



Interim Report 1st quarter 2021

Nordea Direct Bank



Nordea Direct Bank ASA 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	185,787	183,364	724,630
Net commission income and other operating income	31,760	-57,370	-43,938
Total income	217,547	125,993	680,693
Staff costs	26,253	33,141	101,396
Other expenses	53,476	45,204	196,121
Total operating expenses	79,729	78,345	297,517
Loan losses (negative figures are reversals)	13,075	42,464	86,810
Operating profit	124,743	5,185	296,365
Income tax expense	31,186	6,301	75,328
Net profit for the period	93,557	-1,117	221,037

Summary of balance sheet

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Loans to the public (gross)	50,141,716	43,168,208	50,708,573
Allowance for loan losses	-175,812	-415,439	-169,591
Deposits and borrowings from the public	13,874,036	15,823,384	14,391,542
Total assets	55,803,560	49,162,344	56,003,342
Equity	4,270,751	4,266,631	4,179,280
Assets under management		491,667	

Ratios and key figures

		Jan-Mar 2021	Jan-Mar 2020	Year 2020
Net interest margin, annualised	%	1.35	1.50	1.36
Loss rate	%	0.11	0.40	0.18
Non-performing loans in % of gross lending ¹	%	0.32	1.47	0.19
Return on equity, annualised	%	8.99	-0.64	5.53
Deposit-to-loan ratio at the end of the period	%	27.7	36.7	28.4
Capital adequacy ratio ²	%	19.6	23.0	20.2
Tier 1 capital ratio ²	%	19.2	21.5	19.2
Common equity Tier 1 capital ratio ²	%	18.5	19.2	18.6
Cost/income ratio	%	36.6	62.2	43.7
Liquidity Coverage Ratio	%	362	356	409
Average total assets	NOKt	55,850,529	49,152,057	53,235,728
Number of employees	Number	96	117	108
Total deposit above NOK 2 million	NOK billion	1.93	3.21	2.04

¹ Gross default over 90 days

² The profit for the period is not included in the calculation for the quarters, with the exception of fourth quarter

For more detailed information regarding ratios and key figures defined as Alternative performance measures, see www.nordea.com/en/investor-relations/.

Nordea Direct Bank ASA

Introduction

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

Nordea Direct Bank ASA is a wholly owned subsidiary of Nordea Bank Abp. The bank was established in 2007 and has administrative offices in Oslo and Førde.

The merger between Nordea Direct Bank and Nordea Bank Abp is ongoing and the target completion date is to be determined. Completion is subject to regulatory approval.

Income statement

Operating profit was NOK 124.7m (NOK 5.2m). The increase was driven by financial instruments and one time bookings on the Total Income, as well as improved write-down and losses due to the sale of an unsecured lending portfolio at the end of 2020.

Total income amounted to NOK 217.5m (NOK 126.0m).

Net interest income amounted to NOK 185.8m (NOK 183.4m). The improvement was driven by portfolio growth.

Net commission income and other income amounted to NOK 31.8m (negative NOK 57.4m). The increase was primarily driven by gains on financial instruments and a one-time booking related to a portfolio of pre-paid cards. The one-time booking is regarding the closing of pre-paid cards issued by Gjensidige Bank ASA (now Nordea Direct Bank ASA) for a third party. The pre-paid cards have expired already before the acquisition of Gjensidige Bank ASA by Nordea Bank Abp and the board decided to write-off the balance of these cards, in close dialogue with the third party and after taking all necessary steps to pay out customer dues.

Net interest margin¹ was 1.35% (1.50%). The decrease was driven by the change in portfolio composition.

Operating expenses were NOK 79.7m (NOK 78.3m).

The cost/income ratio was 36.6% (62.2%), driven by the improvement in the total Income.

Total write-downs and losses amounted to NOK 13.1m (NOK 42.5m). The improvement is driven by the sale of an unsecured lending portfolio at the end of 2020 as well as tightening of credit rules.

Write-downs and losses were 0.11% (0.40%) of average gross lending. The decrease was driven by lower write-downs and losses following the delinquent portfolio sale, as well as change in portfolio composition.

Gross lending in default over 90 days decreased to NOK 162.1m (NOK 632.4m). The decrease was driven by the sale of the delinquent portfolio at the end of 2020. Gross loans in default over 90 days were 0.32% (1.47%) of total gross lending.

The weighted average loan-to-value ratio² was estimated to be 61.2% (60.7%) for the mortgage portfolio.

Lending, deposits and investments growth

Gross lending increased by 16.2% and amounted to NOK 50,141.7m (NOK 43,168.2m) as of 31 March 2021. The growth is primarily driven by the bank entering an agreement with The Confederation of Unions for Professionals (UNIO), the second biggest labour union in Norway. Deposits decreased by 12.3%, reaching NOK 13,874.0m (NOK 15,823.4m).

Capital position

As of 31 March 2021, the Nordea Direct Bank Group had a capital adequacy ratio of 19.6% (23.0%). The total capital held by the bank was NOK 4,268.0m (NOK 4,546.2m), of which NOK 4,023.1m (NOK 3,800.8m) was common equity Tier 1 capital. The common equity Tier 1 capital ratio was 18.5% (19.2%).

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 over-collateralisation required to maintain the current rating for Nordea Direct Boligkreditt AS's covered bond program.

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

² The loan-to-value ratio estimate is calculated on the basis of the exposure on the reporting date and the property valuation, including any higher priority pledge(s), at the time the loan was approved.

Debt securities issued

Net issues of debt securities, including subordinated loan capital, amounted to NOK 19.308.0m (NOK 23,034.8m) as of 31 March 2021. The total face value of the securities issued by the bank was NOK 19,187.5m.

Repayments through ordinary maturity and buy back of bonds from investors were NOK 1,770.0m in the period.

