value hierarchy

	Quoted prices in active markets for same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
30 September 2023, NOKt				
<b>Financial assets <sup>1</sup></b>				
Interest-bearing securities		10 594 600		10 594 600
Derivatives		94 189	-46 241	47 948
<b>Total assets</b>	<b>0</b>	<b>10 688 789</b>	<b>-46 241</b>	<b>10 642 548</b>
<b>Financial liabilities <sup>1</sup></b>				
Derivatives		1 330 855	0	1 330 855
<b>Total liabilities</b>	<b>0</b>	<b>1 330 855</b>	<b>0</b>	<b>1 330 855</b>
31 December 2022, NOKt				
<b>Financial assets <sup>1</sup></b>				
Interest-bearing securities		5 435 886		5 435 886
Derivatives		423 732		423 732
<b>Total assets</b>	<b>0</b>	<b>5 859 618</b>	<b>0</b>	<b>5 859 618</b>
<b>Financial liabilities <sup>1</sup></b>				
Derivatives		702 726	58 310	761 036
<b>Total liabilities</b>	<b>0</b>	<b>702 726</b>	<b>58 310</b>	<b>761 036</b>

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

### Transfers between Level 1 and Level 2

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

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

### Movements in Level 3

30 September 2023, NOKt	1 January 2023	Transfers out of Level 3	Unrealised fair value gains/losses recorded in income statement	30 September 2023
Derivatives (net)	-58 310	69 011	-56 943	-46 241

During the period, one derivative contract has been transferred from level 3 to level 2 of the fair value hierarchy due to that the maturity is now within 20 years. One derivative contract is still valued according to level 3 since in the period, observable market data has not been available for maturities longer than 20 years. Fair value gains and losses in the income statement during the period are included in Net result from items at fair value, see Note 3 "Net result from items at fair value".

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

30 September 2023, NOKt	Fair value	Valuation techniques	Unobservable input
<b>Derivatives, net</b>			
Interest rate derivatives	-46 241	Option model	Correlation, volatilities
<b>Total</b>	<b>-46 241</b>		

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

### Valuation processes for fair value measurements in Level 3

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

## Note 9 Cover Pool

NOKt	30 Sep 2023		30 Sep 2022		31 Dec 2022	
	Nominal value	Net present value	Nominal value	Net present value	Nominal value	Net present value
Loans to the public	334 413 441	334 064 634	322 385 604	321 134 293	323 064 144	322 450 476
- w hereof pool of eligible loans	245 747 252	245 490 928	254 905 310	253 941 601	244 935 636	244 470 375
Supplementary assets and derivatives:	189 800	-810 484	844 742	140 842	409 225	-84 792
- w hereof CIRS	189 800	-17 260	470 407	253 126	409 225	180 556
- w hereof IRS	0	-793 224	0	-480 461	0	-265 348
<b>Total cover pool</b>	<b>245 937 052</b>	<b>244 680 444</b>	<b>255 750 051</b>	<b>254 082 443</b>	<b>245 344 861</b>	<b>244 385 583</b>
Debt securities in issue (net outstanding amount)	174 451 800	174 227 970	130 332 407	129 775 382	148 332 225	148 427 632
Over-collateralization calculated on net outstanding covered bonds	41,0 %	40,4 %	96,2 %	95,8 %	65,4 %	64,6 %
Debt securities in issue (issued amount)	174 451 800	174 227 970	130 332 407	129 775 382	148 332 225	148 427 632
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) <sup>1</sup>	41,0 %	40,4 %	96,2 %	95,8 %	65,4 %	64,6 %

<sup>1</sup>without deduction for holdings of own bonds, if any.

