

Nordea



Interim report 3rd quarter 2024
Nordea Eiendoms kreditt AS

Key financial figures

Summary of the income statement (NOKm)

| | Jan-Sep 2024 | Jan-Sep 2023 | Year 2023 |
|--|-----------------|-----------------|--------------|
| Net interest income | 2,133 | 1,587 | 1,937 |
| Net fee and commission income | 54 | 57 | 85 |
| Net result from items at fair value | 6 | -47 | -77 |
| Other operating income | 0 | 1 | 1 |
| Total operating income | 2,193 | 1,597 | 1,945 |
| Staff costs | 27 | 28 | 38 |
| Other expenses | 1,068 | 973 | 1,192 |
| Total operating expenses | 1,095 | 1,001 | 1,230 |
| Loan losses (negative figures are reversals) | 41 | 34 | 47 |
| Operating profit | 1,057 | 562 | 668 |
| Income tax expense | 264 | 141 | 168 |
| Net profit for the period | 793 | 422 | 500 |

Summary of the balance sheet (NOKm)

| | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|-----------------------------|----------------|----------------|----------------|
| Loans to the public, gross | 351,763 | 335,166 | 334,668 |
| Allowance for loan losses | -395 | -345 | -361 |
| Other assets | 11,777 | 11,840 | 13,239 |
| Debt securities in issue | 226,152 | 175,028 | 197,449 |
| Other liabilities | 99,799 | 149,802 | 128,192 |
| Equity | 37,194 | 21,832 | 21,905 |
| Total assets | 363,145 | 346,661 | 347,547 |
| Average total assets | 358,383 | 340,077 | 341,664 |

Ratios and key figures

| | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|---|-------------|-------------|-------------|
| Basic/diluted Earnings per share (EPS), annualised basis, NOK | 63.0 | 33.5 | 29.8 |
| Equity per share ¹ , NOK | 2216.3 | 1300.9 | 1305.3 |
| Shares outstanding ¹ , million | 16.8 | 16.8 | 16.8 |
| Return on average equity | 4.2% | 2.6% | 2.3% |
| Cost/income ratio | 49.9% | 62.7% | 63.2% |
| Loan loss ratio, annualised, basis points | 1.6 | 1.3 | 1.4 |
| Risk Exposure Amount ¹ , NOKm | 96,269 | 82,602 | 81,987 |
| Own funds, NOKm ^{1,2} | 37,283 | 22,538 | 22,548 |
| Common Equity Tier 1 capital ratio ^{1,2} | 37.5% | 25.8% | 26.0% |
| Tier 1 capital ratio ^{1,2} | 37.5% | 25.8% | 26.0% |
| Total capital ratio ^{1,2} | 38.7% | 27.3% | 27.5% |
| Number of employees (Full-time equivalents) ¹ | 24.0 | 24.0 | 24.0 |

¹ At the end of the period.

² Excluding the year to date profit for interim figures.

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

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Introduction

Nordea Eiendomskreditt AS is licensed by the Norwegian Financial Supervisory Authority to issue covered bonds. The company's business objective is to grant and acquire residential mortgage loans and loans to holiday homes in Norway, including secured construction loans, and to finance its lending activities mainly by issuing covered bonds. Nordea Eiendomskreditt is a wholly owned subsidiary of Nordea Bank Abp and part of the Personal Banking Business Area in Nordea. The company's registered business address is located in Oslo.

Income Statement

(Previous year comparable figures are shown in brackets)

Profit before loan losses

Operating profit in the first three quarters of 2024 was NOK 1,057m (NOK 562m). The increase compared to last year is mainly driven by higher net interest income, losses from items at fair value that has now turned to an income, and as a result of the agreed pricing model for sales- and distribution fees that are paid to the parent bank. Return on average equity for the first three quarters of 2024 was 4.2% (2.6%).

Net interest income in the first three quarters increased by 34% compared to the same period last year and amounted to NOK 2.133m (NOK 1.587m). The increase is explained by higher lending margins, higher lending volume and positive effect from equity due to a generally higher interest rate level and higher equity.

Total operating expenses in the first three quarters amounted to NOK 1,095m (NOK 1,001m), whereof NOK 27m (NOK 28m) is staff related. Other operating expenses are mainly related to services bought from the parent bank, such as sales and distribution of mortgage loans, management of the loan portfolio and customer contact, as well as funding, risk control, accounting, reporting and IT related services. The main part is related to sales, distribution and management of the mortgage loans, where the fee is calculated based on net interest income, and will therefore fluctuate between periods. All group internal transactions are settled in conformity with OECD guidelines on transfer pricing. The cost/income ratio for the first three quarters of 2024 was 49.9% (62.7%).

Net loan losses

Loan losses and provisions recognised in the first three quarters of 2024 were NOK 41m (NOK 34m), whereof NOK 36m is related to increased allowances for mortgage loans and NOK 5m is realised loan losses.

Loan loss allowances have increased from NOK 361m at the beginning of the year to NOK 395m at 30 September 2024, due to macro impacts and migration of loans into Stage 2

where loan loss provisions are calculated and booked for the full remaining lifetime of the loans. The management judgements included in the loan loss allowances were unchanged at NOK 92m in the first three quarters.

Nordea Eiendomskreditt will continue to take appropriate actions to adjust management judgements as respective losses are realised or captured by Nordea's models, whilst maintaining in place an adequate total collective allowance for loan losses.

The underlying net loan losses in Nordea Eiendomskreditt are low, reflecting a strong credit portfolio. Loans in stage 2 has increased, hence some deterioration in the credit quality which is also reflected in loan loss allowances. In third quarter Nordea implemented new IRB (Internal Ratings-Based) models with new definition of default, and a shift in risk grades can be seen in the portfolio without impacting the underlying risk. See note 4 and note 7 for further information about loan losses and impairment.

Funding and liquidity

During the first three quarters of 2024 Nordea Eiendomskreditt issued covered bonds amounting to NOK 64.8bn in the Norwegian domestic market under its NOK 350bn domestic covered bond programme. In the same period NOK 36.1bn have been bought back or matured. As of 30 September 2024, Nordea Eiendomskreditt had outstanding covered bonds totaling NOK 223.5bn in the Norwegian market and EUR 0.1bn in the European market. Nordea Eiendomskreditt also had subordinated debt of NOK 1.1bn.

In addition to the long-term funding, Nordea Eiendomskreditt also raised unsecured funding from the parent bank. At the end of the third quarter 2024 such borrowings amounted to NOK 96.7bn.

Nordea Eiendomskreditt holds a liquidity buffer of NOK 10.3bn and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 1192% (1684%) at the end of the third quarter 2024. Additionally, in order to ensure sufficient cash resources to meet its payment obligations, the company has an overdraft facility with the parent bank and a committed liquidity support agreement with the Nordea Group. Net Stable Funding Ratio (NSFR) was 111.6% (113.0%) at the end of the third quarter 2024.