Liquidity

As of 31 March 2021, the Nordea Direct Bank Group had net liquid assets of NOK 8,685.9m, divided between NOK 918.1m in bank deposits and NOK 7,767.8m in debt securities. Of the latter assets NOK 3,165.5m were investments in covered bonds from Nordea Direct Boligkreditt AS (eliminated in the consolidated accounts). The net liquid assets were at an adequate level that covers the bond debt that is due in the next 17 months.

Covid-19 Measures

After the outbreak of Covid-19 during the first quarter of 2020, the bank 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, the bank 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.

Norges Bank offered extraordinary F-loans in order to provide liquidity to the banking system in the context of the Covid-19 situation. On April 16th 2020, Nordea Direct Bank ASA was granted a F-loan amounting to NOK 500.0m and a maturity of 12 months.

In the coming period, the bank 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 Bank ASA

Oslo, 10 May 2021



Randi Marjamaa

Chairman



Sjur Loen

Board member



Marte Kopperstad

Board member



Mona Eek-Jensen

Board member



Per Kumle

Board member



Hans-Jacob Starheim

Employee representative



Krister G. Aanesen

Chief Executive Officer

Income statement

Nordea Direct Bank Group

NOKt	Note	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Interest income etc, amortised cost		282,078	382,484	1,256,686
Interest income etc, fair value		5,679	22,150	53,016
Interest costs etc.		101,970	221,271	585,072
Net interest income		185,787	183,364	724,630
Dividends from investments in shares and funds		33		5,379
Fee and commission income		7,125	9,534	34,027
Fee and commission expense		11,466	11,683	60,198
Net gains on financial instruments at fair value		7,454	-55,210	-24,211
Other operating income		28,615	-11	1,065
Net commission income and other operating income		31,760	-57,370	-43,938
Total income		217,547	125,993	680,693
Staff costs		26,253	33,141	101,396
Depreciation		3,138	4,205	15,690
Other operating expenses		50,338	40,999	180,431
Total operating expenses		79,729	78,345	297,517
Profit / (loss) before loan losses		137,818	47,649	383,175
Loan losses	4	13,075	42,464	86,810
Operating profit		124,743	5,185	296,365
Income tax expense		31,186	6,301	75,328
Net profit for the period		93,557	-1,117	221,037
Basic/diluted earnings per share, NOK		106.8	-1.3	252.3

Statement of comprehensive income

Nordea Direct Bank Group

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Net profit for the period	93,557	-1,117	221,037
Components of other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Actuarial gains/ (loss) on pensions			-3,253
Tax on items that are not reclassified to profit or loss			813
Items that may be reclassified subsequently to profit or loss			
Tax on items that may be reclassified to profit or loss			
Total components of other comprehensive income			-2,440
Total comprehensive income for the period	93,557	-1,117	218,598

Balance sheet

Nordea Direct Bank Group

NOKt	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
Assets				
Cash and balances with central banks		55,443	68,156	58,553
Loans to credit institutions	6	862,697	468,043	350,899
Loans to the public	2,4	49,965,904	42,752,768	50,538,982
Interest-bearing securities	8	4,602,227	5,332,041	4,679,830
Derivatives	8	118,740	251,567	199,324
Shares (and other securities with variable yield)		9,745	11,934	10,620
Intangible assets		9,633	21,947	12,629
Deferred tax assets		20,439	11,809	20,090
Fixed assets		1,250	2,042	1,393
Other assets		-1,765	-2,738	1,586
Advance payments and accrued income		159,246	244,774	129,436
Total assets		55,803,560	49,162,344	56,003,342
Liabilities and equity				
Liabilities to credit institutions	6	17,893,000	5,456,000	15,831,000
Deposits and borrowings from the public	2	13,874,036	15,823,384	14,391,542
Debt securities in issue	3,6,8	19,108,075	22,734,936	20,959,345
Derivatives	8	23,489	40,794	32,029
Current tax liabilities		74,721	21,826	79,050
Other liabilities		133,766	211,595	156,149
Accrued expenses and prepaid income		194,829	279,453	144,066
Retirement benefit obligations		30,925	27,815	30,925
Subordinated loan capital	3	199,969	299,910	199,956
Total liabilities		51,532,809	44,895,713	51,824,063
Equity				
Share capital		667,512	667,512	667,512
Share premium reserve		1,814,374	1,814,374	1,814,374
Perpetual Tier 1 capital	9	144,896	445,530	144,884
Other paid-in equity		2,647	2,647	2,647
Retained earnings		1,547,765	1,337,684	1,549,862
Net profit for the period		93,557	-1,117	
Total equity		4,270,751	4,266,631	4,179,280
Total liabilities and equity		55,803,560	49,162,344	56,003,342

Statement of changes in equity

Nordea Direct Bank Group

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
Balance at 1 Jan 2021	667,512	1,814,374	144,884	2,647	1,549,862	4,179,280
Net profit for the period			1,058		92,499	93,557
Other comprehensive income, net of tax						
Total comprehensive income			1,058		92,499	93,557
Capital expansion						
Share-based payment transactions settled in equity					-1,040	-1,040
AT1 capital						
Paid interest on AT 1 capital			-1,047			-1,047
Balance at 31 Mar 2021	667,512	1,814,374	144,896	2,647	1,641,322	4,270,751

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
Balance at 1 Jan 2020	666,020	1,115,866	445,441	2,647	1,342,153	3,572,127
Net profit for the period			9,372		211,666	221,037
Other comprehensive income, net of tax					-2,440	-2,440
Total comprehensive income			9,372		209,226	218,598
Capital expansion	1,492	698,508				700,000
Share-based payment transactions settled in equity					-1,517	-1,517
AT1 capital			-298,200			
Paid interest on AT 1 capital			-11,728			-11,728
Balance at 31 Dec 2020	667,512	1,814,374	144,884	2,647	1,549,862	4,179,280

