

Nordea



Interim report 4th quarter 2024

Nordea Eiendoms kreditt AS

(unaudited)

Key financial figures

Summary of the income statement (NOKm)

	Jan-Dec 2024	Jan-Dec 2023
Net interest income	2,957	1,937
Net fee and commission income	57	85
Net result from items at fair value	-6	-77
Other operating income	0	1
Total operating income	3,007	1,945
Staff costs	38	38
Other expenses	1,477	1,192
Total operating expenses	1,515	1,230
Loan losses (negative figures are reversals)	88	47
Operating profit	1,404	668
Income tax expense	351	168
Net profit for the period	1,053	500

Summary of the balance sheet (NOKm)

	31 Dec 2024	31 Dec 2023
Loans to the public, gross	450,560	334,668
Allowance for loan losses	-442	-361
Other assets	13,104	13,239
Debt securities in issue	270,579	197,449
Other liabilities	155,190	128,192
Equity	37,452	21,905
Total assets	463,222	347,547
Average total assets	375,464	341,664

Ratios and key figures¹

	31 Dec 2024	31 Dec 2023
Basic/diluted Earnings per share (EPS), annualised basis, NOK	62.7	29.8
Equity per share ² , NOK	2231.7	1305.3
Shares outstanding ² , million	16.8	16.8
Return on average equity	3.8%	2.3%
Cost/income ratio	50.4%	63.2%
Loan loss ratio, annualised, basis points	2.4	1.4
Risk Exposure Amount ² , NOKm	129,975	81,987
Own funds, NOKm ²	37,196	22,548
Common Equity Tier 1 capital ratio ²	27.7%	26.0%
Tier 1 capital ratio ²	27.7%	26.0%
Total capital ratio ²	28.6%	27.5%
Number of employees (Full-time equivalents) ²	24.0	24.0

¹ For more detailed information regarding ratios and key figures defined as alternative performance measures, see nordea.com/en/investors/norwegian-subsiary-reports

² At the end of the period.

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 fourth quarter of 2024 was NOK 347m (NOK 105m) and for the whole year NOK 1,404m (NOK 668m). The increase compared to last year is mainly related to significant increase in net interest income, driven by higher lending volume, increased lending margin and a generally higher interest rate level.

Return on average equity for the full year 2024 was 3.8% (2.3%). The return on equity is to a large extent a result of the agreed pricing model for sales- and distribution fees that are paid to the parent bank.

Net interest income in the fourth quarter amounted to NOK 823m (NOK 350m), an increase of 135% compared to the same period last year, when the lending margin was exceptionally low. For the full year 2024 the increase in net interest income was 53% from NOK 1,937m to NOK 2,957m.

Net fee and commission income was NOK 57m in 2024, reduced from NOK 85m in 2023 as a result of higher liquidity facility fee paid to the parent bank in 2024.

Net result on items at fair value was a loss of NOK 6m in 2024 compared to a loss of NOK 77m in 2023. The change is related to unrealised fair value adjustments that turned from a net loss in 2023 to a net gain in 2024.

Total operating expenses in the fourth quarter amounted to NOK 420m (NOK 229m), whereof NOK 11m (NOK 10m) 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 according to market-based principles on conformity with OECD guidelines on transfer pricing. The cost/income ratio for the fourth quarter of 2024 was 51.7% (65.8%). Total operating expenses for the full year 2024 was NOK 1 515m (NOK 1 230m) and the cost/income ratio was 50.4% (63.2%).

Net loan losses

Loan losses and provisions recognised in the fourth quarter of 2024 were NOK 47.0m (NOK 13.4m), whereof NOK 44.7m is related to increased allowances for mortgage loans and NOK 2.3m is net realised loan losses. Loan losses for the full year 2024 were NOK 88.2m (NOK 47.1m) whereof NOK 7.6m was realised loan losses (NOK 0.5m).

Loan loss allowances, including management judgement allowances, have increased from NOK 361m at the beginning of the year to NOK 442m at the end of 2024, due to macro impacts and migration of loans between stages. Also day 1 loan loss provisions for the acquired mortgage portfolio from Danske Bank were booked in the fourth quarter.

During the quarter new enhanced collective provisioning models were introduced, in line with the new capital models implemented in the third quarter, resulting in lower provisioning requirements for Nordea Eiendomskreditt. This was mainly offset by stress test calculations reflecting updated assumptions to assess the risks related to continued economic uncertainty, resulting in increased management judgement allowances. The management judgements, held to cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcome, were increased by NOK 129m to NOK 221m in the fourth quarter.