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

## Note 10 Debt securities in issue and loans from financial institutions

NOKt	30 Sep 2023			30 Sep 2022		
	Nominal value	Other <sup>1</sup>	Carrying amount	Nominal value	Other <sup>1</sup>	Carrying amount
Covered bonds issued in Norwegian kroner	173 324 000			125 654 000		
Holdings of own covered bonds in Norwegian kroner	0			0		
<b>Outstanding covered bonds issued in Norwegian kroner</b>	<b>173 324 000</b>			<b>125 654 000</b>		
Covered bonds issued in GBP (in NOK)	0			3 618 957		
Covered bonds issued in EUR (in NOK)	1 127 800			1 059 450		
<b>Total outstanding covered bonds</b>	<b>174 451 800</b>	<b>576 275</b>	<b>175 028 075</b>	<b>130 332 407</b>	<b>655 370</b>	<b>130 987 777</b>
Loans and deposits from financial institutions for a fixed term	146 062 650	785 974	146 848 624	173 084 453	375 232	173 459 685
Subordinated loan	1 100 000	4 627	1 104 627	1 100 000	3 153	1 103 153
<b>Total</b>	<b>321 614 450</b>	<b>1 366 876</b>	<b>322 981 327</b>	<b>304 516 860</b>	<b>1 033 755</b>	<b>305 550 615</b>

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

### Maturity information

Maximum 1 year	80 086 650	94 692 109
More than 1 year	241 527 800	209 824 751
<b>Total</b>	<b>321 614 450</b>	<b>304 516 860</b>

### Norwegian covered bonds (NOKt) at 30 September 2023

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
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	19 800 000
NO0012732017	28.10.2022	28.10.2037	Fixed	4.0	NOK	1 250 000
NO0012720988	12.10.2022	12.10.2029	Fixed	4.0	NOK	6 150 000
NO0012513532	03.05.2022	17.03.2027	Float	3M Nibor + 0.33%	NOK	23 800 000
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	20 000 000
NO0010873334	22.01.2020	19.03.2025	Float	3M Nibor + 0.26%	NOK	20 000 000
NO0010852650	22.05.2019	22.05.2026	Fixed	2.17	NOK	6 000 000
NO0010843626	26.02.2019	19.06.2024	Float	3M Nibor + 0.34%	NOK	33 254 000
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
<b>Total</b>						<b>173 324 000</b>

### Covered bonds issued in foreign currency at 30 September 2023

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
<b>Total (in NOKt equivalent)</b>						<b>1 127 800</b>

## Note 11 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 2023	31 Dec <sup>1</sup> 2022	30 Sep <sup>2</sup> 2022
Equity	21 410	22 054	21 418
Proposed/actual dividend		-648	
Common Equity Tier 1 capital before regulatory adjustments	21 410	21 406	21 418
Deferred tax assets			
Intangible assets			
IRB provisions shortfall (-)	-111	-79	-106
Pension assets in excess of related liabilities			
Other items, net	-0	-9	-1
Total regulatory adjustments to Common Equity Tier 1 capital	-111	-88	-107
<b>Common Equity Tier 1 capital (net after deduction)</b>	<b>21 299</b>	<b>21 317</b>	<b>21 311</b>
Additional Tier 1 capital before regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital			
Additional Tier 1 capital			
<b>Tier 1 capital (net after deduction)</b>	<b>21 299</b>	<b>21 317</b>	<b>21 311</b>
Tier 2 capital before regulatory adjustments	1 100	1 100	1 100
IRB provisions excess (+)	139	113	86
Deductions for investments in insurance companies			
Other items, net			
Total regulatory adjustments to Tier 2 capital	139	113	86
Tier 2 capital	1 239	1 213	1 186
<b>Own funds (net after deduction)<sup>1</sup></b>	<b>22 538</b>	<b>22 530</b>	<b>22 497</b>

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

<sup>2</sup> Q3 2022 adjusted to include Nordea Direct

### Own Funds, including profit

NOKm	30 Sep 2023	31 Dec 2022	30 Sep 2022
Common Equity Tier 1 capital, including profit	21 289	21 317	21 297
Total Own Funds, including profit	22 528	22 530	22 483
Assumed 100% dividend			