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
Balance at 1 Jan 2020	666,020	1,115,866	445,441	2,647	1,342,153	3,572,127
Net profit for the period			4,469		-5,585	-1,117
Other comprehensive income, net of tax						
Total comprehensive income			4,469		-5,585	-1,117
Capital expansion	1,492	698,508				700,000
Share-based payment transactions settled in equity						
AT1 capital						
Paid interest on AT 1 capital			-4,380			-4,380
Balance at 31 Mar 2020	667,512	1,814,374	445,530	2,647	1,336,568	4,266,631

Number of shares at end of period 876,000

Cash flow statement

Nordea Direct Bank Group

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Operating activities			
Net payment of loans to customers	440,042	29,449	-7,696,541
Net payment of deposits by customers	-517,506	-1,483,139	-2,914,981
Payment of interest from customers	417,084	369,701	1,257,788
Payment of interest to customers	-5,578	-10,418	-146,116
Net payment of interest from credit institutions etc.	-73,327	-64,225	-101,585
Taxes paid	-35,515	-31,005	-71,030
Net other commission income	24,292	-1,627	-24,869
Payment to operations	-161,930	-174,101	-398,897
Net received/paid (-) upon purchase and sale of financial instruments and interest-bearing securities	106,641	-174,732	542,297
Net cash flow from operating activities	194,203	-1,540,096	-9,553,933
Investment activities			
Net purchase of intangible assets and fixed assets		-192	-1,709
Net receipts/payments from sale/acquisition of loans to the public			359,472
Net cash flow from investment activities		-192	357,762
Financing activities			
Net receipts/payments on deposits from credit institutions	2,062,000	2,500,000	12,875,000
Receipts of interest-bearing securities			
Payment of interest-bearing securities	-1,770,000	-2,087,000	-3,903,000
Interest payments on interest-bearing securities	24,702	360,110	-260,805
Receipts of subordinated debt	13	24	-99,931
Interest payments on subordinated debt	-1,185	-2,799	-7,256
Repayment additional Tier 1 capital			-298,200
Paid interest on Additional Tier 1 capital	-1,047	-4,380	-10,717
Capital increases		700,000	700,000
Cash flow from financing activities	314,484	1,465,954	8,995,090
Cash flow for the period	508,688	-74,334	-201,080
Cash and cash equivalents			
Cash and cash equivalents at 1 January	409,452	610,533	610,533
Cash and cash equivalents at end of the period	918,140	536,199	409,452
Change	508,688	-74,334	-201,080
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	55,443	68,156	58,553
Loans to credit institutions	862,697	468,043	350,899
Total cash and cash equivalents	918,140	536,199	409,452

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

Nordea Direct Bank Group

Note 1 Accounting policies

The consolidated financial statements as of the first quarter of 2021, concluded on 31 March 2021, comprise Nordea Direct Bank ASA and its subsidiary 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 consolidated 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 ASA 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 Bank ASA's 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.

Note 1 Accounting policies (cont.)

Covid 19 Macro scenarios

Nordea Direct 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/Faktorer-bak-bankenenes-problemlan/>.

The macro variables are also used by Nordea for their collective provision model and Nordea Direct 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 collective provision model for Q1 2021. The change applies to all Nordea Direct collective provision models (Unsecured Loans, Mortgage Loans and Credit Cards).

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
Unemployment rate			
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%
Housing prices			
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

NOKt	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019
Deposit by sector and industry								
Retail market	12,267,106	12,665,871	12,954,894	13,508,089	12,809,973	13,306,516	14,011,422	14,327,489
Other	1,606,930	1,725,671	2,225,113	2,392,324	3,013,411	4,000,008	5,208,129	6,356,140
Total deposits	13,874,036	14,391,542	15,180,007	15,900,413	15,823,384	17,306,523	19,219,551	20,683,630
Loans to customers divided by sector and industry								
Private individuals	50,141,716	50,708,573	50,447,984	47,696,120	43,168,208	43,203,811	51,300,415	49,667,800
Commercial business							2,233,483	2,342,381
Gross loans	50,141,716	50,708,573	50,447,984	47,696,120	43,168,208	43,203,811	53,533,898	52,010,181

Note 3 Liabilities on the issue of securities

NOKt	Nominal value			Carrying amount		
	31 Mar 2021	31 Mar 2020	31 Dec 2020	31 Mar 2021	31 Mar 2020	31 Dec 2020
Liabilities opened for the issue of securities						
Bond debt ¹	13,687,500	15,976,500	15,457,500	13,698,113	16,007,026	15,484,240
Subordinated loan capital	200,000	300,000	200,000	199,969	299,910	199,956
- Own non-amortised certificates/bonds		-303,000			-303,197	
Total liabilities at amortised cost	13,887,500	15,973,500	15,657,500	13,898,082	16,003,739	15,684,196
Liabilities opened for the issue of securities						
Bond debt	5,300,000	6,800,000	5,300,000	5,409,962	7,031,107	5,475,105
Total liabilities included in fair value hedge	5,300,000	6,800,000	5,300,000	5,409,962	7,031,107	5,475,105
Total liabilities	19,187,500	22,773,500	20,957,500	19,308,044	23,034,846	21,159,301

¹ Minus covered bonds held by Nordea Direct Bank ASA issued by Nordea Direct Bank Boligkreditt AS with a nominal at NOK 5,754.1m (1,670.0m) as of 31 March 2020. The cover pool market value was NOK 1,681.0m (2,146.0m).