The underlying net loan losses in Nordea Eiendomskreditt are low, reflecting a strong credit portfolio. Loans in Stage 3 (impaired loans) have increased, hence some deterioration in the credit quality which is also reflected in increased loan loss allowances. Nordea has implemented new IRB models, hence a shift can be seen in the scoring distribution, but the underlying risk in the portfolio remains unchanged. See note 4 and note 7 for further information about loan losses and impairment.

Funding and liquidity

During the fourth quarter of 2024 Nordea Eiendomskreditt issued covered bonds amounting to NOK 7.8bn in the Norwegian domestic market under its NOK 350bn domestic covered bond programme. In the same period NOK 1.9bn have been bought back. During the full year 2024 Nordea Eiendomskreditt has issued covered bonds of NOK 72.5bn while NOK 38.0bn have matured or been bought back. As at the end of 2024, Nordea Eiendomskreditt had outstanding covered bonds totalling NOK 268.4bn in the Norwegian market and EUR 0.1bn in the European market. Nordea Eiendomskreditt also had subordinated debt outstanding to the amount of NOK 1.1bn.

In addition to the long-term funding, Nordea Eiendomskreditt also raised unsecured funding from the parent bank. At the end of 2024 such borrowings amounted to NOK 151.1bn.

Nordea Eiendoms kreditt holds a liquidity buffer of NOK 10.3bn and the Liquidity Coverage Ratio (LCR) according to the EBA Delegated Act was 1,130% (1,780%) at the end of 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 115.2% (115.1%) at the end of 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 450bn at the end of 2024 (NOK 334bn), acquired or issued directly from own balance sheet, including acquisition of mortgage loans from Danske Bank in the fourth quarter 2024. NOK 428bn (NOK 314bn) 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 58.8% (60.0%) in relation to gross issued covered bonds.

Total assets amounted to NOK 463bn at the end of 2024 (NOK 348bn).

Impaired loans

At the end of 2024 impaired loans amounted to NOK 1,368m which corresponds to 0.30% of the total loan portfolio. Allowances of NOK 162m have been made, and net impaired loans were NOK 1,206m at the end of 2024 compared to NOK 871m at the end of 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 fourth quarter of 2024, the company was party to interest rate swaps with a nominal value of NOK 47bn. 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.

Regulatory development

Lending regulations

The Ministry of Finance decided on 4 December to adopt changes in the Norwegian lending regulation (Norwegian regulation on financial institutions lending practices) with effect from 1 January 2025. The main change was increased requirement for maximum loan-to-value from 85% to 90%.

Capital requirements

The Ministry of Finance decided on 6 December, that the CRR3 rules and the Norwegian national discretions are to be implemented in Norway. However, CRR3 will not be implemented from 1 January 2025 as it is in the EU. The implementation follows mainly the consultation papers recommendation. It was also decided that the risk weight floor, applicable to IRB banks, for residential real estate exposures is increased from 20% to 25% with effect from 1 July 2025 and apply until 31 December 2026.

Capital position

Nordea Eiendoms kreditt's Common Equity Tier 1 capital ratio was 27.7% at the end of 2024, a decrease of 9.8 percentage points from the end of last quarter and an increase of 1.7 percentage points since end of last year. Total Capital ratio decreased 10.1 percentage points since end of last quarter and increased 1.1 percentage points since end of last year to 28.6%. The decrease last quarter was primarily due to closure of the Danske Bank acquisition in November.

At the end of 2024 REA was NOK 130.0bn, an increase of 59% compared to the end of last year (NOK 82.0bn). The main driver for the increase in REA was increased size of the standardised portfolio retail portfolio following the acquisition of a mortgage loan portfolio of NOK 103bn from Danske Bank. Own funds were NOK 37.2bn at the end of 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).

Other information

Impacts from continued geopolitical uncertainty

Nordea closely monitored geopolitical developments, for example in Ukraine and the Middle East, during the fourth quarter of 2024. Nordea also assessed the impact of continued geopolitical uncertainty on the global and Nordic economies. The assessment informed the regular update of the bank'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 Ukraine and the Middle East, Nordea Eiendoms kreditt does not have any exposure. For more information, see Note 7 "Loans and impairments" and Note 11 "Risks and uncertainties".

Acquisition of Danske Bank's Norwegian mortgage loan portfolio

On 18 November 2024 Nordea completed the acquisition of Danske Bank's Norwegian personal customer and private banking business. The acquisition was announced on 19 July 2023. After careful preparations, the business was successfully migrated to Nordea between 15 and 17 November 2024.

The acquisition fits well into Nordea's strategy to grow in the Nordic region both organically and through bolt-on acquisitions. It adds significant scale to Nordea's Personal Banking business in Norway and provides value creation opportunities through offering customers a broader set of products and services.

