

Nordea

Interim Report 4th quarter 2022

Nordea Eiendoms kreditt AS

(preliminary and unaudited)



Key financial figures

Summary of the income statement (NOKm)

	Jan-Dec 2022	Jan-Dec 2021
Net interest income	2 319	3 018
Net fee and commission income	77	77
Net result from items at fair value	-11	-179
Other operating income	3	2
Total operating income	2 388	2 918
Staff costs	31	27
Other expenses	1 387	1 713
Total operating expenses	1 419	1 740
Loan losses (negative figures are reversals)	106	53
Operating profit	863	1 125
Income tax expense	215	281
Net profit for the period	648	844

Summary of the balance sheet (NOKm)

	31 Dec 2022	31 Dec 2021
Loans to the public, gross	323 563	305 898
Allowance for loan losses	-311	-218
Other assets	6 555	6 813 ¹
Debt securities in issue	149 352	107 152 ¹
Other liabilities	158 401	183 216 ¹
Equity	22 054	22 125 ¹
Total assets	329 807	312 493¹
Average total assets	322 559	307 635

Ratios and key figures

	31 Dec 2022	31 Dec 2021
Basic/diluted Earnings per share (EPS), annualised basis, NOK	38,6	50,3
Equity per share ¹ , NOK	1 314	1 318 ¹
Shares outstanding ¹ , million	16,8	16,8
Return on average equity	2,9 %	3,9 %
Cost/income ratio	59,4 %	59,6 %
Loan loss ratio, annualised, basis points	3,4	1,8
Risk Exposure Amount ¹ , NOKm	80 044	74 676
Own funds, NOKm ^{1,2}	22 530	22 471
Common Equity Tier 1 capital ratio	26,6%	28,5%
Tier 1 capital ratio ^{1,2}	26,6%	28,5%
Total capital ratio ^{1,2}	28,2%	30,1%
Number of employees (Full-time equivalents) ¹	21,5	20,5

¹ At the end of the period.

² Excluding the year to date profit for 2022.

Nordea Eiendomskreditt 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.

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Board of Directors' Report

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, including secured construction loans, and to finance its lending activities mainly by issuing covered bonds. The mortgage loan portfolio of NOK 323bn at the end of 2022 consists of loans originated directly from own balance sheet or bought from the parent bank, as well as NOK 26bn added as a result of the merger with Nordea Direct Boligkreditt AS. 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.

Nordea Direct Boligkreditt merger

The merger between Nordea Direct Boligkreditt AS (formerly Gjensidige Bank Boligkreditt AS) and Nordea Eiendomskreditt AS was completed at 1 November 2022. Accounting wise, Nordea Direct Boligkreditt AS is included in the figures from 1 January 2022 and the merger has been executed with continuity for accounting and tax purposes. Figures for 2021 are in the following restated to include Nordea Direct Boligkreditt AS. The company's share capital was increased from NOK 1,718m to NOK 1,880m at 1 November 2022 as a result of the merger.

Income Statement

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

Profit before loan losses

Operating profit in the fourth quarter of 2022 was NOK 108m (NOK 224m) and for the whole year NOK 863m (NOK 1 125m). The profit reported for 2022 is equivalent to a post-tax return on average equity of 2.9% (3.9%).

Net interest income in the fourth quarter decreased by 34% compared to the same period last year and amounted to NOK 447m (NOK 675m). The decrease is explained by lower lending margins, partly offset by higher lending volume.

Total operating expenses in the fourth quarter amounted to NOK 285m (NOK 398m), whereof NOK 9m (NOK 7m) 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. Norwegian resolution fee is also included with NOK 11m in the fourth quarter 2022 (NOK 9m). The cost/income ratio for the fourth quarter of 2022 was 63.6% (63.5%).

Net loan losses

Loan losses and provisions recognised in the fourth quarter of 2022 were NOK 55.2m (NOK 5.1 m), whereof NOK 51.7m is related to increased allowances for mortgage loans and NOK 3.5m is net realized loan losses. Loan loss allowances

have increased from NOK 218m at the beginning of the year to NOK 311m at the end of 2022, mainly due to increased management judgement allowances. The assessment behind the increased management judgement allowances has been that as a consequence of higher inflation and increasing loan interest rates during 2022, an increase of Probability of Default (PD) and Loss Given Default (LGD) beyond what is captured in Nordea's model calculations, is expected. The management has therefore decided to increase the level of provisions by NOK 64m.

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.

Realised loan losses are moderate and reflects a strong underlying credit portfolio with a positive rating migration (upgrades exceeding downgrades). The credit quality in the loan portfolio remains strong, even if loans past due more than 5 days have increased. See note 4 and note 5 for further information about loan losses and impairment.

Funding and liquidity

During the fourth quarter of 2022 Nordea Eiendomskreditt issued covered bonds amounting to NOK 21.1bn in the Norwegian domestic market under its NOK 250bn domestic covered bond programme. In the same period NOK 3.0bn have been bought back. As the end of 2022, Nordea Eiendomskreditt had outstanding covered bonds totaling NOK 143.7bn in the Norwegian market, GBP 0.3bn in the British market and EUR 0.1bn in the European market. Nordea Eiendomskreditt also had subordinated debt outstanding to the amount of NOK 1.1bn.

In addition to the long-term funding, Nordea Eiendomskreditt also raised unsecured funding from the parent bank. At the end of 2022 such borrowings amounted to NOK 155.3bn.

Nordea Eiendomskreditt holds a liquidity buffer of NOK 5.3bn and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 1274% (462%) at the end of 2022. Additionally, in order to ensure sufficient cash resources to meet its payment obligations, the company has an overdraft facility with the parent bank and a committed liquidity support agreement with the Nordea Group. The "Banking Package", implemented at 1 June 2022, introduced a Net Stable Funding Ratio (NSFR) requirement of minimum 100%. At the end of 2022 Nordea Eiendomskreditt had a NSFR ratio of 113.1%.

