



# Interim Report 1<sup>st</sup> quarter 2021

Nordea Direct Boligkreditt



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Nordea Direct Boligkreditt AS is part of the Nordea Group. Nordea build strong and close relationships through our engagement with customers and society. Whenever people strive to reach their goals and realise their dreams, we are there to provide relevant financial solutions. We are one of the largest banks in the Nordic region and among the ten largest financial groups in Europe in terms of total market capitalisation with around 10 million customers. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges.

Read more about us on [Nordea.com](https://www.nordea.com).

# Key financial figures

## Summary of income statement

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Net interest income	47,806	33,855	144,127
Net commission income and other operating income	787	-1,772	815
<b>Total income</b>	<b>48,593</b>	<b>32,083</b>	<b>144,943</b>
Staff costs	584	597	1,714
Other expenses	7,061	6,734	16,833
<b>Total operating expenses</b>	<b>7,645</b>	<b>7,331</b>	<b>18,547</b>
Loan losses (negative figures are reversals)	726	-453	-249
<b>Operating profit</b>	<b>40,222</b>	<b>25,205</b>	<b>126,645</b>
Income tax expense	10,055	6,301	31,661
<b>Net profit for the period</b>	<b>30,166</b>	<b>18,904</b>	<b>94,984</b>

## Summary of balance sheet

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Loans to the public (gross)	26,972,575	19,927,939	21,823,506
Allowance for loan losses	-2,067	-1,136	-1,340
Total assets	27,860,165	20,903,613	20,518,080
Equity	2,054,966	1,948,894	2,024,873

## Ratios and key figures

		Jan-Mar 2021	Jan-Mar 2020	Year 2020
Net interest margin, annualised	%	0.76	0.62	0.68
Loss rate	%	0.02	-0.01	0.00
Non-performing loans in % of gross lending <sup>1</sup>	%	0.04	0.03	0.03
Return on equity, annualised	%	5.9	3.9	4.8
Capital adequacy <sup>2</sup>	%	20.4	25.6	24.9
Tier 1 capital ratio <sup>2</sup>	%	20.4	25.6	24.9
Common equity Tier 1 capital ratio <sup>2</sup>	%	20.4	25.6	24.9
Cost/income ratio	%	15.7	22.9	12.8
Liquidity Coverage Ratio	%	473	483	486
Average total assets	NOKt	25,461,072	22,068,694	21,239,815
Cover pool	NOKt	27,529,536	20,539,609	22,220,048
Number of loans	Number	14,337	11,676	12,352
Weighted indexed loan-to-value ratio <sup>3</sup>	%	46.4	47.0	45.2
Weighted average remaining life	Year	21.6	21.8	20.9

<sup>1</sup> Gross default over 90 days

<sup>2</sup> The profit for the period is not included in the calculation for the quarters, with the exception of fourth quarter.

<sup>3</sup> Quarterly updated house prices

# Nordea Direct Boligkreditt AS

## Introduction

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

Nordea Direct Boligkreditt AS is licensed by the Financial Supervisory Authority of Norway to issue covered bonds. The objective is to provide residential mortgage loans, and to primarily finance the lending portfolio by issuing covered bonds. The Company only has residential mortgage loans purchased from Nordea Direct Bank ASA.

Nordea Direct Boligkreditt AS is wholly owned subsidiary of Nordea Direct Bank ASA. The Company's registered business address is in Oslo.

With reference to previous updates regarding the merger between Nordea Direct Boligkreditt AS and Nordea Eiendoms kreditt AS, the companies are reassessing the manner in which Nordea Direct Boligkreditt AS will be integrated into the Nordea Group and its covered bonds transferred to Nordea Eiendoms kreditt AS. The target completion for such transactions is yet to be determined, and the process is subject to regulatory approval.

## Income statement

Operating profit was NOK 40.2m (NOK 25.2m). The increase was driven by improved margins.

Total income amounted to NOK 48.6m (NOK 32.1m).

Net interest income amounted to NOK 47.8m (NOK 33.9m).

Net commission income and other income amounted to NOK 0.8m (negative NOK 1.8m).

The net interest margin<sup>1</sup> was 0.76% (0.62%).

Operating expenses were NOK 7.6m (NOK 7.3m) due to resolution fee for 2021 booked this period.

Total write-downs and losses amounted to positive NOK 0.7m (positive NOK 0.5m). The balance of group write-downs amounted to NOK 2.1m (NOK 1.3m).

The group write-downs are intended to cover losses on commitments that are not individually identified as doubtful.

The Company uses the Banking Group's guidelines for assessing and writing down loans. No individual write-downs related to individual commitments have been made. At the end of the period, the Company had eight loans in default over 90 days.

## Lending

As of 31 March 2021, the Company had 14,337 loans with a total outstanding balance of NOK 26,972.6m (NOK 19,927.9m). The portfolio continues to be of high quality.

The entire lending portfolio has been acquired from Nordea Direct Bank ASA. It consists of loans with variable interest rates. The average loan commitment was NOK 1.9m per loan as of 31 March 2021. The largest single exposure was NOK 9.9m and 12.3% of the lending portfolio consisted of loans with credit lines (fleksilån). Including the unutilised credit facilities, 18.3% of the lending portfolio consisted of loans with credit lines (fleksilån).

Nordea Direct Boligkreditt AS has a weighted loan-to-value ratio, indexed, of 46.4% (47.0%).

## Segments

The target group for Nordea Direct Boligkreditt AS is the retail market spread throughout Norway.

## Capital position

As of 31 March 2021, the Company had a common equity Tier 1 capital ratio of 20.4% (25.6%). The total capital held by the Company was NOK 2,024.6m (NOK 1,929.7m).

## Rating

Nordea Direct Bank ASA and its subsidiary Nordea Direct Boligkreditt AS had a long-term and short-term counterparty credit rating of AA-/A-1+. The covered bonds portfolio issued by Nordea Direct Boligkreditt AS had a long-term rating of AAA.

Nordea Direct Boligkreditt AS will hold the amount of overcollateralisation required to maintain the current rating for Nordea Direct Boligkreditt AS's covered bond program.