The transaction was structured as a transfer of assets and liabilities. Assets were transferred at fair value, and Nordea Eiendoms kreditt only paid for the assets and liabilities that were transferred. A lending volume of NOK 103bn was added to Nordea Eiendoms kreditt's lending portfolio at the time of transfer. As part of the transaction, five outstanding covered bonds of NOK 39bn were transferred to Nordea Eiendoms kreditt. See also Note 1 "Accounting policies".

Macroeconomy

Norwegian mainland GDP increased by 0.5% quarter on quarter in the third quarter of 2024 due to increased public sector activity. The unemployment rate was 2.1% on a seasonally adjusted basis in December. Housing prices were up 6.4% year on year in December. Consumer price inflation has decreased: headline consumer price inflation stood at 2.2% in December and underlying inflation, excluding energy and taxes, stood at 2.7%. Norges Bank's policy rate has remained at 4.5% since December 2023. The central bank's latest forecast is that the first rate cut will come in March 2025. The Norwegian krone was fairly stable against most currencies during the fourth quarter.

Nordea Eiendoms kreditt AS Oslo, 14 February 2025

Randi Marjamaa
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Tina Sandvik
Board member

Lene Steinum
Board member

Lars Espevik
Board member

Elen M. Stiksrud
Chief Executive Officer

Income statement

	Note	Jan-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
NOKt					
Operating income					
Interest income calculated using the effective interest rate method	2	20,322,982	15,553,396	5,662,847	4,485,063
Other interest income	2	523,757	358,198	131,352	131,235
Interest expense	2	17,889,945	13,975,092	4,970,871	4,266,526
Net interest income		2,956,795	1,936,502	823,327	349,772
Fee and commission income		126,086	116,322	32,740	33,064
Fee and commission expense		69,402	31,381	29,792	5,169
Net fee and commission income		56,683	84,940	2,948	27,895
Net result from items at fair value	3	-6,079	-77,058	-12,153	-29,988
Other income		36	584	0	0
Total operating income		3,007,435	1,944,968	814,123	347,679
Staff costs		37,966	37,902	10,588	10,289
Other operating expenses		1,476,854	1,191,832	409,106	218,415
Depr/amortisation and impairment charges		190	155	47	47
Total operating expenses		1,515,010	1,229,889	419,741	228,751
Profit before loan losses		1,492,425	715,079	394,382	118,928
Loan losses	4	88,209	47,139	47,005	13,435
Operating profit		1,404,216	667,940	347,376	105,493
Income tax expense		351,170	167,677	86,896	27,054
Net profit for the period		1,053,046	500,263	260,480	78,439
Attributable to:					
Shareholder of Nordea Eiendomskreditt AS		1,053,046	500,263	260,480	78,439
Total		1,053,046	500,263	260,480	78,439

Statement of comprehensive income

	Jan-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
NOKt				
Net profit for the period	1,053,046	500,263	260,480	78,439
Items that may be reclassified subsequently to the income statement				
<i>Cash flow hedges:</i>				
Valuation gains/losses	-11,820	148	-5,810	-3,069
Tax on valuation gains/losses	2,955	-37	1,452	767
Items that may not be reclassified subsequently to the income statement				
<i>Defined benefit plans:</i>				
Remeasurement of defined benefit plans	5,047	-1,945	2,812	-4,075
Tax on remeasurement of defined benefit plans	-1,261	486	-702	1,019
Other comprehensive income, net of tax	-5,078	-1,347	-2,247	-5,358
Total comprehensive income	1,047,967	498,916	258,233	73,081
Attributable to:				
Shareholders of Nordea Eiendomskreditt AS	1,047,967	498,916	258,233	73,081
Total	1,047,967	498,916	258,233	73,081

Balance sheet

	Note	31 Dec 2024	31 Dec 2023
NOKt			
Assets			
Loans to credit institutions		1,879,634	2,462,506
Loans to the public	7, 8	450,117,763	334,307,675
Interest-bearing securities	6	10,553,980	10,585,566
Derivatives	6	581,395	183,957
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-109,337	-42,670
Property and Equipment owned and RoU		492	681
Retirement benefit assets		5,883	0
Other assets		165,627	-186
Accrued income and prepaid expenses		26,721	49,380
Total assets	5, 6	463,222,156	347,546,908
Liabilities			
Deposits by credit institutions		152,157,871	125,845,296
Debt securities in issue	8	270,579,268	197,449,415
Derivatives	6	1,116,824	665,463
Current tax liabilities		177,682	53,530
Other liabilities		14,834	15,149
Accrued expenses and prepaid income		167,098	228,641
Deferred tax liabilities		418,954	247,210
Provisions		3,359	4,818
Retirement benefit obligations		29,115	27,417
Subordinated loan capital		1,104,751	1,104,751
Total liabilities	5, 6	425,769,756	325,641,690
Equity			
Share capital		1,896,347	1,879,565
Share premium		24,857,300	9,874,082
Other reserves		-28,118	-23,040
Retained earnings		9,673,826	9,674,348
Net profit for the period		1,053,046	500,263
Total equity		37,452,400	21,905,218
Total liabilities and equity		463,222,156	347,546,908
Off-balance sheet items			
Assets pledged as security for own liabilities		428,060,664	313,603,507
Commitments		51,830,126	35,072,002