Rating

The covered bonds issued by Nordea Eiendomskreditt (NE), and the covered bonds issued by Gjensidige Bank Boligkreditt (renamed to Nordea Direct Boligkreditt) that were transferred to NE as a result of the merger at 1 November 2022, are rated Aaa by Moody's Investors' Service.

Lending

The gross book value of loans to the public amounted to NOK 323bn at the end of 2022 (NOK 306bn), bought from Nordea Bank Abp, filial i Norge or issued directly from Nordea Eiendoms kreditt's own balance sheet. NOK 26m was added to the loan portfolio as a result of the merger with Nordea Direct Boligkreditt at 1 November 2022. NOK 245bn 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 65.4% in relation to gross issued covered bonds.

Total assets amounted to NOK 330bn at the end of 2022 (NOK 312bn).

Impaired loans

As of 31 December 2022 impaired loans amounted to NOK 609m which corresponds to 0.19% of the total loan portfolio. Allowances of NOK 115m have been made, and net impaired loans were NOK 494m at the end of 2022 compared to NOK 435m at the end of 2021.

Interest rate and currency hedging

The company uses interest rate and currency swaps to hedge interest rate and currency risk. At the close of the fourth quarter of 2022, the company was party to interest rate swaps with a nominal value of NOK 53.4bn. 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. Main counterparty to derivative contracts are within the Nordea Group.

Capital position and risk exposure amount

Nordea Eiendoms kreditt's Common Equity Tier 1 capital ratio was 26.6% at the end of 2022, a decrease of 1.9 percentage points from the end of last year. Total Capital ratio decreased 1.9 percentage points to 28.2%. The decrease was primarily due to increased Risk Exposure Amount (REA).

REA was NOK 80,044m, an increase of 7.2% compared to the end of last year (NOK 74,676m). The main driver for the increase in REA was the IRB retail portfolio, primarily stemming from the merger with Nordea Direct Boligkreditt in the fourth quarter, which increased loans to the public by 9.4%.

Own funds was NOK 22,543m at the end of 2022, of which NOK 1,100m is a subordinated loan.

The Tier 1 capital and the Common Equity Tier 1 capital were NOK 21,330m (no additional Tier 1 capital).

Regulatory development

Capital requirements

On 21 December 2022, the Ministry of Finance decided that three banks should continue to be identified as systemically important institutions (O-SII), of which Nordea Eiendoms kreditt is identified with an unchanged O-SII buffer of 1%.

Other information

Impacts from Russia's invasion of Ukraine

The uncertainty regarding the broader impact of the war – including higher energy, food and commodity prices – on the global and Nordic economies was further assessed in the fourth quarter. These developments have been reflected in the regular update of Nordea's macroeconomic scenarios, which have been used in the updated financial forecasts and IFRS 9 expected credit loss modelling. Nordea Eiendoms kreditt has also reviewed its management judgement overlay to ensure that the overall provisioning levels are appropriate in the context of higher energy prices, interest rates and reduced disposable income. Nordea will continue to follow developments closely in the coming quarters.

Information on the financial impacts of the war in Ukraine and the measures taken to address these impacts, have been provided in the section "Net loan losses", in Note 1 "Accounting policies", in Note 5 "Loans and impairment" and in Note 13 "Risks and uncertainties".

Macroeconomy

Norwegian mainland GDP increased by 0.8% during the third quarter of 2022, driven by growth in all sectors, especially the fishing industry. The labour market remained strong, with the seasonally adjusted unemployment rate at a record low of 1.6% in December. Housing prices declined during the fourth quarter, but were still 1.7% higher in December than in the same month last year. Year-on-year consumer price inflation stood at 5.9% in December, driven by increased energy prices and also by broad price increases of both imported and domestic goods and services. Norges Bank continued its rate hiking cycle due to a highly pressured economy and high inflation, but at a more measured pace. After hiking the key rate by 50bp in June, August and September, Norges Bank hiked it by 25bp in both November and December, bringing it up to 2.75%. Norges Bank has signalled that it will probably be raising the key rate to around 3–3.25% in 2023. The Norwegian krone strengthened against the dollar during the fourth quarter but was fairly stable against the euro.

Nordea Eiendoms kreditt AS

Oslo, 14 February 2023

Marte Koppers tad
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Pål Ekberg
Board member

Lene Steinum
Board member

Anne Sofie Knoph
Employee representative

Elen M Stiksrud
Acting Chief Executive Officer

Income statement

NOKt	Note	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Operating income					
Interest income calculated using the effective interest rate method		8 458 243	5 245 785	2 945 450	1 405 713
Other interest income		98 957	26 064	41 050	8 902
Interest expense		6 238 603	2 254 184	2 539 900	739 404
Net interest income	2	2 318 597	3 017 665	446 600	675 210
Fee and commission income		111 547	103 594	28 005	27 263
Fee and commission expense		34 569	26 534	9 376	7 412
Net fee and commission income		76 978	77 060	18 629	19 851
Net result from items at fair value	3	-11 077	-179 212	-17 475	-69 564
Other income		3 359	2 431	640	967
Total operating income		2 387 857	2 917 944	448 394	626 464
Staff costs		31 171	26 966	8 762	7 042
Other operating expenses		1 387 333	1 712 651	276 260	390 637
Depr/amortisation and impairment charges		136	84	34	29
Total operating expenses		1 418 640	1 739 702	285 056	397 708
Profit before loan losses		969 216	1 178 242	163 338	228 756
Loan losses	4	106 375	53 241	55 213	5 141
Operating profit		862 841	1 125 001	108 125	223 615
Income tax expense		215 022	281 255	26 339	55 907
Net profit for the period		647 819	843 746	81 786	167 708
Attributable to:					
Shareholder of Nordea Eiendoms kreditt AS		647 819	843 746	81 786	167 708
Total		647 819	843 746	81 786	167 708