## Debt securities issued

The Company had issued covered bonds with a total face value of NOK 15,100.0m as of 31 March 2021. The portfolio includes four loans, the first of which matures on 12 May 2021 (extended due date to 12 May 2022).

## Liquidity

As of 31 March 2021, the Company had net liquid assets of NOK 813.4m, of which NOK 623.4m in bank deposits, NOK 78.1m in covered bonds and NOK 111.8m in treasury bills.

<sup>1</sup> The net interest margin is calculated as net interest income as a percentage of average total assets, annualised.

The Company has a long-term credit facility with the parent company of NOK 1,000.0m and a short-term credit facility of up to NOK 20,000.0m. Unutilised credit facilities amounted to NOK 10,431.6 m as of 31 March 2021. In addition, the Company has a credit facility agreement that allows Nordea Direct Boligkreditt AS to borrow money in order to repay its outstanding bond debt.

### **Covid-19 Measures**

After the outbreak of Covid-19 during the first quarter of 2020, the Company has taken steps to ensure continuity of its operations. There were no major disruptions in the services towards customers. The staff was able to work remotely to a great extent and the vendors were able to provide services according to agreements in place. In order to meet the needs of the customers in these unusual times, Nordea Direct

Bank ASA granted up to 6-month interest only payments to a limited number of customers and decreased lending rates on its portfolio. It also tightened criteria for granting loans to customer groups assumed to be particularly exposed in case of an economic downturn. These measures were in line with the Norwegian banking market.

In the coming period, Nordea Direct Bank ASA will monitor the overall economic situation created by the outbreak of Covid-19 and will take the necessary steps to continue its strong current operations.

### **Events after the balance sheet date**

No significant events have occurred after the end of the quarter.

## **Nordea Direct Boligkreditt AS**

Oslo, 12 May 2021



Børre Sten Gundersen  
Chairman



Anders Frank-Læssøe  
Board member



Elen Margrethe Stiksrud  
Board member



Alex Madsen  
Board member



Jan Kåre Raae  
Chief Executive Officer

# Income statement

NOKt	Note	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Interest income etc, amortised cost		95,343	145,580	393,287
Interest income etc, fair value		149	-1,920	-540
Interest costs etc.		47,685	109,805	248,619
<b>Net interest income</b>		<b>47,806</b>	<b>33,855</b>	<b>144,127</b>
Fee and commission income		548	565	2,187
Net gains on financial instruments at fair value		-1	-2,567	-2,322
Other operating income		240	229	950
<b>Net commission income and other operating income</b>		<b>787</b>	<b>-1,772</b>	<b>815</b>
<b>Total income</b>		<b>48,593</b>	<b>32,083</b>	<b>144,943</b>
Staff costs		584	597	1,714
Other operating expenses		7,061	6,734	16,833
<b>Total operating expenses</b>		<b>7,645</b>	<b>7,331</b>	<b>18,547</b>
<b>Profit / (loss) before loan losses</b>		<b>40,948</b>	<b>24,752</b>	<b>126,396</b>
Loan losses	4	726	-453	-249
<b>Operating profit</b>		<b>40,222</b>	<b>25,205</b>	<b>126,645</b>
Income tax expense		10,055	6,301	31,661
<b>Net profit for the period</b>		<b>30,166</b>	<b>18,904</b>	<b>94,984</b>
Basic/diluted earnings per share, NOK		232.0	145.4	730.6

# Statement of comprehensive income

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
<b>Net profit for the period</b>	<b>30,166</b>	<b>18,904</b>	<b>94,984</b>
<b>Components of other comprehensive income</b>			
<b>Items that are not reclassified subsequently to profit or loss</b>			
Items that may be reclassified subsequently to profit or loss			
<b>Total components of other comprehensive income</b>			
<b>Total comprehensive income for the period</b>	<b>30,166</b>	<b>18,904</b>	<b>94,984</b>

# Balance sheet

NOKt	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Assets</b>				
Loans to credit institutions	6	623,414	657,776	449,693
Loans to the public	2,4	26,970,509	19,926,803	21,822,166
Interest-bearing securities	9	189,945	189,995	190,027
Derivatives	9	42,486	75,857	56,085
Deferred tax assets		944	243	944
Advance payments and accrued income		32,867	52,939	24,039
<b>Total assets</b>		<b>27,860,165</b>	<b>20,903,613</b>	<b>22,542,953</b>
<b>Liabilities and equity</b>				
Liabilities to credit institutions	6	10,568,411	2,804,416	5,274,986
Debt securities in issue	3,6	15,157,480	16,046,266	15,172,167
Derivatives	9	2,955	3,813	3,119
Current tax liabilities		30,656	10,545	32,362
Other liabilities		45,697	89,679	35,445
<b>Total liabilities</b>		<b>25,805,199</b>	<b>18,954,719</b>	<b>20,518,080</b>
<b>Equity</b>				
Share capital		221,000	221,000	221,000
Share premium reserve		999,020	999,020	999,020
Retained earnings		804,780	709,970	804,853
Net profit for the period		30,166	18,904	
<b>Total equity</b>		<b>2,054,966</b>	<b>1,948,894</b>	<b>2,024,873</b>
<b>Total liabilities and equity</b>		<b>27,860,165</b>	<b>20,903,613</b>	<b>22,542,953</b>

# Statement of changes in equity

NOKt	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance at 1 Jan 2021</b>	<b>221,000</b>	<b>999,020</b>	<b>804,853</b>	<b>2,024,873</b>
Net profit for the period			30,166	30,166
Other comprehensive income, net of tax				
<b>Total comprehensive income</b>			<b>30,166</b>	<b>30,166</b>
Capital expansion				
Share-based payment transactions settled in equity			-74	-74
<b>Balance at 31 Mar 2021</b>	<b>221,000</b>	<b>999,020</b>	<b>834,946</b>	<b>2,054,966</b>