Nordea Eiendoms kreditt AS
Oslo, 14 February 2025

Randi Marjamaa
Chair

Gro Elisabeth Lundevik
Vice Chair

Ola Littorin
Board member

Asbjørn Rødal
Board member

Tina Sandvik
Board member

Lene Steinum
Board member

Lars Espevik
Board member

Elen M. Sticksrud
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	21,905,218
Net profit for the year					1,053,046	1,053,046
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:						
Valuation gains/losses			-11,820			-11,820
Tax on valuation gains/losses			2,955			2,955
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans				5,047		5,047
Tax on remeasurement of defined benefit plans				-1,261		-1,261
Other comprehensive income, net of tax	0	0	-8,865	3,786	0	-5,078
Total comprehensive income	0	0	-8,865	3,786	1,053,046	1,047,967
Contribution and distribution						
Share Based Payments					-522	-522
Dividend paid					-500,263	-500,263
Change of share capital	16,782	14,983,218				15,000,000
Balance at 31 December 2024	1,896,347	24,857,300	-18,435	-9,684	10,726,880	37,452,400

	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					500,263	500,263
Items that may be reclassified subsequently to the income statement						
Cash flow hedges:						
Valuation gains/losses			148			148
Tax on valuation gains/losses			-37			-37
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans				-1,945		-1,945
Tax on remeasurement of defined benefit plans				486		486
Other comprehensive income, net of tax	0	0	111	-1,459	0	-1,347
Total comprehensive income	0	0	111	-1,459	500,263	498,916
Contribution and distribution						
Share Based Payments					602	602
Dividend paid					-647,819	-647,819
Change of share capital	0	0				0
Balance at 31 December 2023	1,879,565	9,874,082	-9,570	-13,470	10,174,620	21,905,218

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-Dec 2024	Jan-Dec 2023
Operating activities		
Operating profit before tax	1,404,216	667,940
Adjustments for items not included in cash flow (related to loan loss allowances)	86,752	46,496
Income taxes paid	-53,581	-209,299
Cash flow from operating activities before changes in operating assets and liabilities	1,437,387	505,137
Changes in operating assets		
Change in loans to credit inst, non-liquid	-246,771	-504,116
Change in loans to the public	-13,061,065	-11,105,577
Change in interest-bearing securities	31,586	-5,149,679
Change in derivatives, net	347,396	144,201
Change in other assets	-82,180	-43,190
Changes in operating liabilities		
Change in deposits by credit institutions	26,312,575	-30,068,583
Change in debt securities in issue	33,478,515	48,097,140
Change in other liabilities	-66,754	-2,130
Cash flow from operating activities	48,150,689	1,873,203
Investing activities		
Acquisition/sale of business operations	-63,479,546	0
Cash flow from investing activities	-63,479,546	0
Financing activities		
Change of accrued interest on subordinated loan capital	-1	932
Dividend paid	-500,263	-647,819
Share Based Payment Programme	-522	602
Increase in share capital and share premium	15,000,000	0
Cash flow from financing activities	14,499,214	-646,285
Cash flow for the period	-829,643	1,226,918
Cash and cash equivalents		
NOKt	31 Dec 2024	31 Dec 2023
Cash and cash equivalents at beginning of the period	1,958,390	731,472
Cash and cash equivalents at end of the period	1,128,747	1,958,390
Change	-829,643	1,226,918
The following items are included in cash and cash equivalents:		
Loans to credit institutions	1,128,747	1,958,390
Total cash and cash equivalents	1,128,747	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 Eiendomskreditt on 1 January 2024.

Other amendments to IFRS

The following amended standards issued by the IASB were implemented by Nordea Eiendomskreditt 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. Nordea Eiendomskreditt does not currently intend to adopt these amendments before the effective date.

It is not yet possible to conclude how IFRS 18 will impact the presentation of Nordea Eiendomskreditt's income statement and disclosures of management-defined performance measures. As IFRS 18 will not change Nordea Eiendomskreditt'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 Eiendomskreditt'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 Eiendomskreditt 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 Eiendomskreditt 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 Eiendomskreditt 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.