Rating

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

Lending

The gross book value of loans to the public amounted to NOK 351bn at the end of the third quarter 2024 (NOK 335bn), acquired or issued directly from own balance sheet. NOK 331bn (NOK 246bn) 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 47.4% (41.0%) in relation to gross issued covered bonds.

In September Nordea Eiendomskreditt entered into a financial guarantee with Nordea Bank Abp containing credit protection for a benchmark portfolio of mortgages in an initial nominal amount of NOK 65bn.

Total assets amounted to NOK 363bn at the end of the third quarter 2024 (NOK 347bn).

Impaired loans

As of 30 September 2024 impaired loans amounted to NOK 998m which corresponds to 0.28% of the total loan portfolio. Allowances of NOK 166m have been made, and net impaired loans were NOK 832m at 30 September 2024 compared to NOK 660m at 30 September 2023.

Interest rate and currency hedging

The company uses interest rate and currency swaps to hedge interest rate and currency risk. At the close of the third quarter of 2024, the company was party to interest rate swaps with a nominal value of NOK 33.7bn. In accordance with IFRS, fair value changes of interest rate swaps and the corresponding hedged items (fixed-rate lending and fixed-rate issued bonds) due to changes in market rates, are recognised in the profit and loss accounts.

In order to eliminate the foreign exchange risk, the company has entered into currency swaps of the same amounts as covered bonds issued in foreign currencies. Counterparties to all derivative contracts are within the Nordea Group.

Capital requirements and capital position

Regulatory development

On 9 July 2024 Nordea received ECB approval for new retail capital models, which were implemented in the third quarter this year. With the new approved models, the Norwegian FSA decided to remove the floor for loss given default values (LGD floor) for Nordea from 30 September 2024.

The Norwegian FSA's proposal to increase the risk-weight floors to exposure on mortgage in commercial and residential real estate has not yet been decided.

Capital position

Nordea Eiendomskreditt's Common Equity Tier 1 capital ratio was 37.5% at 30 September 2024, an increase of 13.2 percentage points from the end of last quarter. Total Capital ratio increased 13.0 percentage points since end of last quarter, to 38.7%. The increase was primarily due to increased capital in form of an equity injection, partly offset by higher REA (Risk Exposure Amount).

REA increased by 10.0% to NOK 96.3bn at 30 September 2024 compared to NOK 87.5bn at the end of last quarter. The increase was mainly due to the implementation of new retail IRB models which increased REA by NOK 12bn. Own funds was NOK 37.3bn at the end of the third quarter 2024, of which NOK 1.1bn is a subordinated loan. The Tier 1 capital and the Common Equity Tier 1 capital were NOK 36.1bn (no additional Tier 1 capital).

The aforementioned financial guarantee with Nordea Bank Abp containing credit protection for a subset of the loan portfolio, has reduced the company's risk exposure amount by NOK 3bn.

Nordea Eiendomskreditt's general meeting resolved a capital injection of NOK 15bn to prepare partly for the effects of the new IRB models, but mainly related to the acquisition of the Danske Bank mortgage portfolio. The additional equity was added during third quarter 2024.

Other information

Impacts from continued geopolitical uncertainty

The impact of continued geopolitical uncertainty on the global and Nordic economies was further assessed in the third quarter. The assessment informed the regular update of Nordea's macroeconomic scenarios, which are used to update its financial forecasts and model IFRS 9 expected credit losses. Nordea will continue to follow developments closely. In terms of direct credit risk towards Russia and Ukraine, Nordea Eiendomskreditt does not have any exposure. For more information, see also Note 7 "Loans and impairment" and in Note 11 "Risks and uncertainties".

Acquisition of Danske Bank's Norwegian mortgage loan portfolio

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

Macroeconomy

Norwegian mainland GDP increased by 0.1% quarter on quarter during the second quarter of 2024. Unemployment was 2.1% on a seasonally adjusted basis in September. Housing prices were up 4.1% year on year in September. Consumer price inflation has decreased. Headline consumer price inflation stood at 3.0% in September and underlying

inflation, excluding energy and taxes, was 3.1%. Norges Bank policy rate has remained at 4.5% since December 2023. The central bank's latest forecast is that the rate will be kept at that level until the end of 2024. The Norwegian krone weakened somewhat against most currencies during the third quarter.

Nordea Eiendoms kreditt AS
Oslo, 14 November 2024

Randi Marjamaa
Chair

Asbjørn Rødal
Board member

Gro Elisabeth Lundevik
Vice Chair

Tina Sandvik
Board member

Ola Littorin
Board member

Lene Steinum
Board member

Elen M. Stiksrud
Chief Executive Officer

Income statement

| | Note | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|---|------|------------------|------------------|----------------|----------------|------------------|
| NOKt | | | | | | |
| Operating income | | | | | | |
| Interest income calculated using the effective interest rate method | 2 | 14,660,136 | 11,068,333 | 4,948,509 | 4,119,756 | 15,553,396 |
| Other interest income | 2 | 392,405 | 226,963 | 131,860 | 118,908 | 358,198 |
| Interest expense | 2 | 12,919,073 | 9,708,566 | 4,330,869 | 3,842,651 | 13,975,092 |
| Net interest income | | 2,133,467 | 1,586,729 | 749,499 | 396,013 | 1,936,502 |
| Fee and commission income | | 93,346 | 83,258 | 29,710 | 28,371 | 116,322 |
| Fee and commission expense | | 39,610 | 26,212 | 14,553 | 6,784 | 31,381 |
| Net fee and commission income | | 53,736 | 57,045 | 15,157 | 21,587 | 84,940 |
| Net result from items at fair value | 3 | 6,073 | -47,070 | -3,246 | -2,169 | -77,058 |
| Other income | | 36 | 584 | 36 | 184 | 584 |
| Total operating income | | 2,193,312 | 1,597,288 | 761,446 | 415,615 | 1,944,968 |
| Staff costs | | 27,378 | 27,613 | 10,194 | 10,020 | 37,902 |
| Other operating expenses | | 1,067,748 | 973,417 | 373,807 | 248,729 | 1,191,832 |
| Depr/amortisation and impairment charges | | 142 | 108 | 47 | 40 | 155 |
| Total operating expenses | | 1,095,269 | 1,001,138 | 384,048 | 258,789 | 1,229,889 |
| Profit before loan losses | | 1,098,043 | 596,151 | 377,398 | 156,827 | 715,079 |
| Loan losses | 4 | 41,203 | 33,703 | 2,006 | -33,739 | 47,139 |
| Operating profit | | 1,056,840 | 562,447 | 375,392 | 190,565 | 667,940 |
| Income tax expense | | 264,274 | 140,624 | 93,855 | 47,652 | 167,677 |
| Net profit for the period | | 792,566 | 421,823 | 281,537 | 142,914 | 500,263 |
| Attributable to: | | | | | | |
| Shareholder of Nordea Eiendomskreditt AS | | 792,566 | 421,823 | 281,537 | 142,914 | 500,263 |
| Total | | 792,566 | 421,823 | 281,537 | 142,914 | 500,263 |