Maturity

Remaining maturity (nominal value)	31 Mar 2021	31 Mar 2020	31 Dec 2020
2020		1,816,000	
2021	3,941,000	5,711,000	5,711,000
2022	7,446,500	7,446,500	7,446,500
2023	5,950,000	5,950,000	5,950,000
2025	1,350,000	1,350,000	1,350,000
2027	500,000	500,000	500,000
Total	19,187,500	22,773,500	20,957,500

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

New issues in 2021

Repayments in 2021 1,770,000

Note 4 Write-downs and losses on loans

Write-downs and losses on loans

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Write-downs and losses for the period			
+/- Change in group write-downs for the period (ECL)	6,221	29,632	-216,217
+ Write-off during the period	6,823	12,517	301,719
- Payments on previously written-off accounts	31	315	1,308
Write-downs and losses for the period	13,075	42,464	86,810
Loss allowance			
Loss allowance at the start of the period	169,591	385,807	385,807
+/- Change in loss allowance for the period	6,221	29,632	-216,217
Loss allowance at the end of the period	175,812	415,439	169,591
Defaulted loans			
Gross default over 90 days	162,102	632,421	94,866

Credit quality by risk group

31 Mar 2021 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	47,228,703	39,772	17,851	47,286,326
Medium	1,023,015	648,205	12,128	1,683,348
High	282,536	828,487	48,229	1,159,251
Not classified	3,492	432	237	4,160
Impaired and written down			165,139	165,139
Adjustment ¹	-156,510			-156,510
Total	48,381,236	1,516,896	243,583	50,141,716
Loss allowance	55,238	57,524	63,050	175,812
Total net	48,325,998	1,459,373	180,533	49,965,904

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
Loans to and claims on customers				
Low	39,575,305	3,766	13,537	39,592,608
Medium	1,304,618	364,082	13,680	1,682,380
High	409,189	930,493	57,941	1,397,623
Not classified	3,445	312	1	3,758
Impaired and written down			641,142	641,142
Adjustment ¹	-149,304			-149,304
Total	41,143,253	1,298,654	726,300	43,168,208
Loss allowance	43,374	45,506	326,560	415,439
Total net	41,099,879	1,253,148	399,741	42,752,768

31 Dec 2020 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	47,809,339	2,791	15,486	47,827,617
Medium	1,249,473	373,506	9,578	1,632,557
High	414,461	698,657	57,493	1,170,611
Not classified	2,299	347	1	2,646
Impaired and written down			97,866	97,866
Adjustment ¹	-22,724			-22,724
Total	49,452,848	1,075,302	180,423	50,708,573
Loss allowance	68,382	51,175	50,034	169,591
Total net	49,384,466	1,024,127	130,389	50,538,982

¹Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

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	49,873,998	107,791	42,369,449	78,801	50,447,842	100,323
30-59 days	77,635	15,391	117,421	20,218	122,768	28,125
60-89 days	27,980	8,075	48,916	11,544	43,098	10,408
90+ days	162,102	44,555	632,421	304,876	94,866	30,736
Total	50,141,716	175,812	43,168,208	415,439	50,708,573	169,591

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
Loss allowance as at 1 Jan 2021	68,382	51,175	50,034	169,591
Transfer to stage 1	3,120	-6,115	-1,214	-4,209
Transfer to stage 2	-19,767	32,644	-1,171	11,707
Transfer to stage 3	-790	-15,340	22,518	6,387
New Financial assets originated during the period	12,084	450	1,441	13,975
Financial assets that have been derecognised	-4,120	-3,549	-2,318	-9,986
Changes in balance with no transfer between stages	-3,671	-1,741	-6,242	-11,653
Loss allowance as at 31 Mar 2021	55,238	57,524	63,050	175,812

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total allowance
Loss allowance as at 1 Jan 2020	31,998	47,456	306,354	385,808
Transfer to stage 1	2,843	-8,674	-973	-6,803
Transfer to stage 2	-2,791	19,373	-131	16,451
Transfer to stage 3	-391	-16,375	24,253	7,487
New Financial assets originated during the period	3,308	1,973	102	5,384
Financial assets that have been derecognised	-771	-1,510	-7,206	-9,487
Changes in balance with no transfer between stages	9,178	3,263	4,160	16,601
Loss allowance as at 31 Mar 2020	43,374	45,506	326,560	415,440

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total allowance
Loss allowance as at 1 Jan 2020	31,998	47,456	306,354	385,807
Transfer to stage 1	2,945	-8,311	-1,630	-6,996
Transfer to stage 2	-2,440	24,238	-831	20,967
Transfer to stage 3	-1,421	-1,953	22,078	18,705
New Financial assets originated during the period	26,861	11,730	7,170	45,761
Financial assets that have been derecognised	-5,482	-7,755	-21,785	-35,022
Management judgement due to Covid-19, payment reliefs		13,103		13,103
Additional Management judgement due to Covid-19	17,025			17,025
Portfolio sale	-1,685	-18,997	-257,485	-278,168
Changes in balance with no transfer between stages	582	-8,335	-3,837	-11,591
Loss allowance as at 31 Dec 2020	68,382	51,175	50,034	169,591

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

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Stage 1	55,238	43,374	68,382
Stage 2	57,524	45,506	51,175
Stage 3	63,050	326,560	50,034
Total	175,812	415,440	169,591
Stage 1	31.4%	10.4%	40.3%
Stage 2	32.7%	11.0%	30.2%
Stage 3	35.9%	78.6%	29.5%
Total	100.0%	100.0%	100.0%

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
Gross carrying amount as at 1 Jan 2021	49,452,848	1,075,302	180,423	50,708,573
Transfer to stage 1	300,043	-285,068	-14,975	
Transfer to stage 2	-872,203	884,922	-12,719	
Transfer to stage 3	-22,365	-78,742	101,107	
New financial assets originated	4,513,356	49,137	3,378	4,565,870
Financial assets that have been derecognised	-4,099,655	-102,268	-10,493	-4,212,416
Change in balances due to payments	-757,002	-26,385	-8,713	-792,100
Other Changes ¹	-133,786		5,574	-128,212
Gross carrying amount as at 31 Mar 2021	48,381,236	1,516,896	243,583	50,141,716
Loss allowance as at 31 Mar 2021	55,238	57,524	63,050	175,812

¹Market value adjustment for fixed interest loans and overaft facilities balance with credit balance.