Statement of comprehensive income

NOKt	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Net profit for the period	647 819	843 746	81 786	167 708
Items that may be reclassified subsequently to the income statement				
Cash flow hedges:				
Valuation gains/losses during the period	7 019	39 745	-5 013	35 638
Tax on valuation gains/losses during the period	-1 755	-9 936	1 253	-8 909
Items that may not be reclassified subsequently to the income statement				
Defined benefit plans:				
Remeasurement of defined benefit plans	1 504	2 076	-12 330	-728
Tax on remeasurement of defined benefit plans	-376	-519	3 082	182
Other comprehensive income, net of tax	6 393	31 365	-13 007	26 183
Total comprehensive income	654 212	875 111	68 779	193 891
Attributable to:				
Shareholders of Nordea Eiendoms kreditt AS	654 212	875 111	68 779	193 891
Total	654 212	875 111	68 779	193 891

Balance sheet

NOKt	Note	31 Dec 2022	31 Dec 2021
Assets			
Loans to credit institutions		731 472	733 910
Loans to the public	5, 10	323 251 987	305 679 896
Interest-bearing securities	9	5 435 886	5 394 540
Derivatives	7	423 732	674 141
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-55 554	-17 024
Property and Equipment owned and RoU		77	213
Other assets		-33	24 335
Accrued income and prepaid expenses		19 524	2 665
Total assets	6	329 807 091	312 492 675
Liabilities			
Deposits by credit institutions		155 913 879	181 377 642
Debt securities in issue	11	149 352 274	107 151 476
Derivatives	7, 9	761 036	62 059
Current tax liabilities		209 297	248 289
Other liabilities		20 845	9 309
Accrued expenses and prepaid income		226 015	249 562
Deferred tax liabilities		133 515	138 714
Provisions		8 211	2 731
Retirement benefit obligations		24 682	26 007
Subordinated loan capital		1 103 819	1 101 826
Total liabilities	6, 8	307 753 572	290 367 615
Equity			
Share capital		1 879 565	1 938 662
Share premium		9 874 082	9 814 985
Other reserves		-21 693	-28 085
Retained earnings		9 673 746	9 555 753
Net profit for the period		647 819	843 746
Total equity		22 053 520	22 125 061
Total liabilities and equity		329 807 091	312 492 675
Assets pledged as security for own liabilities		245 131 742	232 191 758
Commitments		31 618 092	29 698 530

Nordea Eiendomskreditt AS

Oslo, 14 February 2023

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Elen M Stiksrud
Acting 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 ¹	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Balance at 1 January 2022	1 938 662	9 814 985	-14 945	-13 140	10 399 499	22 125 061
Net profit for the year					647 819	647 819
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:			7 019			7 019
Valuation gains/losses			-1 755			-1 755
Tax on valuation gains/losses						
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans					1 504	1 504
Tax on remeasurement of defined benefit plans					-376	-376
Other comprehensive income, net of tax	0	0	5 265	1 128	0	6 393
Total comprehensive income	0	0	5 265	1 128	647 819	654 212
Contribution and distribution						
Share Based Payments					247	247
Dividend paid					-726 000	-726 000
Change of share capital	-59 097	59 097				0
Balance at 31 December 2022	1 879 565	9 874 082	-9 681	-12 012	10 321 567	22 053 520

NOKt	Share capital ¹	Share premium	Other reserves		Retained earnings	Total equity
			Cash flow hedges	Defined benefit plans		
Balance at 1 January 2021	1 938 662	9 814 985	-44 754	-14 696	10 089 253	21 783 450
Net profit for the year					843 746	843 746
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:			39 745			39 745
Valuation gains/losses			-9 936			-9 936
Tax on valuation gains/losses						
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans					2 076	2 076
Tax on remeasurement of defined benefit plans					-519	-519
Other comprehensive income, net of tax	0	0	29 809	1 557	0	31 365
Total comprehensive income	0	0	29 809	1 557	843 746	875 111
Contribution and distribution						
Share Based Payments					500	500
Dividend paid					-534 000	-534 000
Balance at 31 December 2021	1 938 662	9 814 985	-14 945	-13 140	10 399 499	22 125 061

¹The company's share capital at 31 December 2022 was NOKt 1,879,565,-. The number of shares was 16 781 828, each with a quota value of NOK 112. All shares were owned by Nordea Bank AB (publ) until 30 September 2018, and by Nordea Bank Abp from 1 October 2018.

Cash Flow statement

NOKt	Jan-Dec 2022	Jan-Dec 2021
Operating activities		
Operating profit before tax	862 841	1 125 000
Adjustments for items not included in cash flow	97 727	16 188
Income taxes paid	-261 312	-415 721
Cash flow from operating activities before changes in operating assets and liabilities	699 256	725 467
Changes in operating assets		
Change in loans to the public	-17 664 399	-17 834 542
Change in interest-bearing securities	-41 346	-24 102
Change in derivatives, net	949 386	794 693
Change in other assets	46 176	81 222
Changes in operating liabilities		
Change in deposits by credit institutions	-25 462 473	69 162 501
Change in debt securities in issue	42 227 149	-50 911 087
Change in other liabilities	-32 454	-448 212
Cash flow from operating activities	721 295	1 545 940
Investing activities		
Purchase/sale of tangible fixed assets	0	0
Change in loans and receivables to credit institutions, fixed terms	0	0
Change in holdings of bearer bonds issued by others	0	0
Cash flow from investing activities	0	0
Financing activities		
Issue of subordinated loan capital	0	0
Repayment of subordinated loan capital	0	-1 200 000
Change of accrued interest on subordinated loan capital	1 993	94
Dividend paid	-726 000	-534 000
Share Based Payment Programme (EIP)	274	573
Increase in share capital and share premium	0	0
Cash flow from financing activities	-723 733	-1 733 333
Cash flow for the year	-2 439	-187 393
Cash and cash equivalents at beginning of the period (Loans to credit institutions)	733 910	921 305
Cash and cash equivalents at end of the period (Loans to credit institutions)	731 472	733 910
Change	-2 438	-187 394

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year. Nordea Eiendoms kreditt's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as loan losses. The cash flows are classified by operating, investing and financing activities. Nordea Eiendoms kreditt does not have investing activities.