NOKt	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance at 1 Jan 2020</b>	<b>221,000</b>	<b>999,020</b>	<b>709,970</b>	<b>1,929,990</b>
Net profit for the period			94,984	94,984
Other comprehensive income, net of tax				
<b>Total comprehensive income</b>			<b>94,984</b>	<b>94,984</b>
Capital expansion				
Share-based payment transactions settled in equity			-101	-101
<b>Balance at 31 Dec 2020</b>	<b>221,000</b>	<b>999,020</b>	<b>804,853</b>	<b>2,024,873</b>

NOKt	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance at 1 Jan 2020</b>	<b>221,000</b>	<b>999,020</b>	<b>709,970</b>	<b>1,929,990</b>
Net profit for the period			18,904	18,904
Other comprehensive income, net of tax				
<b>Total comprehensive income</b>			<b>18,904</b>	<b>18,904</b>
Capital expansion				
Share-based payment transactions settled in equity				
<b>Balance at 31 Mar 2020</b>	<b>221,000</b>	<b>999,020</b>	<b>728,874</b>	<b>1,948,894</b>

Number of shares at end of period 130.000

# Cash flow statement

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
<b>Operating activities</b>			
Net payment of loans to customers	-5,148,399	1,936,587	41,478
Payment of interest from customers	91,131	143,584	393,818
Net payment of interest from credit institutions etc.	-4,132	-9,653	13,887
Taxes paid	-11,761	-19,280	-23,523
Net other commission income	788	795	3,137
Payment to operations	-4,299	-1,418	-18,829
Net received/paid (-) upon purchase and sale of financial instruments and interest-bearing securities	81	-25,619	6,685
<b>Net cash flow from operating activities</b>	<b>-5,076,591</b>	<b>2,024,997</b>	<b>416,652</b>
<b>Investment activities</b>			
Net purchase of intangible assets and fixed assets			
<b>Net cash flow from investment activities</b>			
<b>Financing activities</b>			
Net receipts/payments on deposits from credit institutions	5,293,425	1,076,099	3,546,669
Receipts of interest-bearing securities		-2,850,000	-3,700,000
Payment of interest-bearing securities			
Interest payments on interest-bearing securities	-43,113	-107,168	-327,475
Capital increases			
<b>Cash flow from financing activities</b>	<b>5,250,312</b>	<b>-1,881,068</b>	<b>-480,806</b>
<b>Cash flow for the period</b>	<b>173,721</b>	<b>143,929</b>	<b>-64,154</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents at 1 January	449,693	513,847	513,847
Cash and cash equivalents at end of the period	623,414	657,776	449,693
<b>Change</b>	<b>173,721</b>	<b>143,929</b>	<b>-64,154</b>
<b>The following items are included in cash and cash equivalents:</b>			
Loans to credit institutions	623,414	657,776	449,693
<b>Total cash and cash equivalents</b>	<b>623,414</b>	<b>657,776</b>	<b>449,693</b>

The cash flow statement shows payments of cash and cash equivalents made and received throughout the year. The statement has been adjusted for items that do not initiate cash flows, such as provisions, depreciation and write-downs of loans and guarantees. Cash flows are classified as operating activities, investment activities or financing activities. The liquid assets are defined as cash and claims on central banks and loans to and claims on credit institutions.



# Notes to the financial statements

## Note 1 Accounting policies

The financial statements as of the first quarter of 2021, concluded on 31 March 2021, comprise Nordea Direct Boligkreditt AS. With the exception of the changes described below, the accounting policies applied in the interim report is the same as those used in the annual report for 2020.

The financial statements as of the first quarter of 2021 have been prepared in accordance with IFRS and IAS 34 Interim Financial Reporting. The interim report does not include all the information required in a complete annual report and should be read in conjunction with the annual report for 2020.

### Changes in accounting policies

As a main rule, all income and expenses shall be shown in the income statement. The exception to this rule is the effect of changes to accounting principles. In the event of fundamental accounting reforms/ changes in accounting policies, figures for previous years must be recalculated to enable comparison. If items in the financial statement are reclassified, comparative figures must be calculated for the previous periods and reported in the financial statements.

### Changes in significant accounting policies in the current period

A number of new standards, changes to standards and interpretations have been issued for financial years beginning after 1 January 2021. They have not been applied when preparing these consolidated financial statements. Nordea Direct Bank Boligkreditt AS does not plan early implementation of these standards.

Based on our preliminary assessments and on the basis of current operations amendments to standards and interpretation statements will not have a material effect.

### Other amendments to IFRS

Other amendments to IFRS are not assessed to have any significant impact on Nordea Direct Boligkreditt ASs financial statements, capital adequacy or large exposures in the period of initial application.

Preparation of the interim accounts involves using assessments, estimates and assumptions that affect the use of accounting policies and recognised amounts for assets and liabilities, revenues and expenses. The actual results may deviate from these estimates. The most material assessments relating to the use of the company's accounting policies and the key sources of uncertainty in the estimates are the same when preparing the interim accounts as in the annual accounts for 2020.

All amounts are shown in NOK thousands (NOKt) unless otherwise indicated. Due to rounding off differences, figures and percentages may not add up exactly to the totals indicated.

A complete audit of the interim report has not been carried out.

### Covid 19 Macro scenarios

Nordea Direct Boligkreditt AS uses Macro scenarios covering unemployment and house prices in the collective provision models. The macro variables are assumed to correlate to loan losses and changes to the macro forecast will impact Probability of Default (PD) and Loss Given Default (LGD) in the model through correlation factors. These correlation factors are based on studies by published by Norges Bank: <http://www.norges-bank.no/Publisert/Signerte-publikasjoner/Penger-og-Kreditt/Penger-og-Kreditt-12007/Faktor-er-bakbanken-nes-problemlan/>.

The macro variables are also used by Nordea for their collective provision model and Nordea Direct Boligkreditt AS aligned the values in its model with

Nordea's. The updated scenarios reflect the economic impact from Covid 19. Scenarios are developed by Nordea Enterprise Wide Risk Management, but leverages government and other sources including a reference point to the ECB scenarios.

The table below summarises the Macro scenarios used in Nordea Direct Boligkreditt AS collective provision model for Q1 2021.

