



# Interim Report 1<sup>st</sup> quarter 2022

Nordea Direct Bank



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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 2022	Jan-Mar 2021	Year 2021
Net interest income	165,010	185,787	691,973
Net commission income and other operating income	-4,993	31,760	16,728
<b>Total income</b>	<b>160,018</b>	<b>217,547</b>	<b>708,700</b>
Staff costs	9,096	26,253	85,409
Other expenses	68,424	53,476	230,076
<b>Total operating expenses</b>	<b>77,520</b>	<b>79,729</b>	<b>315,484</b>
Loan losses (negative figures are reversals)	9,524	13,075	28,295
<b>Operating profit</b>	<b>72,974</b>	<b>124,743</b>	<b>364,921</b>
Income tax expense	19,083	31,186	92,074
<b>Net profit for the period</b>	<b>53,891</b>	<b>93,557</b>	<b>272,847</b>

## Summary of balance sheet

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
Loans to the public (gross)	53,806,064	50,141,716	53,792,297
Allowance for loan losses	-186,904	-175,812	-184,142
Deposits and borrowings from the public	13,326,706	13,874,036	13,458,770
Total assets	58,207,547	55,803,560	58,528,746
Equity	4,502,094	4,270,751	4,449,692
Assets under management			

## Ratios and key figures

		Jan-Mar 2022	Jan-Mar 2021	Year 2021
Net interest margin, annualised	%	1,15	1,35	1,21
Loss rate	%	0,07	0,11	0,05
Non-performing loans in % of gross lending <sup>1</sup>	%	0,41	0,32	0,40
Return on equity, annualised	%	4,52	8,99	6,21
Deposit-to-loan ratio at the end of the period	%	24,8	27,7	25,0
Capital adequacy ratio <sup>2</sup>	%	20,2	19,6	20,2
Tier 1 capital ratio <sup>2</sup>	%	19,8	19,2	19,7
Common equity Tier 1 capital ratio <sup>2</sup>	%	19,1	18,5	19,1
Cost/income ratio	%	48,4	36,6	44,5
Liquidity Coverage Ratio	%	434	362	401
Average total assets	NOKt	55,380,501	55,850,529	57,159,723
Number of employees	Number	20	96	20
Total deposit above NOK 2 million	NOK billion	1,68	1,93	1,69

<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

For more detailed information regarding ratios and key figures defined as Alternative performance measures, see [www.nordea.com/en/investor-relations/](http://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 ASA and Nordea Bank Abp is ongoing and the target completion date is set for November 1, 2022. Completion is subject to regulatory approval.

## Income statement

Operating profit was NOK 73.0m (NOK 124.7m). The decrease was a result of higher funding cost, reduced gains from financial instruments and reduced other operating income versus Q1 2021 due to a one time booking from the closing of pre-paid cards in 2021.

Total income amounted to NOK 160.0m (NOK 217.5m).

Net interest income amounted to NOK 165.0m (NOK 185.8m). The positive effect of the portfolio growth was offset by the decreased net interest margin.

Net commission income and other income amounted to minus NOK 5.0m (NOK 31.7m). The decrease was primarily driven by losses on financial instruments and a prior year one-time booking related to a portfolio of pre-paid cards.

The net interest margin<sup>1</sup> was 1.15% (1.35%). Higher funding cost led to the decrease in margin.

Operating expenses were NOK 77.5m (NOK 79.7m).

The cost/income ratio was 48.8% (36.6%), mainly as a result of the reduced net interest margin.

Total write-downs and losses amounted to NOK 9.5m (NOK 13.1m).

The development of the collective loan loss allowance correlates with the development of the economic outlook, but with a delay. In the first quarter of 2022, the collective loan loss allowance increased with NOK 3,9m due to the portfolio performance. The bank decided to keep the level of the management judgement of NOK 50m unchanged considering ongoing uncertainties related to Covid-19 as well as new economic uncertainties created by the war in the Ukraine, world-wide supply chain disruptions and increasing inflationary pressures not yet captured in the macro input factors of the models.

Write-downs and losses were 0.07% (0.11%) of average gross lending. The decrease was driven by lower write-downs and losses due to tightened credit rules and the economic outlook, as well as changes in the portfolio composition.

Gross lending in default over 90 days increased to NOK 219.5m (NOK 162.0m). The increase follows as consequence of a portfolio sale in Q4 2020 which led to a very low balance in the first quarter of 2021. Gross loans in default over 90 days were at 0.41% (0.32%) of total gross lending.

The weighted average loan-to-value ratio<sup>2</sup> was estimated to be 61.7% (61.2%) for the mortgage portfolio.

## Lending and deposits growth

Gross lending increased by 7.3% and amounted to NOK 53,806.1m (NOK 50,141.7m) as of March 31, 2022. The growth was mainly driven by the strong situation in the property market throughout 2021 and Q1 2022. New sales to the mortgage market were transferred to Nordea Bank Abp on March 1, 2022 as a step in the integration plan of the forthcoming merger. During the second quarter of 2021, the bank sold all the lending contracts with its agriculture customers and transferred most of their outstanding relationships. Deposits decreased by 3.9% to NOK 13,326,7m (NOK 13,874,0m).