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

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

NOKt	Year 2022	Year 2021
Interest payments received	8 157 307	5 098 393
Interest expenses paid	-5 341 358	-2 121 157

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

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

Notes to the financial statements

Note 1 Accounting policies

The financial statements as of the fourth quarter of 2022 are prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as endorsed by the European Union (EU). In addition, certain complementary rules in the Norwegian Accounting Act with supported regulation have been applied.

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statement for the year ended 31 December 2021.

The accounting policies, method of computation and presentations are unchanged in comparison with the Annual Report 2021, except for the items presented in the section "Changed accounting policies and presentation" below.

Nordea Direct Boligkreditt merger

The merger between Nordea Direct Boligkreditt AS and Nordea Eiendomskreditt AS was completed at 1 November 2022. Accounting wise, Nordea Direct Boligkreditt AS is included in the figures from 1 January 2022 and the merger has been executed with continuity for accounting and tax purposes. Figures for 2021 are restated to include Nordea Direct Boligkreditt AS.

Changed accounting policies and presentation

New accounting policies and presentation implemented during 2022 and their impact on the financial statements of Nordea Eiendomskreditt are described below.

Changed presentation of hedged items in fair value hedges at micro level

Nordea Eiendomskreditt applies fair value hedge accounting at both micro level (single assets/liabilities or closed portfolios of assets/liabilities where one or more hedged items are hedged using one or more hedging instruments) and macro level (open portfolios where groups of items are hedged using multiple hedging instruments).

As of 2022 Nordea Eiendomskreditt presents the fair value changes of hedged items under fair value hedge accounting at micro level in the same balance sheet line item as hedged items instead of, as earlier, in the balance sheet line item "Fair value changes of hedged items in hedges of interest rate risk". Fair value changes of hedged items under fair value hedge accounting at macro level are, as earlier, presented on a separate balance sheet item, which from 2022 has been renamed from "Fair value changes of hedged items in hedges of interest rate risk" to "Fair value changes of hedged items in portfolio hedges of interest rate risk". Comparative figures have been restated accordingly and the impact in 2022 and 2021 can be found in the table below.

NOKm	31 Dec 2022		
	Old policy	Change	New policy
Debt securities in issue	149 908	-555	149 352
Fair value changes of hedged items in portfolio hedges of interest rate risk	-555	555	0
Total liabilities	307 754	0	307 754

NOKm	31 Dec 2021		
	Old policy	Change	New policy
Debt securities in issue	106 965	186	107 151
Fair value changes of hedged items in portfolio hedges of interest rate risk	186	-186	0
Total liabilities	290 368	0	290 368

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

In 2021 the IASB published amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

The amendments have been endorsed by the EU and are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The gross deferred tax assets and liabilities will be disclosed, but will be set off on the balance sheet if such requirements are met. The current assessment of Nordea Eiendomskreditt is that the amendments will not have any significant impact on its financial statements or capital adequacy in the period of initial application.

Other amendments to IFRS

The IASB has published the following new or amended standards that are assessed not to have any significant impact on Nordea Eiendomskreditt's financial statements, capital adequacy or large exposures in the period of initial application:

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

Critical judgements and estimation uncertainty

Nordea Eiendomskreditt 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 on the financial statements.

In terms of direct credit risk Nordea Eiendomskreditt 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 all of these instances, decisions are based upon professional judgement in accordance with Nordea Eiendomskreditt's accounting and valuation policies. More information on financial instruments held at fair value on Nordea Eiendomskreditt's balance sheet can be found in Note 9.

Exchange rates

GBP 1 = NOK	2022	2021
Income statement (average)	11,8469	11,8224
Balance sheet (at end of period)	11,8848	11,9374

EUR 1 = NOK		
Income statement (average)	10,1021	10,1655
Balance sheet (at end of period)	10,5180	10,0185

Note 2 Net interest income

NOKt	Jan-Dec	Jan-Dec	Q4	Q4
	2022	2021	2022	2021
Interest income calculated using the effective interest rate method	8 458 243	5 245 785	2 945 450	1 405 713
Other interest income	98 957	26 064	41 050	8 902
Interest expense	6 238 603	2 254 184	2 539 900	739 404
Net interest income	2 318 597	3 017 665	446 600	675 210

Interest income calculated using the effective interest rate method

Loans to credit institutions	44 839	6 143	26 129	2 310
Loans to customers	8 338 649	5 185 017	2 899 316	1 386 548
Yield fees	69 467	71 825	15 019	19 528
Net interest paid or received on derivatives in accounting hedges of assets	5 288	-17 200	4 747	-2 868
Interest income	8 458 243	5 245 785	2 945 212	1 405 519

Other interest income

Interest-bearing securities measured at fair value	98 957	26 064	41 050	8 902
Other interest income¹	98 957	26 064	41 050	8 902

Interest expense

Deposits by credit institutions	3 425 269	1 198 196	1 345 981	430 997
Debt securities in issue	2 611 354	1 143 121	1 088 065	260 055
Subordinated loan capital	36 518	42 694	12 623	5 982
Other interest expenses	156 613	130 447	62 243	66 099
Net interest paid or received on derivatives in hedges of liabilities	8 849	-260 274	30 988	-23 728
Interest expense	6 238 603	2 254 184	2 539 900	739 404

Interest from categories of financial instruments

NOKt	Jan-Dec	Jan-Dec	Q4	Q4
	2022	2021	2022	2021
Financial assets at amortised cost	8 454 945	5 261 655	2 940 702	1 408 580
Financial assets at fair value through profit and loss (including hedging instruments) ¹	1 02 256	10 194	45 797	6 034
Financial liabilities at amortised cost	-6 229 755	-2 514 458	-2 508 912	-763 132
Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹	-8 849	260 274	-30 988	23 728
Net interest income	2 318 597	3 017 665	446 600	675 210

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, for further information see Note 1 Accounting policies.