Until end of 2020, the household lending rate was used as a third variable in the model. After the annual validation process that was implemented during the first quarter of 2021, this variable was removed from the model.

	2021	2022	2023
<b>Unemployment rate</b>			
Alternative A (best case)	4.9%	4.2%	3.9%
Base case	5.1%	4.6%	4.1%
Alternative B (worst case)	6.3%	6.2%	5.6%
<b>Housing prices</b>			
Alternative A (best case)	6.5%	3.3%	1.7%
Base case	1.7%	0.8%	1.2%
Alternative B (worst case)	-9.7%	-9.3%	3.2%

### Scenario weighting Q1 2021

Alternative A (best case)	5%
Base case	50%
Alternative B (worst case)	45%

## Note 2 Segment information

Nordea Direct Boligkreditt AS has only one business segment, which is lending to private customers. The segment consists of loans to private customers, and

the entire loan portfolio is purchased from Nordea Direct Bank ASA. The company's full accounts therefore fall entirely under the segment «Retail market».

## Note 3 Liabilities on the issue of securities

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Liabilities opened for the issue of securities</b>			
Bond debt	14,500,000	14,500,000	14,500,000
<b>Total liabilities at amortised cost</b>	<b>14,500,000</b>	<b>14,500,000</b>	<b>14,500,000</b>
<b>Liabilities opened for the issue of securities</b>			
Bond debt	600,000	1,450,000	600,000
<b>Total liabilities included in fair value hedge</b>	<b>600,000</b>	<b>1,450,000</b>	<b>600,000</b>
<b>Total liabilities</b>	<b>15,100,000</b>	<b>15,950,000</b>	<b>15,100,000</b>

### Maturity

Remaining maturity (nominal value)	31 Mar 2021	31 Mar 2020	31 Dec 2020
2020		850,000	
2021	5,000,000	5,000,000	5,000,000
2022	5,000,000	5,000,000	5,000,000
2023	4,500,000	4,500,000	4,500,000
2025	600,000	600,000	600,000
<b>Total</b>	<b>15,100,000</b>	<b>15,950,000</b>	<b>15,100,000</b>

The maturity of subordinated debt is presented at first call date in the above table.

New issues in 2021

Repayments in 2021

### NOKt

ISIN Number	Currency	Rate	Due	Ext.Due	Nominal value
NO0010727738	NOK	Floating	12.5.2021	12.5.2022	5,000,000
NO0010770852	NOK	Floating	20.5.2022	20.5.2023	5,000,000
NO0010789266	NOK	Floating	23.5.2023	23.5.2024	4,500,000
NO0010678766	NOK	Fixed	8.5.2025	8.5.2026	600,000
<b>Total liabilities through the issuance of excluding own securities</b>					<b>15,100,000</b>

## Note 4 Write-downs and losses on loans

### Write-downs and losses on loans

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Write-downs and losses for the period</b>			
+/- Change in group write-downs for the period (ECL)	726	-453	-249
+ Write-off during the period			
- Payments on previously written-off accounts			
<b>Write-downs and losses for the period</b>	<b>726</b>	<b>-453</b>	<b>-249</b>
<b>Loss allowance</b>			
Loss allowance at the start of the period	1,340	1,589	1,589
+/- Change in loss allowance for the period	726	-453	-249
<b>Loss allowance at the end of the period</b>	<b>2,067</b>	<b>1,136</b>	<b>1,340</b>
<b>Defaulted loans</b>			
Gross default over 90 days	10,801	6,326	6,266

### Credit quality by risk group

31 Mar 2021 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Loans to and claims on customers</b>				
Low	24,185,776	21,707	6,406	24,213,889
Medium		55,234		55,234
High		84,389	8,160	92,549
Not classified	1,685			1,685
Impaired and written down			10,801	10,801
Adjustment	2,598,417			2,598,417
<b>Total</b>	<b>26,785,878</b>	<b>161,331</b>	<b>25,367</b>	<b>26,972,575</b>
Loss allowance	696	775	596	2,067
<b>Total net</b>	<b>26,785,182</b>	<b>160,556</b>	<b>24,771</b>	<b>26,970,509</b>

## Note 4 Write-downs and losses on loans (cont.)

31 Mar 2020 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Loans to and claims on customers</b>				
Low	20,432,842	1,057	5,774	20,439,673
Medium	6,268	78,809	3,375	88,452
High		116,740	12,557	129,297
Not classified	566			566
Impaired and written down			6,326	6,326
Adjustment	-736,374	0		-736,374
<b>Total</b>	<b>19,703,302</b>	<b>196,606</b>	<b>28,031</b>	<b>19,927,939</b>
Loss allowance	452	148	536	1,136
<b>Total net</b>	<b>19,702,850</b>	<b>196,458</b>	<b>27,495</b>	<b>19,926,803</b>

31 Dec 2020 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Loans to and claims on customers</b>				
Low	22,377,357		2,491	22,379,849
Medium	2,902	43,942	1,979	48,823
High	2,133	87,631	8,651	98,415
Not classified	920			920
Impaired and written down			6,266	6,266
Adjustment	-710,767			-710,767
<b>Total</b>	<b>21,672,546</b>	<b>131,573</b>	<b>19,387</b>	<b>21,823,506</b>
Loss allowance	600	331	410	1,340
<b>Total net</b>	<b>21,671,945</b>	<b>131,243</b>	<b>18,978</b>	<b>21,822,166</b>

### Loans to and claims on customers by past due status

NOKt	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
0-29 days	26,951,925	1,679	19,906,123	827	21,808,609	954
30-59 days	9,222	192	11,036	114	3,017	61
60-89 days	627	7	4,454	74	5,614	211
90+ days	10,801	188	6,326	121	6,266	114
<b>Total</b>	<b>26,972,575</b>	<b>2,067</b>	<b>19,927,939</b>	<b>1,136</b>	<b>21,823,506</b>	<b>1,340</b>

## Note 4 Write-downs and losses on loans (cont.)

The following tables reconcile the opening and closing balances for accumulated loan loss allowance on financial Instruments.