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
Gross carrying amount as at 1 Jan 2020	41,121,650	1,407,959	674,202	43,203,811
Transfer to stage 1	491,523	-485,276	-6,246	
Transfer to stage 2	-460,694	463,156	-2,462	
Transfer to stage 3	-9,314	-73,984	83,297	
New financial assets originated	2,578,140	88,510	1,446	2,668,095
Financial assets that have been derecognised	-1,972,586	-74,705	-18,219	-2,065,511
Change in balances due to payments	-435,145	-27,006	-38,866	-501,016
Other Changes ¹	-170,320		33,148	-137,171
Gross carrying amount as at 31 Mar 2020	41,143,253	1,298,654	726,300	43,168,208
Loss allowance as at 31 Mar 2020	43,374	45,506	326,560	415,439

NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Gross carrying amount as at 1 Jan 2020	41,121,650	1,407,959	674,202	43,203,811
Transfer to stage 1	495,937	-484,115	-11,822	
Transfer to stage 2	-370,191	378,874	-8,683	
Transfer to stage 3	-60,643	-29,170	89,813	
New financial assets originated	21,632,175	338,142	19,300	21,989,617
Financial assets that have been derecognised	-11,688,632	-375,755	-58,342	-12,122,729
Change in balances due to payments	-1,564,932	-69,610	-8,202	-1,642,744
Portfolio sale	-67,784	-85,763	-496,781	-650,328
Other Changes ¹	-44,731	-5,261	-19,061	-69,053
Gross carrying amount as at 31 Dec 2020	49,452,848	1,075,302	180,423	50,708,573
Loss allowance as at 31 Dec 2020	68,382	51,175	50,034	169,591

¹Market 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	48,381,236	41,143,253	49,452,848
Stage 2	1,516,896	1,298,654	1,075,302
Stage 3	243,583	726,300	180,423
Total	50,141,716	43,168,208	50,708,573
Stage 1	96.5%	95.3%	97.5%
Stage 2	3.0%	3.0%	2.1%
Stage 3	0.5%	1.7%	0.4%
Total	100.0%	100.0%	100.0%

Note 5 Capital adequacy

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Primary capital			
Share capital and share premium	2,481,886	2,481,886	2,481,886
Other equity	1,643,969	1,339,215	1,552,509
Total equity (exclusive perpetual Tier 1 capital)	4,125,855	3,821,101	4,034,395
Deduction			
Profit not included in the calculation of net primary capital	-93,557		
Goodwill and other intangible assets	-9,633	-21,947	-12,629
Value adjustments due to the requirement for prudent valuation	-4,754	-5,636	-4,922
Increase			
IFRS 9 transitional arrangements for credit loss provisioning	5,195	7,273	7,273
Common equity Tier 1 capital	4,023,105	3,800,790	4,024,117
Perpetual Tier 1 capital	144,896	445,530	144,884
Tier 1 capital	4,168,001	4,246,320	4,169,002
Supplementary capital			
Subordinated loan capital	99,969	299,910	199,956
Net primary capital	4,267,970	4,546,230	4,368,958
Credit risk:			
Of which:			
Central governments or central banks	4,088	2,362	4,018
Institutions	18,473	19,787	13,816
Enterprises			
Mass market positions	192,849	210,428	195,144
Positions secured by mortgage	1,352,617	1,124,792	1,346,268
Overdue positions	24,979	53,491	25,378
Covered bonds	24,316	30,137	24,907
Shares in securities fund			
Equity positions	780	955	850
Other positions	4,695	8,346	4,895
Total minimum requirement credit risk	1,622,797	1,450,297	1,615,276
Operational risk	108,871	118,677	108,871
CVA-risk	6,366	11,108	9,372
Minimum requirement for net primary capital	1,738,033	1,580,081	1,733,518
Basis of calculation of balance sheet items not included in trading portfolio	19,612,309	17,500,787	19,735,335
Basis of calculation of off-balance sheet items not included in trading portfolio	672,648	627,921	455,615
Risk-weighted assets (calculation basis for capital adequacy ratio)	21,725,415	19,751,016	21,668,977

Note 5 Capital adequacy (cont.)

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Buffer requirements			
Systemic risk buffer	651,762	592,530	650,069
Conservation buffer	543,135	493,775	541,724
Countercyclical buffer	217,254	197,510	216,690
Total buffer requirement for common equity Tier 1 capital	1,412,152	1,283,816	1,408,484
Pillar 2 requirement 1.7% for common equity Tier 1 capital set by the Financial Supervisory Authority of Norway	369,332	335,767	368,373
Available common equity Tier 1 capital net min.requirement	1,263,978	1,292,411	1,272,157
Capital adequacy			
Capital adequacy ratio	19.6%	23.0%	20.2%
Tier 1 capital ratio	19.2%	21.5%	19.2%
Common equity Tier 1 capital ratio	18.5%	19.2%	18.6%
Leverage ratio	7.2%	8.3%	7.3%

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.

New standard IFRS 9 guidelines for credit loss provisioning were implemented 1.1.2018. The bank used transitional arrangements for IFRS 9. The new rules for loss provisions increased the bank's loss and provision with NOK 13.9m. Equity was reduced by NOK 10.4m adjusted for tax. In accordance with transitional arrangements, the effect of increased of loss and provision will be phased in over five years.

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Numbers without use of transitional arrangements:			
Common equity Tier 1 capital	4,017,911	3,793,517	4,016,845
Tier 1 capital	4,162,806	4,239,047	4,161,729
Net primary capital	4,262,775	4,538,958	4,361,685
Common equity Tier 1 capital ratio	18.5%	19.2%	18.5%
Tier 1 capital ratio	19.2%	21.5%	19.2%
Capital adequacy ratio	19.6%	23.0%	20.1%

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 ensures 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

Jan-Mar 2021

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	16,113	55,919	
Other operating income	3,074		1,051
Other operating expenses	-240	-520	

Jan-Mar 2020

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	21,499	-12,886	
Other operating income	2,703		3,035
Other operating expenses	-229	-1,955	

Jan-Dec 2020

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	47,274	74,197	
Other operating income	10,648		6,773
Other operating expenses	-950	-10,971	

Note 6 Transactions with related parties (cont.)