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.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).
- Annual Improvements – Volume 11.

Acquisition of Danske Bank's Norwegian mortgage loan Portfolio

On 18 November 2024 Nordea completed the acquisition of Danske Bank's Norwegian personal customer and private banking business. Nordea Eiendoms kreditt took over mortgage loans and issued covered bond for a net purchase price of NOK 63,480m.

The net purchase price was equal to the carrying amount of the assets and liabilities of the seller after fair value adjustments to loans with fixed interest rates. The transaction did not include any transfer of equity interests. The preliminary purchase price allocation is disclosed as follows.

NOKt	18 November 2024
Loans to the public	102,837
Derivatives	293
Debt securities in issue	-39,651
Acquired net assets	63,480
Purchase price, settled in cash	63,647
Adjustments of the purchase price to be received	-167
Cost of combination	63,480

Note 2 Net interest income

NOKt	Jan-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
Interest income calculated using the effective interest rate method	20,322,982	15,553,396	5,662,847	4,485,063
Other interest income	523,757	358,198	131,352	131,235
Interest expense	17,889,945	13,975,092	4,970,871	4,266,526
Net Interest income	2,956,795	1,936,502	823,327	349,772
Interest income calculated using the effective interest rate method				
Loans to credit institutions	76,883	63,536	26,985	22,526
Loans to customers	20,141,928	15,411,921	5,596,943	4,443,341
Yield fees	53,716	50,584	12,499	10,772
Net interest paid or received on derivatives in accounting hedges of assets	50,456	27,355	26,420	8,424
Interest income	20,322,982	15,553,396	5,662,847	4,485,063
Other interest income				
Interest-bearing securities measured at fair value	523,757	358,198	131,352	131,235
Other interest income¹	523,757	358,198	131,352	131,235
Interest expense				
Deposits by credit institutions	6,104,243	6,404,791	1,729,991	1,876,606
Debt securities in issue	11,246,113	7,112,913	3,098,190	2,238,982
Subordinated loan capital	74,793	61,631	19,087	17,669
Other interest expenses	3,848	129,843	801	25,071
Net interest paid or received on derivatives in hedges of liabilities	460,948	265,913	122,802	108,198
Interest expense	17,889,945	13,975,092	4,970,871	4,266,526

Interest from categories of financial instruments

NOKt	Jan-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
Financial assets at amortised cost	20,272,527	15,526,041	5,636,426	4,476,639
Financial assets at fair value through profit or loss (including hedging instruments) ¹	574,213	385,553	157,772	139,660
Financial liabilities at amortised cost	-17,428,997	-13,709,179	-4,848,069	-4,158,328
Financial liabilities at fair value through profit or loss (related to hedging instruments) ¹	-460,948	-265,913	-122,802	-108,198
Net interest income	2,956,795	1,936,502	823,327	349,772

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-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
Financial assets and liabilities mandatorily at fair value through profit or loss	-117,798	84,642	-60,228	960,857
Financial assets at amortised cost	-444,741	-6,274	-450,414	15,594
Financial liabilities at amortised cost	556,139	-155,529	498,414	-1,006,286
Foreign exchange gains/losses excluding currency hedges	320	103	76	-153
Total	-6,079	-77,058	-12,152	-29,988

Note 4 Loan Losses

NOKt	Jan-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
Net loan losses, Stage 1	49,199	-3,974	46,851	-10,799
Net loan losses, Stage 2	31,607	3,409	1,528	3,522
Total loan losses, non-defaulted	80,805	-565	48,379	-7,277

Stage 3, defaulted				
Net loan losses, individually assessed, collectively calculated	-237	49,525	-3,654	23,303
Realised loan losses	8,019	3,007	2,441	-53
Recoveries on previous realised loan losses	-382	-2,549	-164	-2,538
Reimbursement right	4	0	4	0
Reversals of provisions	0	-2,280	0	0
Net loan losses, defaulted	7,404	47,703	-1,373	20,712
Net loan losses	88,209	47,138	47,005	13,435

Key ratios¹

	Jan-Dec 2024	Jan-Dec 2023	Q4 2024	Q4 2023
Loan loss ratio, basis points	2.43	1.42	4.68	1.61
- of which stage 1	1.36	-0.12	4.66	-1.29
- of which stage 2	0.87	0.10	0.15	0.42
- of which stage 3	0.20	1.44	-0.14	2.48