Reconciling items includes the following:

- Changes in allowance due to the origination of new financial instruments during the period.
- Changes in allowance due to the derecognition of financial instruments during the period.
- Transfers between stages due to changes in credit risk. This includes the difference in loan loss allowance balance from one period to another.
- Changes in balance with no transfer between stages are related to financial instruments that did not move between stages but had changes in balances and hence resulting in changes in loan loss allowance.

Balances shown are loan loss allowance balances as of end of period except for "financial assets that have been derecognised" which are as of the beginning of period.

### Loss allowance

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total allowance
<b>Loss allowance as at 1 Jan 2021</b>	<b>601</b>	<b>330</b>	<b>410</b>	<b>1,340</b>
Transfer to stage 1	19	-19		
Transfer to stage 2	-446	446		
Transfer to stage 3	-61	-82	142	
New Financial assets originated during the period	135	297	134	565
Financial assets that have been derecognised	-51	-46	-66	-163
Changes in balance with no transfer between stages	499	-152	-23	324
<b>Loss allowance as at 31 Mar 2021</b>	<b>697</b>	<b>774</b>	<b>596</b>	<b>2,067</b>

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total allowance
<b>Loss allowance as at 1 Jan 2020</b>	<b>480</b>	<b>114</b>	<b>995</b>	<b>1,589</b>
Transfer to stage 1	42	-33	-9	
Transfer to stage 2	-25	25		
Transfer to stage 3	-55	-28	84	
New Financial assets originated during the period				
Financial assets that have been derecognised	-33	-2	-11	-45
Changes in balance with no transfer between stages	43	71	-523	-409
<b>Loss allowance as at 31 Mar 2020</b>	<b>452</b>	<b>148</b>	<b>536</b>	<b>1,136</b>

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total allowance
<b>Loss allowance as at 1 Jan 2020</b>	<b>480</b>	<b>114</b>	<b>995</b>	<b>1,589</b>
Transfer to stage 1	28	-24	-4	
Transfer to stage 2	-59	204	-146	
Transfer to stage 3	-203	-44	247	
New Financial assets originated during the period	182	25		207
Financial assets that have been derecognised	-148	-59	-44	-251
Changes in balance with no transfer between stages	321	113	-639	-205
<b>Loss allowance as at 31 Dec 2020</b>	<b>601</b>	<b>330</b>	<b>410</b>	<b>1,340</b>

## Note 4 Write-downs and losses on loans (cont.)

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Stage 1	697	452	601
Stage 2	774	148	330
Stage 3	596	536	410
<b>Total</b>	<b>2,067</b>	<b>1,136</b>	<b>1,340</b>
Stage 1	33.7%	39.7%	44.8%
Stage 2	37.5%	13.1%	24.6%
Stage 3	28.8%	47.2%	30.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

The following tables reconcile the opening and closing balances on gross carrying amount.

Reconciling items includes the following:

- Transfers between stages due to changes in credit risk.
- Changes due to the origination of new financial instruments during the period.
- Changes due to the derecognition of loans during the period, including down-payment of loans, write-offs and sale of assets.

Balances shown are as of end of period except for "financial assets that have been derecognised" which are as of beginning of period and "down-payments" which are computed as the difference of the beginning of period and closing period balances.

### Loans to and claims on customers

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Gross carrying amount as at 1 Jan 2021</b>	<b>21,672,546</b>	<b>131,573</b>	<b>19,387</b>	<b>21,823,506</b>
Transfer to stage 1	63,988	-61,183	-2,805	
Transfer to stage 2	-89,616	90,774	-1,158	
Transfer to stage 3	-2,101	-6,023	8,124	
New financial assets originated	3,909,279	22,186	4,473	3,935,938
Financial assets that have been derecognised	-1,730,745	-14,937	-2,530	-1,748,212
Change in balances due to payments	-346,638	-1,060	-124	-347,822
Other Changes	3,309,165			3,309,165
<b>Gross carrying amount as at 31 Mar 2021</b>	<b>26,785,878</b>	<b>161,331</b>	<b>25,367</b>	<b>26,972,575</b>
Loss allowance as at 31 Mar 2021	697	774	596	2,067

## Note 4 Write-downs and losses on loans (cont.)

### Loans to and claims on customers

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Gross carrying amount as at 1 Jan 2020</b>	<b>21,610,538</b>	<b>229,756</b>	<b>24,411</b>	<b>21,864,705</b>
Transfer to stage 1	123,597	-120,615	-2,982	
Transfer to stage 2	-101,940	102,688	-749	
Transfer to stage 3	-5,628	-2,865	8,493	
New financial assets originated				
Financial assets that have been derecognised	-965,517	-10,375	-1,078	-976,970
Change in balances due to payments	-221,379	-1,983	-63	-223,426
Other Changes	-736,370			-736,370
<b>Gross carrying amount as at 31 Mar 2020</b>	<b>19,703,302</b>	<b>196,606</b>	<b>28,031</b>	<b>19,927,939</b>
Loss allowance as at 31 Mar 2020	452	148	536	1,136

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Gross carrying amount as at 1 Jan 2020</b>	<b>21,610,538</b>	<b>229,756</b>	<b>24,411</b>	<b>21,864,705</b>
Transfer to stage 1	135,335	-127,228	-8,107	
Transfer to stage 2	-68,504	71,618	-3,114	
Transfer to stage 3	-8,782	-2,288	11,070	
New financial assets originated	7,614,220	20,311		7,634,531
Financial assets that have been derecognised	-6,044,862	-55,946	-4,445	-6,105,253
Change in balances due to payments	-854,637	-4,650	-427	-859,714
Other Changes	-710,763			-710,763
<b>Gross carrying amount as at 31 Dec 2020</b>	<b>21,672,546</b>	<b>131,573</b>	<b>19,387</b>	<b>21,823,506</b>
Loss allowance as at 31 Dec 2020	601	330	410	1,340

<sup>1</sup>Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Stage 1	26,785,878	19,703,302	21,672,546
Stage 2	161,331	196,606	131,573
Stage 3	25,367	28,031	19,387
<b>Total</b>	<b>26,972,575</b>	<b>19,927,939</b>	<b>21,823,506</b>
Stage 1	99.3%	98.9%	99.3%
Stage 2	0.6%	1.0%	0.6%
Stage 3	0.1%	0.1%	0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>