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

31 Mar 2021

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Deposit	622,669	783,448	
Loans to credit institutions	10,577,451	1,732	
Interest-bearing securities	3,165,532	235,977	
Deposits by credit institutions		17,410,323	
Other liabilities		5,900	

31 Mar 2020

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Deposit	657,386	377,908	
Loans to credit institutions	2,819,579	12,852	1,007
Interest-bearing securities	1,677,901	329,211	
Deposits by credit institutions		5,471,897	
Other liabilities			

31 Dec 2020

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Deposit	449,027	282,683	
Loans to credit institutions	5,280,351	2,904	
Interest-bearing securities	1,393,903	664,882	
Deposits by credit institutions		15,345,487	
Other liabilities		5,900	

Note 7 Contingent liabilities and security

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Guarantees			
Loan commitment	6,830,289	4,861,800	4,100,304
Unutilised credit facility	19,861	3,619,122	3,547,703
Total contingent liabilities	6,850,150	8,480,922	7,648,007
Securities provided as collateral for loans from/credit facility with Norges Bank	1,740,621	848,827	2,090,485
Total securities provided	1,740,621	848,827	2,090,485

Note 8 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 8 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
Assets						
Cash to and receivables from central banks	55,443	55,443	68,156	68,156	58,553	58,553
Cash to and receivables from central banks	55,443	55,443	68,156	68,156	58,553	58,553
Loans to and receivables from credit institutions, amortised cost	862,697	862,697	468,043	468,043	350,899	350,899
Loans to and receivables from credit institutions	862,697	862,697	468,043	468,043	350,899	350,899
Loans to and receivables from customers, amortised cost	49,965,904	49,988,452	42,752,768	42,775,765	50,538,982	50,564,229
Loans to and receivables from customers	49,965,904	49,988,452	42,752,768	42,775,765	50,538,982	50,564,229
Interest-bearing securities, fair value	4,602,227	4,602,227	5,332,041	5,332,041	4,679,830	4,679,830
Interest-bearing securities	4,602,227	4,602,227	5,332,041	5,332,041	4,679,830	4,679,830
Derivatives, fair value	118,740	118,740	251,567	251,567	199,324	199,324
Derivatives	118,740	118,740	251,567	251,567	199,324	199,324
Shares available for sale	9,745	9,745	11,934	11,934	10,620	10,620
Shares	9,745	9,745	11,934	11,934	10,620	10,620
Other financial assets, amortised cost	103,240	103,240	144,708	144,708	71,900	71,900
Total other financial assets	103,240	103,240	144,708	144,708	71,900	71,900
Total financial assets	55,717,997	55,740,544	49,029,217	49,052,214	55,910,109	55,935,355
Liabilities						
Liability to credit institutions, amortised cost	17,893,000	17,893,000	5,456,000	5,456,000	15,831,000	15,831,000
Liability to credit institutions	17,893,000	17,893,000	5,456,000	5,456,000	15,831,000	15,831,000
Deposits and liabilities to customers, amortised cost	13,874,036	13,874,903	15,823,384	15,826,741	14,391,542	14,393,732
Deposits and liabilities to customers	13,874,036	13,874,903	15,823,384	15,826,741	14,391,542	14,393,732
Liability incurred through the issue of securities, amortised cost	13,698,113	13,784,955	15,703,829	16,007,505	15,484,240	15,571,313
Liability incurred through the issue of securities, fair value hedge	5,409,962	5,464,359	7,031,107	6,617,017	5,475,105	5,523,411
Liability incurred through the issue of securities	19,108,075	19,249,314	22,734,936	22,624,522	20,959,345	21,094,724
Derivatives, fair value	23,489	23,489	40,794	40,794	32,029	32,029
Derivatives	23,489	23,489	40,794	40,794	32,029	32,029
Subordinated loan capital, amortised cost	199,969	202,020	299,910	293,701	199,956	202,038
Subordinated loan capital	199,969	202,020	299,910	293,701	199,956	202,038
Other financial liabilities, amortised cost	130,957	130,957	224,187	224,187	90,111	90,111
Other financial liabilities	130,957	130,957	224,187	224,187	90,111	90,111
Total financial liabilities	51,229,526	51,373,683	44,579,211	44,465,945	51,503,983	51,643,634
Off-balance sheet obligations and guarantees						
Guarantees						
Mortgage assets ¹	1,740,621	1,740,621	848,827	848,827	2,090,485	2,090,485

¹ Securities provided as collateral for loans from/credit facility with Norges Bank.

Note 8 Fair value of financial instruments (cont.)

NOKt	31 Mar 2021			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	4,602,227			4,602,227
Shares			9,745	9,745
Derivatives, fair value		118,740		118,740
Total financial assets, fair value	4,602,227	118,740	9,745	4,730,712
Loans to and receivables from customers, amortised cost			49,988,452	49,988,452
Total financial assets, amortised cost			49,988,452	49,988,452
Derivatives, fair value		23,489		23,489
Total financial liabilities, fair value		23,489		23,489
Deposits and liabilities to customers, amortised cost			13,874,903	13,874,903
Liability incurred through the issue of securities, amortised cost		13,784,955		13,784,955
Subordinated loan capital, amortised cost		202,020		202,020
Total financial liabilities, amortised cost		13,986,975	13,874,903	27,861,877
Liability incurred through the issue of securities, fair value hedge		5,464,359		5,464,359
Total financial liabilities, fair value hedge		5,464,359		5,464,359

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, fair value	5,332,041			5,332,041
Shares			11,934	11,934
Derivatives, fair value		251,567		251,567
Total financial assets, fair value	5,332,041	251,567	11,934	5,595,542
Loans to and receivables from customers, amortised cost			42,775,765	42,775,765
Total financial assets, amortised cost			42,775,765	42,775,765
Derivatives, fair value		40,794		40,794
Total financial liabilities, fair value		40,794		40,794
Deposits and liabilities to customers, amortised cost			15,826,741	15,826,741
Liability incurred through the issue of securities, amortised cost		16,007,505		16,007,505
Subordinated loan capital, amortised cost		293,701		293,701
Total financial liabilities, amortised cost		16,301,206	15,826,741	32,127,947
Liability incurred through the issue of securities, fair value hedge		6,617,017		6,617,017
Total financial liabilities, fair value hedge		6,617,017		6,617,017

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

Note 8 Fair value of financial instruments (cont.)