Statement of comprehensive income

| | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|--|-----------------|-----------------|----------------|----------------|----------------|
| NOKt | | | | | |
| Net profit for the period | 792,566 | 421,823 | 281,537 | 142,914 | 500,263 |
| Items that may be reclassified subsequently to the income statement | | | | | |
| <i>Cash flow hedges:</i> | | | | | |
| Valuation gains/losses | -6,010 | 3,217 | 1,390 | -5,041 | 148 |
| Tax on valuation gains/losses | 1,502 | -804 | -347 | 1,260 | -37 |
| Items that may not be reclassified subsequently to the income statement | | | | | |
| <i>Defined benefit plans:</i> | | | | | |
| Remeasurement of defined benefit plans | 2,235 | 2,130 | -59 | 545 | -1,945 |
| Tax on remeasurement of defined benefit plans | -559 | -533 | 15 | -136 | 486 |
| Other comprehensive income, net of tax | -2,831 | 4,010 | 998 | -3,371 | -1,347 |
| Total comprehensive income | 789,735 | 425,833 | 282,535 | 139,543 | 498,916 |
| Attributable to: | | | | | |
| Shareholders of Nordea Eiendomskreditt AS | 789,735 | 425,833 | 282,535 | 139,543 | 498,916 |
| Total | 789,735 | 425,833 | 282,535 | 139,543 | 498,916 |

Balance sheet

| | Note | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|--|-------------|--------------------|--------------------|--------------------|
| NOKt | | | | |
| Assets | | | | |
| Loans to credit institutions | | 790,230 | 1,203,967 | 2,462,506 |
| Loans to the public | 7, 8 | 351,367,594 | 334,821,859 | 334,307,675 |
| Interest-bearing securities | 6 | 10,582,582 | 10,594,600 | 10,585,566 |
| Derivatives | 6 | 389,973 | 47,948 | 183,957 |
| Fair value changes of the hedged items in portfolio hedges of interest rate risk | | -25,368 | -63,387 | -42,670 |
| Property and Equipment owned and RoU | | 539 | 729 | 681 |
| Other assets | | 3,889 | 120 | -186 |
| Accrued income and prepaid expenses | | 35,224 | 55,586 | 49,380 |
| Total assets | 5, 6 | 363,144,662 | 346,661,420 | 347,546,908 |
| Liabilities | | | | |
| Deposits by credit institutions | | 97,323,677 | 146,848,624 | 125,845,296 |
| Debt securities in issue | 8 | 226,152,117 | 175,028,075 | 197,449,415 |
| Derivatives | 6 | 647,411 | 1,330,855 | 665,463 |
| Current tax liabilities | | 81,725 | 23,471 | 134,936 |
| Other liabilities | | 15,610 | 16,662 | 15,150 |
| Accrued expenses and prepaid income | | 164,885 | 197,248 | 228,641 |
| Deferred tax liabilities | | 428,816 | 252,002 | 165,804 |
| Provisions | | 6,190 | 4,935 | 4,818 |
| Retirement benefit obligations | | 25,647 | 23,184 | 27,417 |
| Subordinated loan capital | | 1,104,571 | 1,104,627 | 1,104,751 |
| Total liabilities | 5, 6 | 325,950,649 | 324,829,684 | 325,641,690 |
| Equity | | | | |
| Share capital | | 1,896,347 | 1,879,565 | 1,879,565 |
| Share premium | | 24,857,300 | 9,874,082 | 9,874,082 |
| Other reserves | | -25,871 | -17,682 | -22,839 |
| Retained earnings | | 9,673,672 | 9,673,948 | 10,174,410 |
| Net profit for the period | | 792,566 | 421,823 | 0 |
| Total equity | | 37,194,013 | 21,831,737 | 21,905,218 |
| Total liabilities and equity | | 363,144,662 | 346,661,420 | 347,546,908 |
| Off-balance sheet commitments | | | | |
| Assets pledged as security for own liabilities | | 331,283,611 | 245,944,007 | 313,603,507 |
| Commitments | | 38,278,129 | 34,380,693 | 35,072,002 |

Nordea Eiendoms kreditt AS
Oslo, 14 November 2024

Randi Marjamaa
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Tina Sandvik
Board member

Lene Steinum
Board member

Elen M. Stiksrud
Chief Executive Officer

Statement of changes in equity

| | Other reserves | | | | | |
|--|------------------|-------------------|------------------|-----------------------|-------------------|-------------------|
| NOKt | Share capital | Share premium | Cash flow hedges | Defined benefit plans | Retained earnings | Total equity |
| Balance at 1 January 2024 | 1,879,565 | 9,874,082 | -9,570 | -13,470 | 10,174,620 | 21,905,226 |
| Net profit for the year | | | | | 792,566 | 792,566 |
| Items that may be reclassified subsequently to the income statement | | | | | | |
| Cash flow hedges: | | | | | | |
| Valuation gains/losses | | | -6,010 | | | -6,010 |
| Tax on valuation gains/losses | | | 1,502 | | | 1,502 |
| Items that may not be reclassified subsequently to the income statement | | | | | | |
| Defined benefit plans: | | | | | | |
| Remeasurement of defined benefit plans | | | | 2,235 | | 2,235 |
| Tax on remeasurement of defined benefit plans | | | | -559 | | -559 |
| Other comprehensive income, net of tax | 0 | 0 | -4,507 | 1,676 | 0 | -2,831 |
| Total comprehensive income | 0 | 0 | -4,507 | 1,676 | 792,566 | 789,735 |
| Contribution and distribution | | | | | | |
| Share Based Payments | | | | | -676 | -676 |
| Dividend paid | | | | | -500,263 | -500,263 |
| Change of share capital | 16,782 | 14,983,218 | | | | 15,000,000 |
| Balance at 30 September 2024 | 1,896,347 | 24,857,300 | -14,077 | -11,794 | 10,466,247 | 37,194,013 |

| | Other reserves | | | | | |
|--|------------------|------------------|------------------|-----------------------|-------------------|-------------------|
| NOKt | Share capital | Share premium | Cash flow hedges | Defined benefit plans | Retained earnings | Total equity |
| Balance at 1 January 2023 | 1,879,565 | 9,874,082 | -9,681 | -12,012 | 10,321,569 | 22,053,523 |
| Net profit for the year | | | | | 421,823 | 421,823 |
| Items that may be reclassified subsequently to the income statement | | | | | | |
| Cash flow hedges: | | | | | | |
| Valuation gains/losses | | | 3,217 | | | 3,217 |
| Tax on valuation gains/losses | | | -804 | | | -804 |
| Items that may not be reclassified subsequently to the income statement | | | | | | |
| 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 |
| Contribution and distribution | | | | | | |
| Share Based Payments | | | | | 202 | 202 |
| Dividend paid | | | | | -647,819 | -647,819 |
| Change of share capital | 0 | 0 | | | | 0 |
| Balance at 30 September 2023 | 1,879,565 | 9,874,082 | -7,268 | -10,414 | 10,095,773 | 21,831,737 |

The company's share capital is NOK 1,896m. The number of shares is 16,781,828, each with a quota value of NOK 113. All shares and voting rights are owned by Nordea Bank AB (publ).