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	1,879,634				1,879,634
Loans to the public	450,117,763				450,117,763
Interest-bearing securities		10,553,980			10,553,980
Derivatives			581,395		581,395
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-109,337				-109,337
Property and Equipment owned and RoU				492	492
Other assets	0			165,627	165,627
Accrued income and prepaid expenses	25,477			1,244	26,721
Total 31 December 2024	451,919,420	10,553,980	581,395	173,246	463,222,157
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	152,157,871				152,157,871
Debt securities in issue	270,579,268				270,579,268
Derivatives		68,828	1,047,996		1,116,824
Current tax liabilities				177,682	177,682
Other liabilities	3,766			11,068	14,834
Accrued expenses and prepaid income	11,839			155,259	167,098
Deferred tax liabilities				418,954	418,954
Provisions				3,359	3,359
Retirement benefit obligations				29,115	29,115
Subordinated loan capital	1,104,751				1,104,751
Total 31 December 2024	423,857,495	68,828	1,047,996	795,437	425,769,756
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	31 Dec 2024		31 Dec 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans	451,888,060	447,246,993	336,727,511	337,499,000
Interest-bearing securities	10,553,980	10,553,980	10,585,566	10,585,566
Derivatives	581,395	581,395	183,957	183,957
Accrued income and prepaid expenses	25,477	25,477	48,127	48,127
Total financial assets	463,048,911	458,407,845	347,545,161	348,316,650
Financial liabilities				
Deposits and debt instruments	423,841,890	426,968,715	324,399,462	324,500,812
Derivatives	1,116,824	1,116,824	665,463	665,463
Other financial liabilities	3,766	3,766	3,518	3,518
Accrued expenses and prepaid income	11,839	11,839	11,145	11,145
Total financial liabilities	424,974,319	428,101,144	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		9,051,014	1,502,966	10,553,980
Derivatives		635,467	-54,072	581,395
Total 31 December 2024	0	9,686,481	1,448,894	11,135,375
Total 31 December 2023	0	10,361,794	407,729	10,769,523
Financial liabilities ¹				
Derivatives		1,116,824	0	1,116,824
Total 31 December 2024	0	1,116,824	0	1,116,824
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	31 December 2024
Interest-bearing securities	426,957	-5,614	1,081,624	1,502,966
Derivatives (net)	-19,228	-34,844	0	-54,072
Total, net	407,729	-40,458	1,081,624	1,448,894

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

Note 7 Loans and impairment

NOKt	31 Dec 2024	31 Dec 2023
Loans measured at amortised cost, not impaired (Stage 1 and 2)	449,191,939	333,635,547
Impaired loans (Stage 3)	1,368,060	1,032,728
- of which servicing	249,251	381,706
- of which non-servicing	1,118,809	651,022
Loans before allowances	450,559,999	334,668,275
Allowances for individually assessed impaired loans (Stage 3)	-162,220	-162,454
- of which servicing	-40,809	-47,565
- of which non-servicing	-121,411	-114,889
Allowances for collectively assessed impaired loans (Stage 1 and 2)	-280,016	-198,147
Allowances	-442,236	-360,601
Loans, carrying amount	450,117,763	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	-17,687	-44,469	-12,750	-74,905
Changes due to transfers from Stage 1 to Stage 2	4,574	-75,441	0	-70,868
Changes due to transfers from Stage 1 to Stage 3	220	0	-35,551	-35,331
Changes due to transfers from Stage 2 to Stage 1	-1,428	47,924	0	46,496
Changes due to transfers from Stage 2 to Stage 3	0	6,559	-50,207	-43,648
Changes due to transfers from Stage 3 to Stage 1	-84	0	17,208	17,124
Changes due to transfers from Stage 3 to Stage 2	0	-2,060	19,982	17,922
Changes due to changes in credit risk without stage transfer	-48,116	-13,952	-6,269	-68,337
Changes due to repayments and disposals	12,955	49,135	67,821	129,911
Balance at 31 Dec 2024	-96,560	-183,456	-162,220	-442,236

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	-32,678	-47,828	-15,608	-96,113
Changes due to transfers from Stage 1 to Stage 2	3,525	-59,387	0	-55,862
Changes due to transfers from Stage 1 to Stage 3	116	0	-35,870	-35,754
Changes due to transfers from Stage 2 to Stage 1	-1,065	55,581	0	54,516
Changes due to transfers from Stage 2 to Stage 3	0	4,302	-26,803	-22,502
Changes due to transfers from Stage 3 to Stage 1	-30	0	9,150	9,121
Changes due to transfers from Stage 3 to Stage 2	0	-1,157	16,879	15,722
Changes due to changes in credit risk without stage transfer	20,729	-575	-36,592	-16,439
Changes due to repayments and disposals	12,454	43,182	41,602	97,238
Balance at 31 Dec 2023	-46,995	-151,151	-162,454	-360,601