## Note 5 Capital adequacy

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
<b>Primary capital</b>			
Share capital and share premium	1,220,020	1,220,020	1,220,020
Other equity	834,946	728,874	804,853
<b>Total equity</b>	<b>2,054,966</b>	<b>1,948,894</b>	<b>2,024,873</b>
Deduction			
Profit not included in the calculation of net primary capital	-30,166	-18,904	
Value adjustments due to the requirement for prudent valuation	-197	-270	-249
<b>Common equity Tier 1 capital</b>	<b>2,024,603</b>	<b>1,929,721</b>	<b>2,024,624</b>
<b>Net primary capital</b>	<b>2,024,603</b>	<b>1,929,721</b>	<b>2,024,624</b>
<b>Credit risk:</b>			
Of which:			
Central government or central banks	189	49	189
Institutions	11,259	15,692	10,207
Mass market positions	1,489	1,817	1,380
Positions secured by mortgage	754,444	557,285	610,298
Overdue positions	1,136	803	1,085
Covered bonds	625	626	625
Other positions	88	25	
<b>Total minimum requirement credit risk</b>	<b>769,230</b>	<b>576,298</b>	<b>623,783</b>
Operational risk	21,411	22,755	21,411
CVA-risk	3,690	4,785	5,081
<b>Minimum requirement for net primary capital</b>	<b>794,330</b>	<b>603,837</b>	<b>650,275</b>
<b>Basis of calculation of balance sheet items not included in trading portfolio</b>	<b>9,602,963</b>	<b>7,146,215</b>	<b>7,762,200</b>
<b>Basis of calculation of off-balance sheet items not included in trading portfolio</b>	<b>12,406</b>	<b>57,507</b>	<b>35,083</b>
<b>Risk-weighted assets (calculation basis for capital adequacy ratio)</b>	<b>9,929,126</b>	<b>7,547,967</b>	<b>8,145,232</b>
<b>Buffer requirements</b>			
Systemic risk buffer	297,874	226,439	244,357
Conservation buffer	248,228	188,699	203,631
Countercyclical buffer	99,291	75,480	81,452
<b>Total buffer requirement for common equity Tier 1 capital</b>	<b>645,393</b>	<b>490,618</b>	<b>529,440</b>
<b>Pillar 2 requirement 1.7% for common equity Tier 1 capital set by the Financial Supervisory Authority of Norway</b>	<b>168,795</b>	<b>128,315</b>	<b>138,469</b>
<b>Available surplus common equity Tier 1 capital net min. requirement</b>	<b>763,604</b>	<b>971,129</b>	<b>990,180</b>
<b>Capital adequacy</b>			
Capital adequacy ratio	20.4%	25.6%	24.9%
Tier 1 capital ratio	20.4%	25.6%	24.9%
Common equity Tier 1 capital ratio	20.4%	25.6%	24.9%
Leverage ratio	7.2%	9.1%	8.9%

For credit risk the standard method is used, while basis method is used for operational risk. The Financial Supervisory Authority of Norway has set a Pillar 2 requirement on additional 1.7% of risk-weighted assets for Nordea Direct Bank Group, covered by Common equity Tier 1 capital. Total regulatory requirement for common equity Tier 1 capital was 12.7% end of Q1 2021.

## Note 6 Transactions with related parties

Nordea Direct Bank ASA is a directly owned subsidiary of Nordea Bank Abp. Nordea Direct Boligkreditt AS is a wholly owned subsidiary of Nordea Direct Bank ASA. All transactions and agreements with related parties are carried out in accordance with the arm's length principle.

Nordea Direct Boligkreditt AS purchases services such as customer support and loan management, as well as day-to-day management and administrative services, from Nordea Direct Bank ASA.

Nordea Direct Boligkreditt AS has access to strong credit facilities with Nordea Direct Bank ASA. This ensure that the Company can pay interest and principal to the covered bonds owners, and finance the transferring of loans and the cover pool.

Further information about the credit agreements:

a) long-term credit facility of up to NOK 1,000.0m. Expiry date 31 December 2022.

b) short-term credit facility of up to NOK 20,000.0m. Expiry date 30 November 2021.

c) Credit facility agreement that enables Nordea Direct Boligkreditt AS to borrow money in order to repay its outstanding bond debt. The credit facility shall be sufficient to cover the total repayment of the outstanding bonds over the next 12 months. As of 31 March 2021, the credit limit of the agreement was NOK 5,000.0m.

All transactions between the parent company Nordea Direct Bank ASA and the subsidiary Nordea Direct Boligkreditt AS have been eliminated in the consolidated financial statements.

The list below shows the transactions with related parties that are recognised in the income statement

NOKt	Jan-Mar 2021		Jan-Mar 2020		Jan-Dec 2020	
	Nordea Direct Bank ASA	Nordea Bank Abp	Nordea Direct Bank ASA	Nordea Bank Abp	Nordea Direct Bank ASA	Nordea Bank Abp
Net interest income	16,113	5,916	21,499	5,930	47,274	12,085
Other operating income	-240		229		950	
Other operating expenses	3,074	6	-2,703		-10,648	

The list below shows assets / liabilities with / to related parties

NOKt	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	Nordea Direct Bank ASA	Nordea Bank Abp	Nordea Direct Bank ASA	Nordea Bank Abp	Nordea Direct Bank ASA	Nordea Bank Abp
Deposit	622,669	745	657,386	392	449,027	666
Loans to credit institutions	10,577,451		2,819,579		5,280,351	
Interest-bearing securities	3,165,532	49,465	1,677,901	44,589	1,393,903	395,381