Cash flow statement

| NOKt | Jan-Sep 2024 | Jan-Sep 2023 | Year 2023 |
|---|--------------------|--------------------|--------------------|
| Operating activities | | | |
| Operating profit before tax | 1,056,840 | 562,450 | 667,940 |
| Adjustments for items not included in cash flow (related to loan loss allowances) | 42,502 | 26,452 | 46,496 |
| Income taxes paid | -53,573 | -209,299 | -209,299 |
| Cash flow from operating activities before changes in operating assets and liabilities | 1,045,769 | 379,603 | 505,137 |
| Changes in operating assets | | | |
| Change in loans to credit inst, non-liquid | -253,624 | 0 | -504,116 |
| Change in loans to the public | -17,101,139 | -11,598,881 | -11,105,577 |
| Change in interest-bearing securities | 2,983 | -5,158,714 | -5,149,679 |
| Change in derivatives, net | -224,067 | 945,603 | 144,201 |
| Change in other assets | -7,079 | -29,035 | -43,190 |
| Changes in operating liabilities | | | |
| Change in deposits by credit institutions | -28,521,619 | -9,065,255 | -30,068,583 |
| Change in debt securities in issue | 28,702,702 | 25,675,802 | 48,097,140 |
| Change in other liabilities | -68,707 | -29,824 | -2,130 |
| Cash flow from operating activities | -16,424,781 | 1,119,300 | 1,873,203 |
| Financing activities | | | |
| Change of accrued interest on subordinated loan capital | -180 | 808 | 932 |
| Dividend paid | -500,263 | -647,819 | -647,819 |
| Share Based Payment Programme | -676 | 202 | 602 |
| Increase in share capital and share premium | 15,000,000 | 0 | 0 |
| Cash flow from financing activities | 14,498,881 | -646,809 | -646,285 |
| Cash flow for the period | -1,925,900 | 472,495 | 1,226,918 |
| Cash and cash equivalents | | | |
| NOKt | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
| Cash and cash equivalents at beginning of the period | 1,958,390 | 731,472 | 731,472 |
| Cash and cash equivalents at end of the period | 32,490 | 1,203,967 | 1,958,390 |
| Change | -1,925,900 | 472,495 | 1,226,918 |
| The following items are included in cash and cash equivalents: | | | |
| Loans to credit institutions | 32,490 | 1,203,967 | 1,958,390 |
| Total cash and cash equivalents | 32,490 | 1,203,967 | 1,958,390 |

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

Changed accounting policies and presentation

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

Other amendments to IFRS

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

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

Changes in IFRSs not yet applied

IFRS 18 Presentation and Disclosures in Financial Statements

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

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

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

financial statements or capital adequacy in the period of initial application.

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

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

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

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

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

Other amendments

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

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

Exchange rates

| | Jan-Sep 2024 | Jan-Sep 2023 | Year 2023 |
|----------------------------------|-----------------|-----------------|-----------|
| GBP 1 = NOK | | | |
| Income statement (average) | 13.6104 | 13.0411 | 13.1381 |
| Balance sheet (at end of period) | 14.0932 | 13.0216 | 12.8977 |
| EUR 1 = NOK | | | |
| Income statement (average) | 11.5858 | 11.3507 | 11.4238 |
| Balance sheet (at end of period) | 11.7615 | 11.2780 | 11.2120 |

Note 2 Net interest income

| NOKt | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|---|-------------------|-------------------|------------------|------------------|-------------------|
| Interest income calculated using the effective interest rate method | 14,660,136 | 11,068,333 | 4,948,509 | 4,119,756 | 15,553,396 |
| Other interest income | 392,405 | 226,963 | 131,860 | 118,908 | 358,198 |
| Interest expense | 12,919,073 | 9,708,566 | 4,330,869 | 3,842,651 | 13,975,092 |
| Net interest income | 2,133,467 | 1,586,729 | 749,499 | 396,013 | 1,936,502 |
| Interest income calculated using the effective interest rate method | | | | | |
| Loans to credit institutions | 49,898 | 41,010 | 17,367 | 17,995 | 63,536 |
| Loans to customers | 14,544,985 | 10,968,580 | 4,908,718 | 4,082,207 | 15,411,921 |
| Yield fees | 41,217 | 39,812 | 15,267 | 12,039 | 50,584 |
| Net interest paid or received on derivatives in accounting hedges of assets | 24,035 | 18,931 | 7,156 | 7,515 | 27,355 |
| Interest income | 14,660,136 | 11,068,333 | 4,948,509 | 4,119,756 | 15,553,396 |
| Other interest income | | | | | |
| Interest-bearing securities measured at fair value | 392,405 | 226,963 | 131,860 | 118,908 | 358,198 |
| Other interest income¹ | 392,405 | 226,963 | 131,860 | 118,908 | 358,198 |
| Interest expense | | | | | |
| Deposits by credit institutions | 4,374,252 | 4,528,186 | 1,426,168 | 1,768,922 | 6,404,791 |
| Debt securities in issue | 8,147,923 | 4,873,931 | 2,763,187 | 1,931,827 | 7,112,913 |
| Subordinated loan capital | 55,705 | 43,962 | 19,116 | 16,242 | 61,631 |
| Other interest expenses | 3,046 | 104,772 | 1,930 | 33,092 | 129,843 |
| Net interest paid or received on derivatives in hedges of liabilities | 338,146 | 157,715 | 120,469 | 92,568 | 265,913 |
| Interest expense | 12,919,073 | 9,708,566 | 4,330,869 | 3,842,651 | 13,975,092 |

Interest from categories of financial instruments

| NOKt | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|--|------------------|------------------|----------------|----------------|------------------|
| Financial assets at amortised cost | 14,636,100 | 11,049,403 | 4,941,353 | 4,112,241 | 15,526,041 |
| Financial assets at fair value through profit or loss (including hedging instruments) ¹ | 416,440 | 245,893 | 139,016 | 126,423 | 385,553 |
| Financial liabilities at amortised cost | -12,580,927 | -9,550,851 | -4,210,401 | -3,750,083 | -13,709,179 |
| Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹ | -338,146 | -157,715 | -120,469 | -92,568 | -265,913 |
| Net interest income | 2,133,467 | 1,586,729 | 749,499 | 396,013 | 1,936,502 |

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

Note 3 Net result from items at fair value

| Net gains/losses for categories of financial instruments | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|---|-----------------|-----------------|---------------|---------------|----------------|
| Financial assets and liabilities mandatorily at fair value through profit or loss | -57,570 | -876,215 | 402,459 | -201,287 | 84,642 |
| Financial assets at amortised cost | 5,674 | -21,868 | 6,874 | -3,402 | -6,274 |
| Financial liabilities at amortised cost | 57,726 | 850,757 | -412,561 | 202,429 | -155,529 |
| Foreign exchange gains/losses excluding currency hedges | 244 | 256 | -18 | 90 | 103 |
| Total | 6,073 | -47,070 | -3,246 | -2,170 | -77,058 |