Note 3 Net result from items at fair value

Net gains/losses for categories of financial instruments

NOKt	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Net result from items at fair value	-11 077	-179 212	-17 475	-69 564
Total	-11 077	-179 212	-17 475	-69 564

NOKt	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Financial assets and liabilities mandatorily at fair value through profit or loss ¹	-866 788	-574 572	181 463	-94 219
Financial assets at amortised cost ²	-65 688	-44 541	-2 131	-6 153
Financial liabilities at amortised cost ³	920 915	439 955	-197 243	30 897
Foreign exchange gains/losses excluding currency hedges	483	-54	436	-88
Total	-11 077	-179 212	-17 475	-69 563

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

²This row includes net gain/loss arising from derecognition of financial assets measured at amortised cost of NOK -27m (NOK 1m) in 2022, and NOK -12m (NOK 0m) in the fourth quarter. 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 -39m (NOK -46m) in 2022, and NOK 10m (NOK -6m) in the fourth quarter.

³This row mainly includes fair value changes of hedged amortised cost liabilities in hedges of interest rate risk of NOK 937m (NOK 574m) in 2022, and NOK -193m (NOK 37m) in the fourth quarter.

Note 4 Loan losses

Net loan losses

NOKt	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Net loan losses, Stage 1	16 112	-9 074	4 132	-3 480
Net loan losses, Stage 2	62 172	13 854	23 501	-6 128
Total loan losses, non-defaulted	78 284	4 780	27 632	-9 608

Stage 3, defaulted

Net loan losses, individually assessed, collectively calculated	19 946	34 096	23 869	13 715
Realised loan losses	15 709	28 982	11 030	1 024
Decrease of provisions to cover realised loan losses	0	-6 662	0	0
Recoveries on previous realised loan losses	-7 122	-515	-7 122	0
Reversals of provisions	-442	-7 441	-196	10
Net loan losses, defaulted	28 091	48 461	27 581	14 749

Net loan losses	106 375	53 241	55 213	5 141
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Key ratios¹

	Jan-Dec 2022	Jan-Dec 2021	Q4 2022	Q4 2021
Loan loss ratio, basis points	3,37	1,77	6,84	0,67
- of which stage 1	0,51	-0,30	0,51	-0,46
- of which stage 2	1,97	0,46	2,91	-0,80
- of which stage 3	0,89	1,61	3,42	1,93

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

Note 5 Loans and impairment

Loans and impairment	31 Dec 2022	31 Dec 2021
NOKt		
Loans measured at amortised cost, not impaired (Stage 1 and 2)	322 953 240	305 367 280
Impaired loans (Stage 3)	609 274	530 835
- of which servicing	206 772	144 288
- of which non-servicing	402 502	360 102
Loans before allowances	323 562 514	305 898 114
Allowances for individually assessed impaired loans (Stage 3)	-115 213	-95 703
- of which servicing	-36 088	-18 218
- of which non-servicing	-79 124	-76 987
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-195 315	-122 515
Allowances	-310 527	-218 218
Loans, carrying amount	323 251 987	305 679 896

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2022	-35 501	-87 014	-95 703	-218 218
Changes due to origination and acquisition	-28 894	-36 748	-4 466	-70 108
Changes due to transfers from Stage 1 to Stage 2	1 764	-67 368	0	-65 604
Changes due to transfers from Stage 1 to Stage 3	50	0	-20 469	-20 419
Changes due to transfers from Stage 2 to Stage 1	-1 126	34 266	0	33 140
Changes due to transfers from Stage 2 to Stage 3	0	1 335	-11 285	-9 949
Changes due to transfers from Stage 3 to Stage 1	-98	0	5 796	5 698
Changes due to transfers from Stage 3 to Stage 2	0	-703	4 400	3 697
Changes due to changes in credit risk without stage transfer	6 362	-15 371	-32 961	-41 970
Changes due to repayments and disposals	10 117	27 383	41 529	79 029
Other changes	-2 719	-1 049	-2 055	-5 822
Balance at 31 Dec 2022	-50 045	-145 269	-115 213	-310 527

Movements of allowance accounts for loans measured at amortised cost

NOKt	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	-42 546	-73 334	-75 714	-191 593
Changes due to origination and acquisition	-111 988	-24 420	-47 230	-183 637
Changes due to transfers from Stage 1 to Stage 2	14 036	-130 820	0	-116 784
Changes due to transfers from Stage 1 to Stage 3	761	0	-23 599	-22 838
Changes due to transfers from Stage 2 to Stage 1	-5 249	118 260	0	113 011
Changes due to transfers from Stage 2 to Stage 3	0	90 249	-166 031	-75 782
Changes due to transfers from Stage 3 to Stage 1	-56	0	9 204	9 149
Changes due to transfers from Stage 3 to Stage 2	0	-3 906	13 687	9 781
Changes due to changes in credit risk without stage transfer	26 323	-134 035	45 446	-62 266
Changes due to repayments and disposals	83 218	70 990	141 871	296 078
Write-off through decrease in allowance account	0	0	6 662	6 662
Balance at 31 Dec 2021	-35 501	-87 014	-95 703	-218 218

Note 5 Loans and impairment cont.

Key ratios

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

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

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

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

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

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

Forward looking information

Forward looking information is used both for assessing significant increases in credit risk and in the calculation of expected credit losses. Nordea Eiendoms kreditt uses three macroeconomic scenarios, a baseline scenario, a favourable scenario and an adverse scenario. For the fourth quarter of 2022 the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 60%, adverse 20% and favourable 20% at the end of December 2021 and baseline 50%, adverse 40% and favourable 10% at the end of September 2022). The weightings reflected increasing downside risks to the macroeconomic projections during the last year.

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, and for periods beyond, a long-term average is used in the ECL calculations.

The macroeconomic scenarios reflect Nordea's view of how the Nordic economies might develop in light of Russia's invasion of Ukraine and the associated sanctions and countersanctions on trade with Russia. This includes consideration of the high level of energy prices seen after the invasion, continued supply chain disruptions and an expectation of significantly higher interest rates in response to the strong inflationary pressures. When developing the scenarios and determining the relative weighting between the scenarios, Nordea took into account projections made by Nordic governments and central banks, Nordea Research and the European Central Bank.