Key ratios	31 Dec 2024	31 Dec 2023
Impairment rate, (stage 3) gross, basis points ¹	30.4	30.9
Impairment rate (stage 3), net, basis points ²	26.8	26.0
Total allowance rate (stage 1, 2 and 3), basis points ³	9.8	10.8
Allowances in relation to credit impaired loans (stage 3), % ⁴	11.9	15.7
Allowances in relation to loans in stage 1 and 2, basis points ⁵	6.2	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 Eiendomskreditt uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. For the fourth quarter of 2024, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 60%, adverse 20% and favourable 20% (baseline 60%, adverse 20% and favourable 20% at the end of the third 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 inflation and energy prices seen in recent years. 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. Denmark will see relatively high growth, driven by the pharmaceutical sector and the reopening of North Sea oil and gas fields. The other Nordic countries will

see higher growth in 2025, with Finland emerging from a mild recession. The stronger growth outlook is supported by weaker inflation and lower interest rates. The exception is Norway, where the weak currency and relatively high activity levels have led the central bank to keep interest rates constant. A modest recovery in home prices is expected to continue over the coming years, supported by rising household purchasing power. The risks around the baseline forecast are tilted to the downside, with the favourable 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. A further escalation of the conflict in the Middle East may lead to a significant rise in energy prices well into 2025. This could trigger a European and Nordic recession as firms postpone investments, exports slow down, and households cut spending due to weakening labour markets. Central banks may in addition regard the inflationary impulse as temporary and continue cutting interest rates, with rates moving lower than in the baseline scenario in 2026. Normalising inflation and lower interest rates, on the other hand, may lead to a stronger recovery than assumed in the baseline scenario.

At the end of the fourth quarter of 2024 adjustments to model-based allowances/provisions (management judgements) were NOK 221m. The management judgement allowances cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcome. During the quarter allowance levels were reassessed and the allowances increased by NOK 129m from NOK 92m, reflecting updated assumptions and baseline stress tests to assess the risks related to continued economic uncertainty. The management judgements are split between a cyclical element of NOK 217m 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, %	2.2	1.4	0.8	
Unemployment, %	3.8	3.8	3.6	
Change in household consumption, %	2.7	2.3	1.9	
Change in house prices, %	4.2	2.8	2.6	
Baseline scenario				60%
GDP growth, %	1.8	0.5	0.5	
Unemployment, %	4.0	4.0	4.8	
Change in household consumption, %	2.7	1.9	1.5	
Change in house prices, %	2.8	2.5	1.9	
Adverse scenario				20%
GDP growth, %	-1.7	0.2	0.5	
Unemployment, %	4.8	5.0	4.8	
Change in household consumption, %	2.4	1.6	1.5	
Change in house prices, %	-5.8	0.5	2.6	

Note 8 Cover Pool

	31 Dec 2024		31 Dec 2023	
	Nominal value	Net present value	Nominal value	Net present value
NOKt				
Loans to the public	449,590,076	448,531,195	333,867,921	333,695,176
- whereof pool of eligible loans	427,675,410	426,668,142	313,352,624	313,190,494
Supplementary assets and derivatives:	240,100	82,530	183,200	-266,132
- whereof CIRS	240,100	123,688	183,200	45,739
- whereof IRS	0	-41,158	0	-311,870
Total cover pool	427,915,510	426,750,672	313,535,824	312,924,362
Debt securities in issue (net outstanding amount)	269,536,100	263,281,924	195,948,200	196,799,615
Over-collateralization calculated on net outstanding covered bonds	58.8%	62.1%	60.0%	59.0%
Debt securities in issue (issued amount)	269,536,100	263,281,924	195,948,200	196,799,615
Over-collateralization calculated on issued covered bonds (gross outstanding covered bonds) ¹	58.8%	62.1%	60.0%	59.0%

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

The cover pool increase during the year is due to organic lending growth, transfer of mortgage loans from the parent bank and the acquisition of mortgage loans from Danske Bank. A higher increase in outstanding covered bonds, including covered bonds transferred from Danske Bank, 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

	31 Dec 2024			31 Dec 2023		
NOKt	Nominal value	Other ¹	Carrying amount	Nominal value	Other ¹	Carrying amount
Covered bonds issued in Norwegian kroner	268,358,000			194,827,000		
Outstanding covered bonds issued in Norwegian kroner	268,358,000			194,827,000		
Covered bonds issued in EUR (in NOK)	1,178,100			1,121,200		
Total outstanding covered bonds	269,536,100	1,043,168	270,579,268	195,948,200	1,501,215	197,449,415
Loans and deposits from financial institutions for a fixed term	151,055,000	1,102,871	152,157,871	124,930,000	915,296	125,845,296
Subordinated loan	1,100,000	4,751	1,104,751	1,100,000	4,751	1,104,751
Total	421,691,100	2,150,790	423,841,890	321,978,200	2,421,262	324,399,462