NOKt	31 Dec 2020			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	4,679,830			4,679,830
Shares			10,620	10,620
Derivatives, fair value		199,324		199,324
Total financial assets, fair value	4,679,830	199,324	10,620	4,889,775
Loans to and receivables from customers, amortised cost			50,564,229	50,564,229
Total financial assets, amortised cost			50,564,229	50,564,229
Derivatives, fair value		32,029		32,029
Total financial liabilities, fair value		32,029		32,029
Deposits and liabilities to customers, amortised cost			14,393,732	14,393,732
Liability incurred through the issue of securities, amortised cost		15,571,313		15,571,313
Subordinated loan capital, amortised cost		202,038		202,038
Total financial liabilities, amortised cost		15,773,350	14,393,732	30,167,083
Liability incurred through the issue of securities, fair value hedge		5,523,411		5,523,411
Total financial liabilities, fair value hedge		5,523,411		5,523,411

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

Reconciliation of financial assets valued based on non-observable market data (level 3)	Net realised/ unrealised gains				As at 31 Mar 2021
	As at 1 Jan 2021	recognised in profit or loss	Purchases	Sales	
NOKt					
Shares	10,620			-875	9,745
Total financial assets measured at fair value	10,620			-875	9,745

Level 3 shares represent a total of NOK 9.7m in unquoted shares in Visa Norge, Norsk Gjeldsinformasjon and Gjensidige Forsikring ASA. As these investments represent an immaterial value for the bank the purchase price is used as best estimate for fair value. A 10% change in valuations assumptions are assets to have limited effects on the banks' profits, and the sensitivity is presented as NOK 0.

Note 8 Fair value of financial instruments (cont.)

Reconciliation of financial assets valued based on non-observable market data (level 3)		Net realised/ unrealised gains				As at
NOKt	As at 1 Jan 2020	recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	31 Mar 2020
Shares	11,934					11,934
Total financial assets measured at fair value	11,934					11,934

Level 3 shares represent a total of NOK 11.9m in unquoted shares in Visa Norge and Vipps AS. As these investments represent an immaterial value for the bank the purchase price is used as best estimate for fair value. A 10% change in valuations assumptions are assets to have limited effects on the banks' profits, and the sensitivity is presented as NOK 0.

Reconciliation of financial assets valued based on non-observable market data (level 3) 31 Dec 2018		Net realised/ unrealised gains				As at
NOKt	As at 1 Jan 2020	recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	31 Dec 2020
Shares	11,934	10,599	152	-12,066		10,620
Total financial assets measured at fair value	11,934	10,599	152	-12,066		10,620

Level 3 shares represent a total of NOK 10.6m in unquoted shares in Visa Norge, Norsk Gjeldsinformasjon and Gjensidige Forsikring ASA. As these investments represent an immaterial value for the bank the purchase price is used as best estimate for fair value. A 10% change in valuations assumptions are assets to have limited effects on the banks' profits, and the sensitivity is presented as NOK 0.

Note 9 Perpetual Tier 1 capital

The bank has issued perpetual Tier 1 capital instruments with a total nominal value of NOK 145 million. The instruments are perpetual but the bank can repay the capital on specific dates, for the first time five years after it was issued. The interest rate to be paid is floating 3-month NIBOR plus a fixed credit spread.

The agreed terms for the instruments meet the requirements in the EU's CRR regulations and it is included in the bank's Tier 1 capital for capital ade-

quacy purposes. This means that the bank has a unilateral right not to pay interest or repay the principal to the investors. As a consequence of these terms, the instruments does not meet the requirement for a liability in IAS 32 and are therefore presented on the line perpetual Tier 1 capital under equity. Further, it implies that the interest is not presented under Total interest expenses but as a reduction in Other equity. The tax consequences are recognized in the income statement.

Quarterly earnings performance

Nordea Direct Bank Group

NOKt	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Interest income etc, amortised cost	282,078	285,058	287,234	301,909	382,484	428,967	501,409	469,797
Interest income etc, fair value	5,679	6,890	7,235	16,741	22,150	22,125	20,652	18,940
Interest costs etc.	101,970	99,581	95,366	168,853	221,271	231,060	238,215	215,551
Net interest income	185,787	192,367	199,102	149,797	183,364	220,032	283,845	273,186
Dividends from investments in shares and funds	33	5,379						1,053
Fee and commission income	7,125	7,293	8,927	8,272	9,534	15,112	30,865	38,536
Fee and commission expense	11,466	25,207	11,772	11,535	11,683	27,372	50,623	52,577
Net gains on financial instruments at fair value	7,454	6,684	3,047	21,268	-55,210	-1,847	1,252	3,610
Other operating income	28,615	744	10	322	-11	74	528	88
Total income	217,547	187,260	199,315	168,124	125,993	206,000	265,868	263,898
Staff costs	26,253	24,212	24,660	19,384	33,141	38,616	40,808	35,675
Depreciation	3,138	3,627	3,866	3,992	4,205	5,170	6,917	7,187
Other operating costs	50,338	52,161	44,214	43,057	40,999	62,184	68,900	62,019
Total operating expenses	79,729	80,000	72,740	66,432	78,345	105,971	116,625	104,881
Profit / (loss) before loan losses	137,818	107,260	126,574	101,692	47,649	100,030	149,242	159,017
Loan losses	13,075	-40,365	-22,532	107,243	42,464	60,698	54,148	54,282
Operating profit	124,743	147,625	149,107	-5,552	5,185	39,332	95,095	104,734