## Note 7 Cover pool

NOKt	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	Nominal value	Market value	Nominal value	Market value	Nominal value	Market value
<b>Assets</b>						
Loans to the public	26,972,575	26,972,575	19,927,939	19,927,939	21,823,506	21,823,506
- whereof pool of eligible loans	26,954,942	26,954,942	19,898,601	19,898,601	21,805,199	21,805,199
Supplementary assets and derivatives:	532,108	574,594	567,872	641,008	358,764	414,849
- whereof CIRS						
- whereof IRS		42,486		73,120		56,085
<b>Total cover pool</b>	<b>27,487,050</b>	<b>27,529,536</b>	<b>20,466,473</b>	<b>20,539,609</b>	<b>22,163,963</b>	<b>22,220,048</b>
Debt securities in issue (net outstanding amount)	15,100,000	15,239,692	15,950,000	16,098,145	15,100,000	15,258,079
Over-collateralization calculated on net outstanding covered bonds	82.0%	80.6%	28.3%	27.6%	46.8%	45.6%
Debt securities in issue (issued amount)	15,100,000	15,239,692	15,950,000	16,098,145	15,100,000	15,258,079
Over-collateralization calculated on issued covered bonds <sup>1</sup>	82.0%	80.6%	28.3%	27.6%	46.8%	45.6%

<sup>1</sup> without deduction for holdings of own bonds

## Note 8 Contingent liabilities and security

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Unutilised credit facility	1,979,844	1,941,707	1,929,971
<b>Total contingent liabilities</b>	<b>1,979,844</b>	<b>1,941,707</b>	<b>1,929,971</b>

## Note 9 Fair value of financial instruments

### **Fair value**

Financial assets and liabilities measured at fair value are carried at the amount each asset/liability can be settled for in an orderly transaction between market participants on the measurement date.

Different valuation techniques and methods are used to estimate fair value, depending on the type of financial instruments and the extent to which they are traded in active markets. Instruments are classified in their entirety in one of three valuation levels in a hierarchy on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Prices quoted in active markets are considered to be the best estimate of an asset/liability's fair value. When quoted prices in active markets are not available, the fair value of financial assets/ liabilities will preferably be estimated on the basis of valuation techniques based on observable market data. When neither quoted prices in active markets nor observable market data are available, the fair value of financial assets/liabilities is estimated based on valuation techniques that are based on non-observable market data.

### **Quoted prices in active markets**

Quoted prices in active markets are considered the best estimate of an asset/liability's fair value. A financial asset/liability is considered valued based on quoted prices in active markets if fair value is estimated based on easily and regularly available prices and these prices represent actual and regularly occurring transactions at arm's length principle. Financial assets/liabilities valued based on quoted prices in active markets are classified as level one in the valuation hierarchy.

### **Valuation based on observable market data**

When quoted prices in active markets are not available, the fair value of financial assets/ liabilities is preferably estimated on the basis of valuation techniques based on observable market data. A financial asset/liability is considered valued based on observable market data if fair value is estimated with reference to prices that are not quoted, but are observable either directly (as prices) or indirectly (derived from prices). Financial assets/liabilities valued based on observable market data are classified as level two in the valuation hierarchy.

### **Valuation based on non-observable market data**

When neither quoted prices in active markets nor observable market data is available, the fair value of financial assets/liabilities is estimated based on valuation techniques which are based on non-observable market data. A financial asset/liability is considered valued based on non-observable market data if fair value is estimated without being based on quoted prices in active markets or observable market data. Financial assets/liabilities valued based on non-observable market data are classified as level three in the valuation hierarchy.

### **Sensitivity financial assets level three**

The sensitivity analysis for financial assets that are valued on the basis of non-observable market data shows the effect on profits of realistic and plausible market outcomes. General market downturns or a worsening of the outlook can affect expectations of future cash flows or the applied multiples, which in turn will lead to a reduction in value. A fall in value of 10% is deemed to be a realistic and plausible market outcome for shares and similar interests, as well as bonds and other securities with a fixed return that are included in level three of the valuation hierarchy.

## Note 9 Fair value of financial instruments (cont.)

NOKt	31 Mar 2021		31 Mar 2020		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>						
Loans to and receivables from credit institutions, amortised cost	623,414	623,414	657,776	657,776	449,693	449,693
<b>Loans to and receivables from credit institutions</b>	<b>623,414</b>	<b>623,414</b>	<b>657,776</b>	<b>657,776</b>	<b>449,693</b>	<b>449,693</b>
Loans to and receivables from customers, amortised cost	26,972,575	26,972,575	19,927,939	19,927,939	21,823,506	21,823,506
<b>Total loans before individual and group write-downs</b>	<b>26,972,575</b>	<b>26,972,575</b>	<b>19,927,939</b>	<b>19,927,939</b>	<b>21,823,506</b>	<b>21,823,506</b>
- Group write-downs	2,067	2,067	1,136	1,136	1,340	1,340
<b>Total net loans to customers</b>	<b>26,970,509</b>	<b>26,970,509</b>	<b>19,926,803</b>	<b>19,926,803</b>	<b>21,822,166</b>	<b>21,822,166</b>
Certificates and bonds, fair value	189,945	189,945	189,995	189,995	190,027	190,027
<b>Total bonds and other fixed-income securities</b>	<b>189,945</b>	<b>189,945</b>	<b>189,995</b>	<b>189,995</b>	<b>190,027</b>	<b>190,027</b>
Derivatives, fair value	42,486	42,486	75,857	75,857	56,085	56,085
<b>Derivatives</b>	<b>42,486</b>	<b>42,486</b>	<b>75,857</b>	<b>75,857</b>	<b>56,085</b>	<b>56,085</b>
Other financial assets, amortised cost	31,772	31,772	52,630	52,630	24,041	24,041
<b>Total other financial assets</b>	<b>31,772</b>	<b>31,772</b>	<b>52,630</b>	<b>52,630</b>	<b>24,041</b>	<b>24,041</b>
<b>Total financial assets</b>	<b>27,858,126</b>	<b>27,858,126</b>	<b>20,903,062</b>	<b>20,903,062</b>	<b>22,542,012</b>	<b>22,542,012</b>
<b>Liabilities</b>						
Loans and deposits from credit institutions, amortised cost	10,568,411	10,568,411	2,804,416	2,804,416	5,274,986	5,274,986
<b>Total liabilities to credit institutions</b>	<b>10,568,411</b>	<b>10,568,411</b>	<b>2,804,416</b>	<b>2,804,416</b>	<b>5,274,986</b>	<b>5,274,986</b>
Commercial paper and bonds, amortised cost	14,518,048	14,588,831	14,522,789	14,572,634	14,519,220	14,593,728
Liability incurred through the issue of securities, fair value hedge	639,432	650,861	1,523,477	1,525,511	652,948	664,351
<b>Total debt securities</b>	<b>15,157,480</b>	<b>15,239,692</b>	<b>16,046,266</b>	<b>16,098,145</b>	<b>15,172,167</b>	<b>15,258,079</b>
Derivatives, fair value	2,955	2,955	3,813	3,813	3,119	3,119
<b>Derivatives</b>	<b>2,955</b>	<b>2,955</b>	<b>3,813</b>	<b>3,813</b>	<b>3,119</b>	<b>3,119</b>
Other financial liabilities, amortised cost	35,251	35,251	76,874	76,874	30,647	30,647
<b>Total other financial liabilities</b>	<b>35,251</b>	<b>35,251</b>	<b>76,874</b>	<b>76,874</b>	<b>30,647</b>	<b>30,647</b>
<b>Total financial liabilities</b>	<b>25,764,098</b>	<b>25,846,309</b>	<b>18,931,369</b>	<b>18,983,248</b>	<b>20,480,920</b>	<b>20,566,832</b>