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

Maturity information

Maximum 1 year	91,114,000	60,987,000
More than 1 year	330,577,100	260,991,200
Total	421,691,100	321,978,200

Norwegian covered bonds (NOKt) at 31 December 2024

ISIN code	Issue date	Final payment date	Interest	Interest rate in %	Currency	Outstanding nominal amount
NO0013389460	07/11/2024	07/11/2029	Float	3M Nibor + 0.41%	NOK	7,000,000
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
NO0012757675	23/11/2022	23/08/2027	Float	3M Nibor + 0.58%	NOK	8,000,000
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	8,250,000
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
NO0011017725	08/06/2021	08/06/2026	Float	3M Nibor + 0.75%	NOK	15,000,000
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
NO0010885353	18/06/2020	27/05/2025	Float	3M Nibor + 0.39%	NOK	15,000,000
NO0010873334	22/01/2020	19/03/2025	Float	3M Nibor + 0.26%	NOK	34,418,000
NO0010852650	22/05/2019	22/05/2026	Fixed	2.17	NOK	6,000,000
NO0010830003	13/08/2018	13/08/2025	Fixed	2.385	NOK	500,000
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
NO0010589880	12/10/2010	10/10/2025	Fixed	4.675	NOK	500,000
Total						268,358,000

Covered bonds issued in foreign currency at 31 December 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)						1,178,100

Note 10 Capital adequacy

Summary of items included in own funds

NOKm	31 Dec 2024	31 Dec 2023
Equity in the consolidated situation	37,452	21,905
Proposed/actual dividend	-1,053	-500
Common Equity Tier 1 capital before regulatory adjustments	36,399	21,405
Deferred tax assets		
Intangible assets		
IRB provisions shortfall (-)	-347	-114
Pension assets in excess of related liabilities		
Other items, net	7	-6
Total regulatory adjustments to Common Equity Tier 1 capital	-340	-120
Common Equity Tier 1 capital (net after deduction)	36,059	21,285
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)	36,059	21,285
Tier 2 capital before regulatory adjustments	1,100	1,100
IRB provisions excess (+)	36	162
Deductions for investments in insurance companies		
Other items, net		
Total regulatory adjustments to Tier 2 capital	36	162
Tier 2 capital	1,136	1,262
Own funds (net after deduction)	37,196	22,548

Minimum capital requirement and REA, Risk Exposure Amount

	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023
	Minimum Capital requirement	REA	Minimum Capital requirement	REA
NOKm				
Credit risk	10,104	126,304	6,276	78,450
- of which counterparty credit risk	1	12	9	111
IRB	5,716	71,444	5,733	71,661
- institutions	21	262	25	308
- retail	5,694	71,177	5,708	71,351
- secured by immovable property collateral	5,527	69,092	4,946	61,830
- other retail	167	2,085	762	9,521
- other	0	6	0	2
Standardised	4,389	54,860	543	6,789
- institutions	1,041	13,018	49	613
- retail	0	0	0	0
- secured by mortgages on immovable properties	3,327	41,589	493	6,168
- in default	20	253	1	8
Operational risk	294	3,670	283	3,537
Standardised	294	3,670	283	3,537
Total	10,398	129,975	6,559	81,987

Capital ratios

Percentage	31 Dec 2024	31 Dec 2023
Common Equity Tier 1 capital ratio	27.7	26.0
Tier 1 capital ratio	27.7	26.0
Total capital ratio	28.6	27.5

Leverage ratio

Tier 1 capital, transitional definition, NOKm	36,059	21,285
Leverage ratio exposure, NOKm	484,477	364,889
Leverage ratio, percentage	7.4	5.8

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 2024 the over-collateralization (OC) was 58.8%, 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 ongoing geopolitical developments and trade tensions. Reduced consumer spending and lower activity 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 47bn (NOK 44bn) and currency swaps NOK 1bn (NOK 1bn) at the end of the fourth quarter 2024. Nordea Bank Abp, filial i Norge provides unsecured funding to Nordea Eiendomskreditt, and at the end of the fourth quarter 2024 such borrowings amounted to NOK 152bn including accrued interests.

Subordinated loans provided by Nordea Bank Abp was NOK 1.1bn at the end of the fourth quarter. In addition, Nordea Bank Abp had a holding of covered bonds issued by Nordea Eiendomskreditt of NOK 38bn at the end of the fourth 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 1,390m in 2024 (NOK 1,104m). 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 29m in 2024 (NOK 27m).

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 6.7m in 2024.

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

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