Note 4 Loan Losses

| NOKt | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|---|-----------------|-----------------|---------------|----------------|---------------|
| Net loan losses, Stage 1 | 2,348 | 6,826 | 628 | -4,853 | -3,974 |
| Net loan losses, Stage 2 | 30,078 | -113 | -4,499 | -45,575 | 3,409 |
| Total loan losses, non-defaulted | 32,426 | 6,712 | -3,871 | -50,429 | -565 |
| Stage 3, defaulted | | | | | |
| Net loan losses, individually assessed, collectively calculated | 3,451 | 26,275 | 3,228 | 15,366 | 49,521 |
| Realised loan losses | 5,543 | 3,007 | 2,745 | 1,325 | 3,011 |
| Recoveries on previous realised loan losses | -218 | -11 | -97 | 0 | -2,549 |
| Reversals of provisions | 0 | -2,280 | 0 | 0 | -2,280 |
| Net loan losses, defaulted | 8,777 | 26,991 | 5,876 | 16,690 | 47,703 |
| Net loan losses | 41,204 | 33,703 | 2,006 | -33,739 | 47,138 |

Key ratios¹

| | Jan-Sep 2024 | Jan-Sep 2023 | Q3 2024 | Q3 2023 | Year 2023 |
|-------------------------------|-----------------|-----------------|---------|---------|-----------|
| Loan loss ratio, basis points | 1.59 | 1.34 | 0.23 | -4.04 | 1.42 |
| - of which stage 1 | 0.09 | 0.27 | 0.07 | -0.58 | -0.12 |
| - of which stage 2 | 1.16 | 0 | -0.51 | -5.46 | 0.10 |
| - of which stage 3 | 0.34 | 1.08 | 0.67 | 2.00 | 1.44 |

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

Note 5 Classification of financial instruments

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

| NOKt | Fair value through profit or loss (FVPL) | | | | Total |
|---|--|-------------------|------------------------------|----------------------|--------------------|
| | Amortised cost (AC) | Mandatorily | Derivatives used for hedging | Non-financial assets | |
| Assets | | | | | |
| Loans to credit institutions | 790,230 | | | | 790,230 |
| Loans to the public | 351,367,594 | | | | 351,367,594 |
| Interest-bearing securities | | 10,582,582 | | | 10,582,582 |
| Derivatives | | | 389,973 | | 389,973 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | -25,368 | | | | -25,368 |
| Property and Equipment owned and RoU | | | | 539 | 539 |
| Other assets | 3,889 | | | 0 | 3,889 |
| Accrued income and prepaid expenses | 33,780 | | | 1,444 | 35,224 |
| Total 30 September 2024 | 352,170,125 | 10,582,582 | 389,973 | 1,983 | 363,144,662 |
| Total 31 December 2023 | 336,775,638 | 10,585,566 | 183,957 | 1,748 | 347,546,909 |

| NOKt | Fair value through profit or loss (FVPL) | | | | Total |
|-------------------------------------|--|---------------|------------------------------|---------------------------|--------------------|
| | Amortised cost (AC) | Mandatorily | Derivatives used for hedging | Non-financial liabilities | |
| Liabilities | | | | | |
| Deposits by credit institutions | 97,323,677 | | | | 97,323,677 |
| Debt securities in issue | 226,152,117 | | | | 226,152,117 |
| Derivatives | | 71,985 | 575,426 | | 647,411 |
| Current tax liabilities | | | | 81,725 | 81,725 |
| Other liabilities | 3,581 | | | 12,029 | 15,610 |
| Accrued expenses and prepaid income | 13,290 | | | 151,595 | 164,885 |
| Deferred tax liabilities | | | | 428,816 | 428,816 |
| Provisions | | | | 6,190 | 6,190 |
| Retirement benefit obligations | | | | 25,647 | 25,647 |
| Subordinated loan capital | 1,104,571 | | | | 1,104,571 |
| Total 30 September 2024 | 324,597,236 | 71,985 | 575,426 | 706,002 | 325,950,649 |
| Total 31 December 2023 | 324,414,125 | 146,593 | 518,870 | 562,102 | 325,641,690 |

Note 6 Assets and liabilities at fair value

Fair value of financial assets and liabilities

| NOKt | 30 Sep 2024 | | 31 Dec 2023 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Loans | 352,132,455 | 353,224,419 | 336,727,511 | 337,499,000 |
| Interest-bearing securities | 10,582,582 | 10,582,582 | 10,585,566 | 10,585,566 |
| Derivatives | 389,973 | 389,973 | 183,957 | 183,957 |
| Accrued income and prepaid expenses | 33,780 | 33,780 | 48,127 | 48,127 |
| Total financial assets | 363,138,789 | 364,230,754 | 347,545,160 | 348,316,650 |
| Financial liabilities | | | | |
| Deposits and debt instruments | 324,580,365 | 326,297,680 | 324,399,462 | 324,500,812 |
| Derivatives | 647,411 | 647,411 | 665,463 | 665,463 |
| Other financial liabilities | 3,581 | 3,581 | 3,518 | 3,518 |
| Accrued expenses and prepaid income | 13,290 | 13,290 | 11,145 | 11,145 |
| Total financial liabilities | 325,244,648 | 326,961,962 | 325,079,588 | 325,180,938 |

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

| NOKt | Quoted prices in active markets for same instrument | Valuation technique using observable data | Valuation technique using non- observable data | Total |
|---|---|---|--|-------------------|
| | (Level 1) | (Level 2) | (Level 3) | |
| Financial assets ¹ | | | | |
| Interest-bearing securities | | 10,582,582 | 0 | 10,582,582 |
| Derivatives | | 426,573 | -36,600 | 389,973 |
| Total 30 September 2024 | 0 | 11,009,155 | -36,600 | 10,972,555 |
| Total 31 December 2023 | 0 | 10,361,794 | 407,729 | 10,769,523 |
| Financial liabilities ¹ | | | | |
| Derivatives | | 647,411 | 0 | 647,411 |
| Total 30 September 2024 | 0 | 647,411 | 0 | 647,411 |
| Total 31 December 2023 | 0 | 665,463 | 0 | 665,463 |

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

Movements in Level 3

| NOKt | 1 January 2024 | Unrealised fair value gains/losses recorded in income statement | Transfers into / out of level 3 | 30 September 2024 |
|-----------------------------|----------------|--|------------------------------------|-------------------|
| | | | | |
| Interest-bearing securities | 426,957 | 0 | -426,957 | 0 |
| Derivatives (net) | -19,228 | -17,372 | 0 | -36,600 |
| Total, net | 407,729 | -17,372 | -426,957 | -36,600 |