Income statement

Nordea Direct Bank ASA

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Interest income etc, amortised cost	201,572	255,541	900,471
Interest income etc, fair value	9,215	34,496	77,409
Interest costs etc.	72,807	140,529	397,378
Net interest income	137,980	149,509	580,503
Dividends from investments in shares and funds	33		5,379
Fee and commission income	6,577	8,969	31,840
Fee and commission expense	11,466	11,683	60,198
Net gains on financial instruments at fair value	7,456	-52,643	-21,889
Other operating income	31,689	2,691	11,714
Net commission income and other operating income	34,288	-52,666	-33,154
Total income	172,268	96,842	547,348
Staff costs	25,669	32,544	99,682
Depreciation	3,138	4,205	15,690
Other operating expenses	46,591	37,197	175,197
Total operating expenses	75,398	73,946	290,569
Profit / (loss) before loan losses	96,870	22,897	256,779
Loan losses	12,349	42,917	87,060
Operating profit	84,521	-20,021	169,719
Income tax expense	21,130		43,666
Net profit for the period	63,391	-20,021	126,053
Basic/diluted earnings per share, NOK	72.4	-22.9	143.9

Statement of comprehensive income

Nordea Direct Bank ASA

NOKt	Jan-Mar 2021	Jan-Mar 2020	Year 2020
Profit/ (loss) for the period	63,391	-20,021	126,053
Components of other comprehensive income			
Items that are not reclassified subsequently to profit or loss			
Actuarial gains/ (loss) on pensions			-3,253
Tax on items that are not reclassified to profit or loss			813
Unrealised gain/(loss) on loans to customers, fair value over other comprehensive income			4,944
Items that may be reclassified subsequently to profit or loss			
Tax on items that may be reclassified to profit or loss			-1,236
Total components of other comprehensive income			1,268
Total comprehensive income for the period	63,391	-20,021	127,321

Balance sheet

Nordea Direct Bank ASA

NOKt	31 Mar 2021	31 Mar 2020	31 Dec 2020
Assets			
Cash and balances with central banks	55,443	68,156	58,553
Loans to credit institutions	11,430,363	3,272,069	5,625,219
Loans to the public	22,995,395	22,825,965	28,716,816
Interest-bearing securities	7,577,814	6,819,947	5,883,707
Derivatives	76,255	175,710	143,239
Shares (and other securities with variable yield)	9,745	11,934	10,620
Ownership interest in group companies	1,220,030	1,220,030	1,220,030
Intangible assets	9,633	21,947	12,629
Deferred tax assets	19,495	11,566	19,146
Fixed assets	1,250	2,042	1,393
Other assets	-1,765	-2,738	1,586
Advance payments and accrued income	135,419	206,998	110,762
Total assets	43,529,077	34,633,626	41,803,701
Liabilities and equity			
Liabilities to credit institutions	18,515,669	6,113,386	16,280,027
Deposits and borrowings from the public	13,874,036	15,823,384	14,391,542
Debt securities in issue	7,116,127	8,366,571	7,181,081
Derivatives	20,534	36,981	28,910
Current tax liabilities	44,065	11,282	46,688
Other liabilities	133,486	211,548	156,076
Accrued expenses and prepaid income	158,452	204,984	114,059
Retirement benefit obligations	30,925	27,815	30,925
Subordinated loan capital	199,969	299,910	199,956
Total liabilities	40,093,262	31,095,860	38,429,265
Equity			
Share capital	667,512	667,512	667,512
Share premium reserve	1,814,374	1,814,374	1,814,374
Perpetual Tier 1 capital	144,896	445,530	144,884
Other paid-in equity	2,657	2,657	2,657
Retained earnings	742,985	627,714	745,009
Net profit for the period	63,391	-20,021	
Total equity	3,435,815	3,537,766	3,374,436
Total liabilities and equity	43,529,077	34,633,626	41,803,701

Statement of changes in equity

Nordea Direct Bank ASA

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
Balance at 1 Jan 2021	667,512	1,814,374	144,884	2,657	745,009	3,374,436
Net profit for the period			1,058		62,333	63,391
Other comprehensive income, net of tax						
Total comprehensive income			1,058		62,333	63,391
Capital expansion						
Share-based payment transactions settled in equity					-966	-966
AT1 capital						
Paid interest on AT 1 capital			-1,047			-1,047
Balance at 31 Mar 2021	667,512	1,814,374	144,896	2,657	806,376	3,435,815

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
Balance at 1 Jan 2020	666,020	1,115,866	445,441	2,657	632,183	2,862,167
Net profit for the period			9,372		116,681	126,053
Other comprehensive income, net of tax					-2,440	-2,440
Total comprehensive income			9,372		114,242	123,614
Capital expansion	1,492	698,508				700,000
Share-based payment transactions settled in equity					-1,416	-1,416
AT1 capital			-298,200			-298,200
Paid interest on AT 1 capital			-11,728			-11,728
Balance at 31 Dec 2020	667,512	1,814,374	144,884	2,657	745,009	3,374,436

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
Balance at 1 Jan 2020	666,020	1,115,866	445,441	2,657	632,183	2,862,167
Net profit for the period			4,469		-24,489	-20,021
Other comprehensive income, net of tax						
Total comprehensive income			4,469		-24,489	-20,021
Capital expansion	1,492	698,508				700,000
Share-based payment transactions settled in equity						
AT1 capital						
Paid interest on AT 1 capital			-4,380			-4,380
Balance at 31 Mar 2020	667,512	1,814,374	445,530	2,657	607,694	3,537,766

Number of shares at end of period 876,000

Nordea Direct Bank ASA
Essendropsgt. 7
P.O. Box 1166 Sentrum
0107 Oslo , Norway
Phone +47 915 03100