The baseline scenario foresees mild recessions in Denmark, Finland and Sweden, triggered by high interest rates and elevated inflation. On the other hand, the high energy prices will support weak growth in Norway. The weak growth impulse is expected to continue into 2023, weighing on the recovery. Nordic housing markets have turned around, with sales showing a marked slowdown and prices starting to

decline, with the price fall in Sweden being particularly pronounced. This development is expected to continue into 2023. 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. The high energy prices may lead to a deeper and longer recession due to weaker growth in private consumption and investments. In addition, house prices may see an even larger fall due to the high level of interest rates and squeeze in household purchasing power. A stabilisation of energy prices at a lower level may on the other hand lead to a milder setback over the winter and a stronger recovery going forward.

At the end of the fourth quarter of 2022 adjustments to model-based allowances/provisions (management judgements) amounted to NOK 102m (NOK 32m at the end of the third quarter 2022 and NOK 38m at the end of 2021). The management judgements cover expected credit losses not yet covered by the IFRS 9 model. The cyclical reserve amounted to NOK 95m at the end of the fourth quarter of 2022 (NOK 25m at the end of the third quarter of 2022 and NOK 25m at the end of 2021) and the reserve covering issues identified in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to NOK 7m (NOK 7m at the end of the third quarter of 2022 and NOK 14m at the end of 2021).

The cyclical reserve was reassessed during the fourth quarter, moving from the specific concerns related to the pandemic to the extraordinary challenges raised by the energy crisis. The adequacy of allowances was analysed based on specific potential impacts of higher costs, including loan interest rates, and decrease in housing prices, leading to a potential increase of PD (Probability of Default) and LGD (Loss Given Default) beyond what is captured in the model calculations. The management therefore decided to increase the level of provisions by NOK 64m. The level of allowances was concluded to be largely sufficient for the changed risk outlook.

Note 5 Loans and impairment cont.

Scenarios	2023	2024	2025	Probability weight
Favourable scenario				10%
GDP growth, %	1.6	1.2	1.0	
Unemployment, %	3.1	3.3	3.2	
Change in household consumption, %	-0.4	0.6	3.0	
Change in house prices, %	-1.8	1.9	4.7	
Baseline scenario				50%
GDP growth, %	0.8	0.8	0.3	
Unemployment, %	3.3	3.6	3.6	
Change in household consumption, %	-1.1	0.3	1.9	
Change in house prices, %	-2.4	1.3	4.1	
Adverse scenario				40%
GDP growth, %	-1.5	0.3	0.4	
Unemployment, %	4.2	4.4	4.4	
Change in household consumption, %	-2.6	-0.9	1.0	
Change in house prices, %	-7.2	-3.0	1.3	

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.

31 December 2022	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial assets	
NOKt					
Assets					
Loans to credit institutions	731 472				731 472
Loans to the public	323 251 987				323 251 987
Interest-bearing securities		5 435 886			5 435 886
Derivatives		-17 698	441 430		423 732
Fair value changes of hedged items in portfolio hedges of interest rate risk	-55 554				-55 554
Equipment owned and RoU				77	77
Other assets				-33	-33
Prepaid expenses and accrued income	18 148			1 376	19 524
Total Assets	323 946 054	5 418 188	441 430	1 420 329 807 092	

31 December 2022	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Derivatives used for hedging	Non-financial liabilities	
NOKt					
Liabilities					
Deposits by credit institutions	155 913 879				155 913 879
Debt securities in issue	149 352 274				149 352 274
Derivatives		158 537	602 499		761 036
Current tax liabilities				209 297	209 297
Other liabilities	3 597			17 247	20 844
Accrued expenses and prepaid income	3 883			222 132	226 015
Deferred tax liabilities				133 515	133 515
Provisions				8 211	8 211
Retirement benefit obligations				24 682	24 682
Subordinated loan capital	1 103 819				1 103 819
Total Liabilities	306 377 452	158 537	602 499	615 083 307 753 572	

Note 7 Derivatives and hedge accounting

31 Dec 2022, NOKt	Fair value		Total nominal amount
	Positive	Negative	
Derivatives at FVPL - Mandatorily¹:			
Interest rate sw aps	-17 698	158 537	37 000 000
Total	-17 698	158 537	37 000 000
Derivatives used for hedge accounting:			
Interest rate sw aps	146 033	504 303	16 376 000
Currency and interest rate sw aps	295 397	98 196	4 208 000
Total	441 430	602 499	20 584 000
-of w hich fair value hedges ²	146 033	504 303	16 376 000
-of w hich cash flow hedges ²	295 397	98 196	4 208 000
Total derivatives	423 732	761 036	57 584 000
31 Dec 2021, NOKt	Fair value		Total nominal amount
	Positive	Negative	
Derivatives at FVPL - Mandatorily¹:			
Interest rate sw aps	7 705	45 583	45 600 000
Total	7 705	45 583	45 600 000
Derivatives used for hedge accounting:			
Interest rate sw aps	274 265	16 477	12 794 000
Currency and interest rate sw aps	392 171	0	4 208 000
Total	666 436	16 477	17 002 000
-of w hich fair value hedges	274 265	16 477	12 794 000
-of w hich cash flow hedges	392 171	0	4 208 000
Total derivatives	674 141	62 059	62 602 000

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

Note 8 Fair value of financial assets and liabilities

NOKt	31 Dec 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	323 927 906	328 228 331	306 421 195	307 197 057
Interest-bearing securities	5 435 886	5 435 886	5 394 540	5 394 540
Derivatives	423 732	423 732	674 141	674 141
Prepaid expenses and accrued income	18 148	18 148	1 031	1 031
Total financial assets	329 805 671	334 106 097	312 490 906	313 266 768
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Deposits and debt instruments	306 369 973	306 385 298	289 630 944	290 391 323
Derivatives	761 036	761 036	62 059	62 059
Other financial liabilities	3 597	3 597	2 784	2 784
Accrued expenses and prepaid income	3 883	3 883	414	414
Total financial liabilities	307 138 488	307 153 814	289 696 201	290 456 579

For information about valuation of items measured at fair value on the balance sheet, see Note 1 Accounting policies and the section "Determination of fair values for items measured at fair value on the balance sheet" below. For information about valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet".