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

Note 7 Loans and impairment

| NOKt | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|---|--------------------|--------------------|--------------------|
| Loans measured at amortised cost, not impaired (Stage 1 and 2) | 350,764,465 | 334,367,049 | 333,635,547 |
| Impaired loans (Stage 3) | 998,235 | 799,320 | 1,032,728 |
| - of which servicing | 169,640 | 187,834 | 381,706 |
| - of which non-servicing | 828,595 | 611,487 | 651,022 |
| Loans before allowances | 351,762,700 | 335,166,369 | 334,668,275 |
| Allowances for individually assessed impaired loans (Stage 3) | -165,874 | -139,151 | -162,454 |
| - of which servicing | -40,275 | -26,677 | -47,565 |
| - of which non-servicing | -125,599 | -112,474 | -114,889 |
| Allowances for collectively assessed impaired loans (Stage 1 and 2) | -229,232 | -205,359 | -198,147 |
| Allowances | -395,106 | -344,510 | -360,601 |
| Loans, carrying amount | 351,367,594 | 334,821,859 | 334,307,675 |

Movements of allowance accounts for loans measured at amortised cost

| NOKt | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|-----------------|-----------------|-----------------|
| Balance at 1 January 2024 | -46,995 | -151,151 | -162,454 | -360,601 |
| Changes due to origination and acquisition | -28,034 | -42,914 | -8,317 | -79,265 |
| Changes due to transfers from Stage 1 to Stage 2 | 2,829 | -66,827 | 0 | -63,999 |
| Changes due to transfers from Stage 1 to Stage 3 | 140 | 0 | -22,604 | -22,464 |
| Changes due to transfers from Stage 2 to Stage 1 | -1,330 | 51,248 | 0 | 49,918 |
| Changes due to transfers from Stage 2 to Stage 3 | 0 | 4,392 | -28,620 | -24,228 |
| Changes due to transfers from Stage 3 to Stage 1 | -46 | 0 | 11,776 | 11,730 |
| Changes due to transfers from Stage 3 to Stage 2 | 0 | -2,469 | 25,396 | 22,927 |
| Changes due to changes in credit risk without stage transfer | 13,981 | -12,138 | -33,990 | -32,147 |
| Changes due to repayments and disposals | 10,317 | 39,766 | 52,939 | 103,022 |
| Balance at 30 Sep 2024 | -49,139 | -180,094 | -165,874 | -395,106 |

| NOKt | Stage 1 | Stage 2 | Stage 3 | Total |
|--|----------------|-----------------|-----------------|-----------------|
| Balance at 1 January 2023 | -50,045 | -145,269 | -115,213 | -310,527 |
| Changes due to origination and acquisition | -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 |
| Balance at 30 Sep 2023 | -57,751 | -147,608 | -139,151 | -344,510 |

| Key ratios | 30 Sep 2024 | 30 Sep 2023 | 31 Dec 2023 |
|---|-------------|-------------|-------------|
| Impairment rate, (stage 3) gross, basis points ¹ | 28.4 | 23.8 | 30.9 |
| Impairment rate (stage 3), net, basis points ² | 23.7 | 19.7 | 26.0 |
| Total allowance rate (stage 1, 2 and 3), basis points ³ | 11.2 | 10.3 | 10.8 |
| Allowances in relation to credit impaired loans (stage 3), % ⁴ | 16.6 | 17.4 | 15.7 |
| Allowances in relation to loans in stage 1 and 2, basis points ⁵ | 6.5 | 6.1 | 5.9 |

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

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

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

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

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

Forward-looking information

Forward-looking information is used for both assessing significant increases in credit risk and calculating expected credit losses. Nordea Eiendoms kreditt uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. For the third quarter of 2024, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 60%, adverse 20% and favourable 20% (baseline 50%, adverse 40% and favourable 10% at the end of the second quarter of 2024).

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

The macroeconomic scenarios reflect Nordea's view of how the Nordic economies might develop in light of the continued geopolitical uncertainty, weak growth in major European economies and lingering effects of the surge in energy prices, and how high interest rates impact financial markets and economic activity. This includes consideration of continued high inflation, reinforced by a renewed surge in energy prices, and how high interest rates impact financial markets and economic activity. When developing the scenarios and determining the relative weighting between them, Nordea took into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The baseline scenario foresees soft landings in the Nordic economies with unemployment largely unchanged in the coming years as the pass-through of higher rates and elevated inflation continue to weigh on economic activity. In 2024, growth in Finland remain weak or negative, while Norway and Sweden are expected to see modest growth. Denmark will see relatively high growth driven by the pharmaceutical sector. In subsequent years, growth is projected to continue in the Nordics, as inflation falls and central banks lower interest rates. A modest recovery in home prices is expected in 2024 and onwards supported by rising household purchasing power. The risks around the baseline forecast are tilted to the downside, with the upside scenario deviating less from the baseline than the adverse.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline scenario. Persistent and high inflation, reinforced by higher energy prices related to renewed geopolitical tensions, may lead central banks to adopt a higher for longer strategy, triggering a deeper recession due to falling private consumption and investments. In addition, house prices may see an even larger decline due to higher interest rates, a squeeze in household purchasing power and weak confidence. Normalising inflation and lower interest rates, on the other hand, may lead to a stronger recovery than assumed in the baseline scenario.

Adjustments to model-based allowances/provisions (management judgements) were kept unchanged at NOK 92m during the third quarter of 2024. The management judgements cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcome. The management judgements are split between a cyclical element of NOK 88m and a structural element (covering issues identified in the IFRS 9 model to be later covered in model updates) of NOK 4m.

Scenarios

| | 2025 | 2026 | 2027 | Probability weight |
|------------------------------------|------|------|------|--------------------|
| Favourable scenario | | | | 20% |
| GDP growth, % | 2.3 | 1.1 | 0.8 | |
| Unemployment, % | 3.8 | 3.8 | 3.6 | |
| Change in household consumption, % | 2.7 | 2.4 | 2.1 | |
| Change in house prices, % | 3.6 | 2.7 | 2.4 | |
| Baseline scenario | | | | 60% |
| GDP growth, % | 1.9 | 0.4 | 0.6 | |
| Unemployment, % | 4.0 | 4.1 | 4.0 | |
| Change in household consumption, % | 2.7 | 2.2 | 2.0 | |
| Change in house prices, % | 2.3 | 2.6 | 2.4 | |
| Adverse scenario | | | | 20% |
| GDP growth, % | -1.3 | 0.4 | 0.6 | |
| Unemployment, % | 5.1 | 5.2 | 5.0 | |
| Change in household consumption, % | 2.6 | 1.7 | 1.5 | |
| Change in house prices, % | -5.9 | 1.6 | 1.9 | |