## Note 11 Capital adequacy cont.

### Minimum capital requirement and REA, Risk Exposure Amount

NOKm	30 Sep	30 Sep	31 Dec	31 Dec	30 Sep	30 Sep
	2023	2023	2022	2022	2022	2022
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
<b>Credit risk</b>	<b>6 305</b>	<b>78 818</b>	<b>6 111</b>	<b>76 377</b>	<b>6 111</b>	<b>76 390</b>
- of which counterparty credit risk	5	61	10	124	8	99
IRB	5 741	71 764	5 360	66 995	5 279	65 988
- institutions	25	308	17	214	17	215
- retail	5 715	71 440	5 343	66 780	5 261	65 761
- secured by immovable property collateral	4 926	61 572	4 691	58 634	4 683	58 535
- other retail	789	9 868	652	8 146	578	7 226
- other	1	15	0	1	1	13
Standardised	564	7 054	751	9 382	832	10 402
- institutions	25	310	21	260	20	246
- retail			1	16	5	67
- secured by mortgages on immovable properties	539	6 733	726	9 069	805	10 057
- in default	1	12	3	37	2	26
- covered bonds					0	6
- other items					0	0
<b>Credit Valuation Adjustment Risk</b>					<b>0</b>	<b>1</b>
<b>Operational risk</b>	<b>303</b>	<b>3 784</b>	<b>302</b>	<b>3 784</b>	<b>306</b>	<b>3 823</b>
Standardised	303	3 784	302	3 784	284	3 547
OpR Basic indicator approach (BIA)					22	276
<b>Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR</b>			<b>0</b>			
<b>Total</b>	<b>6 608</b>	<b>82 602</b>	<b>6 413</b>	<b>80 161</b>	<b>6 417</b>	<b>80 214</b>

### Capital ratios

Percentage	30 Sep <sup>1</sup>	31 Dec <sup>2</sup>	30 Sep <sup>1</sup>
	2023	2022	2022
Common Equity Tier 1 capital ratio	25,8	26,6	26,6
Tier 1 capital ratio	25,8	26,6	26,6
Total capital ratio	27,3	28,1	28,0

<sup>1</sup> Excluding profit of the period

<sup>2</sup> Including profit of the period

Leverage ratio	30 Sep <sup>1</sup>	31 Dec <sup>2</sup>	30 Sep <sup>1</sup>
	2023	2022	2022
Tier 1 capital, transitional definition, NOKm	21 299	21 317	21 311
Leverage ratio exposure, NOKm	363 491	344 994	343 973
Leverage ratio, percentage	5,9	6,2	6,2

<sup>1</sup> Excluding profit of the period

<sup>2</sup> Including profit of the period

## Note 12 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 2023 the over-collateralization (OC) was 41.0%, 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 Eiendoms kreditt's mortgage loan portfolio. Potential future credit risks are addressed in Note 5 "Loans and impairment" and in the section "Net loan losses" in the Board of Directors' Report.

Nordea 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.

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

## Note 13 Transactions with related parties

Nordea 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. Main counterparties to derivative contracts are Nordea Group internal. The volume of interest rate swaps was NOK 44 billion (NOK 49 billion) and currency swaps NOK 1 billion (NOK 4 billion) at the end of the third quarter 2023. Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendoms kreditt, and at the end of the third quarter 2023 such borrowings amounted to NOK 147 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 21.3 billion at the end of the third quarter of 2023.

Loans to the public are managed by Nordea Bank Abp, filial i Norge. For loans issued directly from Nordea Eiendoms kreditt, 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 Eiendoms kreditt has paid an amount of NOK 904 million in the first three quarters of 2023 (NOK 1 028 million). Nordea Eiendoms kreditt 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 Eiendoms kreditt has paid NOK 22 million in the first three quarters of 2023 (NOK 26 million).

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

## Contact information

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