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

Categorisation into fair value hierarchy

31 Dec 2022, NOKt	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
	Financial assets¹			
Interest-bearing securities		5 435 886		5 435 886
Derivatives		423 732		423 732
Total assets	0	5 859 618	0	5 859 618
Financial liabilities¹				
Derivatives		702 726	58 310	761 036
Total liabilities	0	702 726	58 310	761 036
31 Dec 2021, NOKt	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
Financial assets¹				
Interest-bearing securities		5 394 540		5 394 540
Derivatives		674 141	0	674 141
Total assets	0	6 068 681	0	6 068 681
Financial liabilities¹				
Derivatives		62 059		62 059
Total liabilities	0	62 059	0	62 059

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

Determination of fair values for items measured at fair value on the balance sheet

Fair value of financial assets and liabilities are generally calculated as the theoretical net present value of the individual instruments, based on independently sourced market parameters as described above, and assuming no risks and uncertainties. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual Report, Note 18 Assets and liabilities at fair value.

Transfers between Level 1 and Level 2

There has not been any transfers between Level 1 and Level 2 in 2022. When transfers between levels occur, these are considered to have occurred at the end of the reporting period.

Note 9 Financial assets and liabilities measured at fair value on the balance sheet cont.

Movements in Level 3

31 Dec 2022, NOKt	1 Jan	Transfers into Level 3	Transfers out of Level 3	31 Dec
Derivatives (net)		58 310		58 310

During the period Nordea Eiendoms kreditt AS had transfers from level 2 to level 3 of the fair value hierarchy. The reason for the transfer into level 3, was that in this 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 year are included in Net result from items at fair value, see Note 3 "Net result from items at fair value".

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

31 Dec 2022, NOKt	Fair value	Valuation techniques	Unobservable input
Derivatives			
Interest rate derivatives	58 310	Option model	Correlation, volatilities
Total	58 310		

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

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

Note 10 Cover Pool

NOKt	31 Dec 2022		31 Dec 2021	
	Nominal value	Net present value	Nominal value	Net present value
Loans to the public	323 064 144	322 450 476	305 667 836	305 238 890
- whereof pool of eligible loans	244 935 636	244 470 375	232 191 758	231 872 997
Supplementary assets and derivatives:	409 225	-84 792	619 546	1 057 121
- whereof CIRS	409 225	180 556	375 082	421 083
- whereof IRS	0	-265 348	0	391 573
Total cover pool	245 344 861	244 385 583	232 811 304	232 930 118
Debt securities in issue (net outstanding amount)	148 332 225	148 427 632	105 766 082	106 367 111
Over-collateralization calculated on net outstanding covered bonds	65,4%	64,6%	120,1%	119,0%
Debt securities in issue (issue amount)	148 332 225	148 427 632	105 766 082	106 367 111
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) ¹	65,4%	64,6%	120,1%	119,0%

¹without deduction for holdings of own bonds.

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 regulatory 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 11 Debt securities in issue and loans from financial institutions

NOKt	31 Dec 2022			31 Dec 2021		
	Nominal value	Other ¹	Carrying amount	Nominal value	Other ¹	Carrying amount
Covered bonds issued in Norwegian kroner	143 715 000			101 183 000		
Holdings of own covered bonds in Norwegian kroner	0			0		
Outstanding covered bonds issued in Norwegian kroner	143 715 000			101 183 000		
Covered bonds issued in GBP (in NOK)	3 565 425			3 581 232		
Covered bonds issued in EUR (in NOK)	1 051 800			1 001 850		
Total outstanding covered bonds	148 332 225	1 020 049	149 352 274	105 766 082	1 385 394	107 151 476
Loans and deposits from financial institutions for a fixed term	155 312 021	601 858	155 913 879	181 180 332	197 310	181 377 642
Subordinated loan	1 100 000	3 819	1 103 819	1 100 000	1 826	1 101 826
Total	304 744 246	1 625 727	306 369 973	288 046 414	1 584 530	289 630 944

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

Maturity information

Maximum 1 year	65 238 796	107 788 032
More than 1 year	239 505 450	180 258 383
Total	304 744 246	288 046 414

Norwegian covered bonds (NOKt) at 31 December 2021

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
NO001 0593064	22-12-2010	18-06-2025	Fixed	4.8	NOK	550 000
NO001 0678766	08-05-2013	08-05-2025	Fixed	3.6	NOK	600 000
NO001 0766827	21-06-2016	18-06-2031	Fixed	2.2	NOK	500 000
NO001 0789266	23-03-2017	23-05-2023	Float	3M Nibor + 0.57%	NOK	2 932 000
NO001 0812084	11-12-2017	17-09-2043	Fixed	2.2	NOK	300 000
NO001 0819717	21-02-2018	21-06-2023	Float	3M Nibor + 0.30%	NOK	13 483 000
NO001 0821986	04-05-2018	04-05-2048	Fixed	2.6	NOK	300 000
NO001 0843626	26-02-2019	19-06-2024	Float	3M Nibor + 0.34%	NOK	38 900 000
NO001 0852650	22-05-2019	22-05-2026	Fixed	2.17	NOK	6 000 000
NO001 0873334	22-02-2020	19-03-2025	Float	3M Nibor + 0.26%	NOK	20 000 000
NO001 0893282	16-09-2020	16-09-2025	Float	3M Nibor + 1.50%	NOK	19 700 000
NO001 0981301	21-04-2021	18-03-2026	Float	3M Nibor + 1.50%	NOK	12 950 000
NO001 1151771	17-11-2021	17-09-2026	Float	3M Nibor + 0.75%	NOK	7 000 000
NO001 2441643	15-02-2022	15-02-2030	Fixed	2.45	NOK	3 500 000
NO001 2513532	03-05-2022	17-03-2027	Float	3M Nibor + 0.33%	NOK	13 450 000
NO001 2720988	12-10-2022	12-10-2029	Fixed	4.0	NOK	3 150 000
NO001 2732017	28-10-2022	28-10-2037	Fixed	4.0	NOK	400 000
Total						143 715 000

Covered bonds issued in foreign currency (NOKt) at 31 December 2021

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
XS1837099339	18-06-2018	18-06-2023	Float	3M GBP Libor + 0.33%	GBP	300 000
XS1451306036	19-07-2016	15-07-2031	Fixed	0.738	EUR	1 000 000
Total (in NOKt equivalent)						4 617 225

Note 12 Capital adequacy

These disclosures have been prepared in accordance with Part 8 of the CRR and applicable national regulations.