## Note 9 Fair value of financial instruments (cont.)

NOKt	31 Mar 2021			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, designated at fair value	111,897	78,049		189,945
Derivatives, fair value		42,486		42,486
<b>Total financial assets measured at fair value</b>	<b>111,897</b>	<b>120,535</b>		<b>232,431</b>
Liabilities opened for the issue of securities, measured at fair value				
Derivatives, fair value		2,955		2,955
<b>Total financial liabilities measured at fair value</b>		<b>2,955</b>		<b>2,955</b>
Liability incurred through the issue of securities, amortised cost		14,588,831		14,588,831
<b>Total financial liabilities measured at amortised cost</b>		<b>14,588,831</b>		<b>14,588,831</b>
Liability incurred through the issue of securities, fair value hedge		650,861		650,861
<b>Total financial liabilities included in fair value hedge</b>		<b>650,861</b>		<b>650,861</b>

There were no major moves between levels 1 and 2 in 2021.

NOKt	31 Mar 2020			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, designated at fair value	111,869	78,126		189,995
Derivatives, fair value		75,857		75,857
<b>Total financial assets measured at fair value</b>	<b>111,869</b>	<b>153,984</b>		<b>265,852</b>
Liabilities opened for the issue of securities, measured at fair value				
Derivatives, fair value		3,813		3,813
<b>Total financial liabilities measured at fair value</b>		<b>3,813</b>		<b>3,813</b>
Liability incurred through the issue of securities, amortised cost		14,572,634		14,572,634
<b>Total financial liabilities measured at amortised cost</b>		<b>14,572,634</b>		<b>14,572,634</b>
Liability incurred through the issue of securities, fair value hedge		1,525,511		1,525,511
<b>Total financial liabilities included in fair value hedge</b>		<b>1,525,511</b>		<b>1,525,511</b>

NOKt	31 Dec 2020			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, designated at fair value	111,964	78,062		190,027
Derivatives, fair value		56,085		56,085
<b>Total financial assets measured at fair value</b>	<b>111,964</b>	<b>134,147</b>		<b>246,111</b>
Liabilities opened for the issue of securities, measured at fair value				
Derivatives, fair value		3,119		3,119
<b>Total financial liabilities measured at fair value</b>		<b>3,119</b>		<b>3,119</b>
Liability incurred through the issue of securities, amortised cost		14,593,728		14,593,728
<b>Total financial liabilities measured at amortised cost</b>		<b>14,593,728</b>		<b>14,593,728</b>
Liability incurred through the issue of securities, fair value hedge		664,351		664,351
<b>Total financial liabilities included in fair value hedge</b>		<b>664,351</b>		<b>664,351</b>

There were no major moves between levels 1 and 2 in 2020.

## Quarterly earnings performance

NOKt	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Interest income etc, amortised cost	95,343	83,792	73,719	90,195	145,580	142,344	130,781	128,966
Interest income etc, fair value	149	251	583	544	-1,920	572	546	-1,039
Interest costs etc.	47,685	39,050	32,896	66,867	109,805	113,630	106,049	99,983
<b>Net interest income</b>	<b>47,806</b>	<b>44,994</b>	<b>41,406</b>	<b>23,872</b>	<b>33,855</b>	<b>29,286</b>	<b>25,277</b>	<b>27,945</b>
Fee and commission income	548	540	533	549	565	573	568	580
Net gains on financial instruments at fair value	-1	-149	-916	1,311	-2,567	-242	67	62
Other operating income	240	240	240	240	229	229	229	229
<b>Total income</b>	<b>48,593</b>	<b>45,625</b>	<b>41,263</b>	<b>25,972</b>	<b>32,083</b>	<b>29,845</b>	<b>26,142</b>	<b>28,816</b>
Staff costs	584	554	561	2	597	558	580	489
Other operating costs	7,061	3,424	3,162	3,512	6,734	4,681	3,491	3,508
<b>Total operating expenses</b>	<b>7,645</b>	<b>3,978</b>	<b>3,723</b>	<b>3,514</b>	<b>7,331</b>	<b>5,239</b>	<b>4,072</b>	<b>3,997</b>
<b>Profit / (loss) before loan losses</b>	<b>40,948</b>	<b>41,646</b>	<b>37,540</b>	<b>22,458</b>	<b>24,752</b>	<b>24,606</b>	<b>22,070</b>	<b>24,820</b>
Loan losses	726	-183	-927	1,314	-453	237	509	-47
<b>Operating profit</b>	<b>40,222</b>	<b>41,830</b>	<b>38,468</b>	<b>21,143</b>	<b>25,205</b>	<b>24,369</b>	<b>21,561</b>	<b>24,866</b>

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