Note 8 Cover Pool

| | 30 Sep 2024 | | 30 Sep 2023 | | 31 Dec 2023 | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| NOKt | Nominal value | Net present value | Nominal value | Net present value | Nominal value | Net present value |
| Loans to the public | 350,965,407 | 351,246,812 | 334,413,441 | 334,064,634 | 333,867,921 | 333,695,176 |
| - whereof pool of eligible loans | 330,985,456 | 331,250,841 | 245,747,252 | 245,490,928 | 313,352,624 | 313,190,494 |
| Supplementary assets and derivatives: | 238,150 | -262,940 | 189,800 | -810,484 | 183,200 | -266,132 |
| - whereof CIRS | 238,150 | 117,716 | 189,800 | -17,260 | 183,200 | 45,739 |
| - whereof IRS | 0 | -380,656 | 0 | -793,224 | 0 | -311,870 |
| Total cover pool | 331,223,606 | 330,987,902 | 245,937,052 | 244,680,444 | 313,535,824 | 312,924,362 |
| Debt securities in issue (net outstanding amount) | 224,666,150 | 225,910,870 | 174,451,800 | 174,227,970 | 195,948,200 | 196,799,615 |
| Over-collateralization calculated on net outstanding covered bonds | 47.4% | 46.5% | 41.0% | 40.4% | 60.0% | 59.0% |
| Debt securities in issue (issued amount) | 224,666,150 | 225,910,870 | 174,451,800 | 174,227,970 | 195,948,200 | 196,799,615 |
| Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) ¹ | 47.4% | 46.5% | 41.0% | 40.4% | 60.0% | 59.0% |

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

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

The guidelines for calculating the over-collateralization requirement in the Norwegian legislation is given in the Financial Undertakings Act (Act No. 17 of 10 April 2015)

Chapter 11 Bonds secured on a loan portfolio (covered bonds), and appurtenant regulations. The calculation shall be based on gross outstanding covered bonds and by use of nominal values. Net present values are disclosed for information and may differ from fair values disclosed in other notes to this report due to different calculation methods.

Note 9 Debt securities in issue and loans from financial institutions

| | 30 Sep 2024 | | | 30 Sep 2023 | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| NOKt | Nominal value | Other ¹ | Carrying amount | Nominal value | Other ¹ | Carrying amount |
| Covered bonds issued in Norwegian kroner | 223,490,000 | | | 173,324,000 | | |
| Outstanding covered bonds issued in Norwegian kroner | 223,490,000 | | | 173,324,000 | | |
| Covered bonds issued in EUR (in NOK) | 1,176,150 | | | 1,127,800 | | |
| Total outstanding covered bonds | 224,666,150 | 1,485,967 | 226,152,117 | 174,451,800 | 576,275 | 175,028,075 |
| Loans and deposits from financial institutions for a fixed term | 96,676,405 | 647,273 | 97,323,677 | 146,062,650 | 785,974 | 146,848,624 |
| Subordinated loan | 1,100,000 | 4,571 | 1,104,571 | 1,100,000 | 4,627 | 1,104,627 |
| Total | 322,442,555 | 2,137,810 | 324,580,365 | 321,614,450 | 1,366,876 | 322,981,327 |

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

Maturity information

| | | |
|------------------|--------------------|--------------------|
| Maximum 1 year | 90,831,405 | 80,086,650 |
| More than 1 year | 231,611,150 | 241,527,800 |
| Total | 322,442,555 | 321,614,450 |

Norwegian covered bonds (NOKt) at 30 September 2024

| ISIN code | Issue date | Final payment date | Interest | Interest rate in % | Currency | Outstanding nominal amount |
|--------------|------------|--------------------|----------|--------------------|----------|----------------------------|
| NO0013334169 | 17/09/2024 | 17/09/2029 | Float | 3M Nibor + 0.39% | NOK | 7,000,000 |
| NO0013134684 | 23/01/2024 | 23/02/2029 | Float | 3M Nibor + 0.56% | NOK | 26,450,000 |
| NO0013072991 | 22/11/2023 | 22/11/2028 | Float | 3M Nibor + 0.54% | NOK | 7,000,000 |
| NO0012982729 | 10/08/2023 | 10/08/2032 | Fixed | 4.61 | NOK | 1,000,000 |
| NO0012959636 | 14/07/2023 | 14/07/2025 | Float | 3M Nibor + 0.28% | NOK | 1,000,000 |
| NO0012838277 | 14/02/2023 | 14/02/2035 | Fixed | 3.39 | NOK | 1,420,000 |
| NO0012829763 | 02/02/2023 | 02/02/2028 | Float | 3M Nibor + 0.48% | NOK | 27,700,000 |
| NO0012732017 | 28/10/2022 | 28/10/2037 | Fixed | 4.0 | NOK | 1,420,000 |
| NO0012720988 | 12/10/2022 | 12/10/2029 | Fixed | 4.0 | NOK | 7,500,000 |
| NO0012513532 | 03/05/2022 | 17/03/2027 | Float | 3M Nibor + 0.33% | NOK | 26,050,000 |
| NO0012441643 | 15/02/2022 | 15/02/2030 | Fixed | 2.45 | NOK | 3,500,000 |
| NO0011151771 | 17/11/2021 | 17/09/2026 | Float | 3M Nibor + 0.75% | NOK | 7,000,000 |
| NO0010981301 | 21/04/2021 | 18/03/2026 | Float | 3M Nibor + 1.50% | NOK | 27,400,000 |
| NO0010893282 | 16/09/2020 | 16/09/2025 | Float | 3M Nibor + 1.50% | NOK | 35,000,000 |
| NO0010873334 | 22/01/2020 | 19/03/2025 | Float | 3M Nibor + 0.26% | NOK | 36,300,000 |
| NO0010852650 | 22/05/2019 | 22/05/2026 | Fixed | 2.17 | NOK | 6,000,000 |
| NO0010821986 | 04/05/2018 | 04/05/2048 | Fixed | 2.6 | NOK | 300,000 |
| NO0010812084 | 11/12/2017 | 17/06/2043 | Fixed | 3M Nibor + 0.75% | NOK | 300,000 |
| NO0010766827 | 21/06/2016 | 18/06/2031 | Fixed | 2.2 | NOK | 500,000 |
| NO0010678766 | 08/05/2013 | 08/05/2025 | Fixed | 3.6 | NOK | 100,000 |
| NO0010593064 | 22/12/2010 | 18/06/2025 | Fixed | 4.8 | NOK | 550,000 |
| Total | | | | | | 223,490,000 |

Covered bonds issued in foreign currency at 30 September 2024

| ISIN code | Issue date | Final payment date | Interest | Interest rate in % | Currency | Outstanding nominal amount |
|-----------------------------------|------------|--------------------|----------|--------------------|----------|----------------------------|
| XS1451306036 | 19/07/2016 | 15/07/2031 | Fixed | 0.738% | EUR | 100,000 |
| Total (in NOKt equivalent) | | | | | | 1,176,150 |