NOKm	31 Dec ¹ 2022	31 Dec ² 2021
Equity	21 406	22 125
Proposed/actual dividend		-726
Common Equity Tier 1 capital before regulatory adjustments	21 406	21 399
Deferred tax assets		
Intangible assets		
IRB provisions shortfall (-)	-79	-130
Pension assets in excess of related liabilities		
Other items, net	3	8
Total regulatory adjustments to Common Equity Tier 1 capital	-76	-122
Common Equity Tier 1 capital (net after deduction)	21 330	21 277
Additional Tier 1 capital before regulatory adjustments		
Total regulatory adjustments to Additional Tier 1 capital		
Additional Tier 1 capital		
Tier 1 capital (net after deduction)	21 330	21 277
Tier 2 capital before regulatory adjustments	1 100	1 100
IRB provisions excess (+)	113	94
Deductions for investments in insurance companies		
Other items, net		
Total regulatory adjustments to Tier 2 capital	113	94
Tier 2 capital	1 213	1 194
Own funds (net after deduction)¹	22 543	22 471

¹ Excluding profit.

² 2021 adjusted to include Nordea Direct Boligkreditt.

Own Funds, including profit

NOKm	31 Dec 2022	31 Dec 2021
Common Equity Tier 1 capital, including profit	21 317	21 161
Total Own Funds, including profit	22 530	22 354

Note 12 Capital adequacy cont.

Minimum capital requirement and REA, Risk Exposure Amount

NOKm	31 Dec	31 Dec	31 Dec	31 Dec
	2022	2022	2021	2021
	Minimum Capital	REA	Minimum Capital	REA
Credit risk	6 111	76 377	5 720	71 505
- of which counterparty credit risk	10	124	25	315
IRB	5 360	66 995	5 131	64 143
- institutions	17	214	18	225
- retail	5 343	66 780	5 113	63 917
- secured by immovable property collateral	4 691	58 634	4 548	56 847
- other retail	652	8 146	565	7 070
- other	0	1	0	1
Standardised	751	9 382	589	7 362
- institutions	21	260	37	456
- retail	1	16	1	10
- secured by mortgages on immovable properties	726	9 069	550	6 878
- in default	3	37	1	10
- covered bonds			0	8
- other items			0	0
Credit Value Adjustment Risk			2	24
Operational risk	293	3 667	250	3 122
Standardised	293	3 667	228	2 846
Basic Indicator approach			22	276
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR			2	25
Sub total	6 404	80 044	5 974	74 676

Capital ratios

Percentage	31 Dec ¹	31 Dec
	2022	2021
Common Equity Tier 1 capital ratio	26,6	28,5
Tier 1 capital ratio	26,6	28,5
Total capital ratio	28,2	30,1

¹ Excluding profit.

Leverage ratio

	31 Dec ¹	31 Dec
	2022	2021
Tier 1 capital, transitional definition, NOKm	21 330	21 277
Leverage ratio exposure, NOKm	344 994	327 512
Leverage ratio, percentage	6,2	6,5

¹ Excluding profit.

Note 13 Risks and uncertainties

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

Being an issuer of covered bonds, the company is also exposed to changes in the residential property market and the market for holiday homes. A decline in housing prices will reduce the value of the company's cover pool for the purpose of calculating the regulatory asset coverage requirement. Quarterly stress tests are carried out to estimate the effects of declining prices for residential properties and holiday homes. At the end of the fourth quarter 2022 the over-collateralization (OC) was 65.4%, 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, including the impact of higher energy, food and commodity prices, and broader inflationary pressures. As a result, reduced consumer spending and cost increases have an impact on especially SMEs in certain industries. Depending on future developments, there may be increased credit risk in Nordea Eiendoms kreditt's mortgage loan portfolio. Potential future credit risk losses are addressed in Note 5 "Loans and impairment" and in the section "Net loan losses" in the Board of Directors' Report.

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

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

Note 14 Transactions with related parties

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

Interest rate risk and currency risk that arise as part of Nordea Eiendoms kreditt's normal business activities, are hedged using interest rate and currency swaps. Main counterparty to derivative contracts are Nordea Group internal. The volume and fair value of the derivative contracts are shown in note 7. Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendoms kreditt, and at the end of the fourth quarter 2022 such borrowings amounted to NOK 155 billion.

Subordinated loans provided by Nordea Bank Abp was NOK 1.1 billion at the end of the fourth quarter. In addition, Nordea Bank Abp had a holding of covered bonds issued by Nordea Eiendoms kreditt of NOK 20 billion at the end of the fourth quarter of 2022.

Loans to the public are managed by Nordea Bank Abp, filial i Norge. For loans issued directly from Nordea Eiendoms kreditt, credit assessment and other processes in relation to the loan origination, as well as managing the loans throughout the lifetime, are performed by Nordea Bank Abp, filial i Norge. For this service Nordea Eiendoms kreditt has paid an amount of NOK 1 282 million in 2022, whereof NOK 253 million in the fourth quarter (NOK 1 618 million, whereof NOK 367 million in the fourth quarter 2021). Nordea Eiendoms kreditt also buys services related to funding and risk control, accounting and reporting, people services and IT services from other Nordea companies according to agreements entered into. For these services Nordea Eiendoms kreditt has paid NOK 34 million in 2022, whereof NOK 8 million in the fourth quarter. All group internal transactions are settled according to market-based principles on conformity with OECD requirements on transfer pricing.

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