Note 10 Capital adequacy

Summary of items included in own funds

| NOKm | 30 Sep 2024 ¹ | 31 Dec 2023 | 30 Sep 2023 ¹ |
|--|--------------------------|---------------|--------------------------|
| Equity in the consolidated situation | 36,401 | 21,905 | 21,410 |
| Proposed/actual dividend | 0 | -500 | 0 |
| Common Equity Tier 1 capital before regulatory adjustments | 36,401 | 21,405 | 21,410 |
| Deferred tax assets | | | |
| Intangible assets | | | |
| IRB provisions shortfall (-) | -282 | -114 | -111 |
| Pension assets in excess of related liabilities | | | |
| Other items, net | -3 | -6 | 0 |
| Total regulatory adjustments to Common Equity Tier 1 capital | -284 | -120 | -111 |
| Common Equity Tier 1 capital (net after deduction) | 36,117 | 21,285 | 21,299 |
| Additional Tier 1 capital before regulatory adjustments | | | |
| Total regulatory adjustments to Additional Tier 1 capital | | | |
| Additional Tier 1 capital | | | |
| Tier 1 capital (net after deduction) | 36,117 | 21,285 | 21,299 |
| Tier 2 capital before regulatory adjustments | 1,100 | 1,100 | 1,100 |
| IRB provisions excess (+) | 66 | 162 | 139 |
| Deductions for investments in insurance companies | | | |
| Other items, net | | | |
| Total regulatory adjustments to Tier 2 capital | 66 | 162 | 139 |
| Tier 2 capital | 1,166 | 1,262 | 1,239 |
| Own funds (net after deduction) | 37,283 | 22,548 | 22,538 |

¹ Excluding profit.

Minimum capital requirement and REA, Risk Exposure Amount

| | 30 Sep 2024 | 30 Sep 2024 | 31 Dec 2023 | 31 Dec 2023 | 30 Sep 2023 | 30 Sep 2023 |
|--|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|---------------|
| | Minimum Capital requirement | REA | Minimum Capital requirement | REA | Minimum Capital requirement | REA |
| NOKm | | | | | | |
| Credit risk | 7,419 | 92,732 | 6,276 | 78,450 | 6,305 | 78,818 |
| - of which counterparty credit risk | 2 | 21 | 9 | 111 | 5 | 61 |
| IRB | 5,697 | 71,211 | 5,733 | 71,661 | 5,741 | 71,764 |
| - institutions | 21 | 262 | 25 | 308 | 25 | 308 |
| - retail | 5,675 | 70,932 | 5,708 | 71,351 | 5,715 | 71,440 |
| - secured by immovable property collateral | 5,648 | 70,605 | 4,946 | 61,830 | 4,926 | 61,572 |
| - other retail | 26 | 327 | 762 | 9,521 | 789 | 9,868 |
| - other | 1 | 18 | 0 | 2 | 1 | 15 |
| Standardised | 1,722 | 21,521 | 543 | 6,789 | 564 | 7,054 |
| - institutions | 1,088 | 13,605 | 49 | 613 | 25 | 310 |
| - retail | 0 | 0 | 0 | 0 | 0 | 0 |
| - secured by mortgages on immovable properties | 628 | 7,846 | 493 | 6,168 | 539 | 6,733 |
| - in default | 6 | 70 | 1 | 8 | 1 | 12 |
| Operational risk | 283 | 3,537 | 283 | 3,537 | 303 | 3,784 |
| Standardised | 283 | 3,537 | 283 | 3,537 | 303 | 3,784 |
| Total | 7,702 | 96,269 | 6,559 | 81,987 | 6,608 | 82,602 |

Capital ratios

| Percentage | 30 Sep 2024 | 31 Dec 2023 | 30 Sep 2023 |
|--|-------------|-------------|-------------|
| Common Equity Tier 1 capital ratio, excluding profit | 37.5 | 26.0 | 25.8 |
| Tier 1 capital ratio, excluding profit | 37.5 | 26.0 | 25.8 |
| Total capital ratio, excluding profit | 38.7 | 27.5 | 27.3 |

Leverage ratio

| | | | |
|---|---------|---------|---------|
| Tier 1 capital, transitional definition, NOKm | 36,117 | 21,285 | 21,299 |
| Leverage ratio exposure, NOKm | 381,736 | 364,889 | 363,491 |
| Leverage ratio, percentage | 9.5 | 5.8 | 5.9 |

Note 11 Risks and uncertainties

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

Being an issuer of covered bonds, the company is also exposed to changes in the residential property market and the market for holiday homes. A decline in housing prices will reduce the value of the company's cover pool for the purpose of calculating the regulatory asset coverage requirement. Quarterly stress tests are carried out to estimate the effects of declining prices for residential properties and holiday homes. At the end of the third quarter 2024 the over-collateralization (OC) was 47.4%, meaning that the company can withstand a significant price drop without breaching the regulatory OC requirement. A drop in house prices will also increase the credit risk and may lead to increased loan losses in case of default, due to decreased value of the collateral.

There are significant risks related to the macroeconomic environment due to geopolitical developments and broader inflationary pressures. Reduced consumer spending and cost increases may particularly impact small and medium sized enterprises in certain industries. Depending on future developments, there may be increased credit risk in Nordea Eiendomskreditt's mortgage loan portfolio. Potential future credit risks are addressed in Note 7 "Loans and impairment" and in the section "Net loan losses" in the Board of Directors' Report.

Nordea Eiendomskreditt is also exposed to risks such as market risk, liquidity risk and operational risk. These risks are managed according to processes and limits established in Nordea Eiendomskreditt's Risk Appetite Framework. Further information on the composition of the company's risk exposure and risk management can be found in the Annual Report.

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

Note 12 Related-party transactions

Nordea Eiendomskreditt considers that its related parties include its parent company, other companies in the Nordea group, and key persons in senior positions.

Interest rate risk and currency risk that arise as part of Nordea Eiendomskreditt's normal business activities, are hedged using interest rate and currency swaps. Only counterparties to derivative contracts are Nordea Group internal. The volume of interest rate swaps was NOK 34bn (NOK 44bn) and currency swaps NOK 1bn (NOK 1bn) at the end of the third quarter 2024. Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendomskreditt, and at the end of the third quarter 2024 such borrowings amounted to NOK 97bn including accrued interests.

Subordinated loans provided by Nordea Bank Abp was NOK 1.1bn at the end of the third quarter. In addition, Nordea Bank Abp had a holding of covered bonds issued by Nordea Eiendomskreditt of NOK 38bn at the end of the third quarter of 2024.

Loans to the public are managed by Nordea Bank Abp, filial i Norge. For loans issued directly from Nordea Eiendomskreditt, also credit assessment and other processes in relation to the loan origination, are performed by Nordea Bank Abp, filial i Norge. For this service Nordea Eiendomskreditt has paid an amount of NOK 1,003m in 2024 (NOK 904m). Nordea Eiendomskreditt also buys services related to funding and risk control, accounting and reporting, people services and IT services from the Nordea Group according to agreements entered into. For these services Nordea Eiendomskreditt has paid NOK 22m in the first three quarters of 2024 (NOK 22m).

In September Nordea Eiendomskreditt entered into a financial guarantee with Nordea Bank Abp containing credit protection for a portfolio of mortgages of NOK 65bn. For this guarantee Nordea Eiendomskreditt has paid a provision fee of NOK 1.8m for the first month of the total guarantee period.

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

Contact information

Nordea Eiendomskreditt AS

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|-------------------|--|
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