### Capital position

As of 31 March 2022, the Nordea Direct Bank Group had a capital adequacy ratio of 20.2% (19.6%). The total capital held by the bank was NOK 4,544.7m (NOK 4,268.0m), of which NOK 4,299.7m (NOK 4,023.1m) was common equity Tier 1 capital. The common equity Tier 1 capital ratio was 19.1% (18.5%).

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

### Debt securities issued

Net issues of debt securities, including subordinated loan capital, amounted to NOK 12,343.7m (NOK 19,308.0) as of March 31, 2022. The total face value of the securities issued by the bank was NOK 12,390.5m.

Repayments through ordinary maturity and buy back of bonds from investors were NOK 1,550.0m in the period.

### Liquidity

As of March 31, 2022, Nordea Direct Bank Group had net liquid assets of NOK 4 380.5m, divided between NOK 502.0m in bank deposits and NOK 3 878.5m in debt securities. Nordea Direct Bank Group no longer have investments in the covered bonds issued by Nordea Direct Boligkreditt AS. The net liquid assets were at an adequate level that covers the bond debt that is due in the next six months.

Norwegian financial institutions are required to maintain a Liquidity Coverage Ratio (LCR) on 100 %, in order to be able to cover net liquidity outflow during periods with limited access to market funding. The LCR for Nordea Direct Bank Group was 434% (362%) at end of the first quarter.

### Organisation changes

During November 2021, a large share of the Nordea Direct Bank ASA organization was moved into Nordea Bank Abp. In order to secure stable operations for the bank, Nordea Bank Abp has provided the services performed by the departments moved and the relationship has been governed through intragroup agreements between the two legal entities.

### Events after the balance sheet date

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

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

<sup>2</sup> 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.

**Nordea Direct Bank ASA**

Oslo, 5 May 2022



**Randi Marjamaa**

Chairman



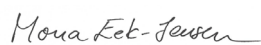
**Sjur Loen**

Board member



**Ulf Andre Bjørnhaug**

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 2022	Jan-Mar 2021	Year 2021
Interest income etc, amortised cost		313,190	282,078	1,086,544
Interest income etc, fair value		11,381	5,679	23,945
Interest costs etc.		159,561	101,970	418,516
<b>Net interest income</b>		<b>165,010</b>	<b>185,787</b>	<b>691,973</b>
Dividends from investments in shares and funds			33	188
Fee and commission income		6,415	7,125	31,218
Fee and commission expense		10,701	11,466	48,601
Net gains on financial instruments at fair value		-680	7,454	8,942
Other operating income		-27	28,615	24,980
<b>Net commission income and other operating income</b>		<b>-4,993</b>	<b>31,760</b>	<b>16,728</b>
<b>Total income</b>		<b>160,018</b>	<b>217,547</b>	<b>708,700</b>
Staff costs		9,096	26,253	85,409
Depreciation		1,418	3,138	9,732
Other operating expenses		67,006	50,338	220,344
<b>Total operating expenses</b>		<b>77,520</b>	<b>79,729</b>	<b>315,484</b>
<b>Profit / (loss) before loan losses</b>		<b>82,498</b>	<b>137,818</b>	<b>393,216</b>
Loan losses	4	9,524	13,075	28,295
<b>Operating profit</b>		<b>72,974</b>	<b>124,743</b>	<b>364,921</b>
Income tax expense		19,083	31,186	92,074
<b>Net profit for the period</b>		<b>53,891</b>	<b>93,557</b>	<b>272,847</b>
Basic/diluted earnings per share, NOK		61.5	106.8	306.6

# Statement of comprehensive income

## Nordea Direct Bank Group

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
<b>Net profit for the period</b>	<b>53,891</b>	<b>93,557</b>	<b>272,847</b>
<b>Components of other comprehensive income</b>			
<b>Items that are not reclassified subsequently to profit or loss</b>			
Actuarial gains/ (loss) on pensions			3,698
Tax on items that are not reclassified to profit or loss			-924
<b>Items that may be reclassified subsequently to profit or loss</b>			
Tax on items that may be reclassified to profit or loss			-
<b>Total components of other comprehensive income</b>			<b>2,773</b>
<b>Total comprehensive income for the period</b>	<b>53,891</b>	<b>93,557</b>	<b>275,620</b>

# Balance sheet

## Nordea Direct Bank Group

NOKt	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Assets</b>				
Cash and balances with central banks		71,272	55,443	60,475
Loans to credit institutions	6	430,723	862,697	242,839
Loans to the public	2,4	53,619,061	49,965,904	53,792,297
Interest-bearing securities	8	3,878,469	4,602,227	4,245,684
Derivatives	8	10,488	118,740	37,792
Shares (and other securities with variable yield)		9,346	9,745	9,800
Intangible assets		2,091	9,633	3,364
Deferred tax assets		7,648	20,439	11,185
Fixed assets		2,757	1,250	2,901
Other assets		25,803	-1,765	798
Advance payments and accrued income		149,890	159,246	121,611
<b>Total assets</b>		<b>58,207,547</b>	<b>55,803,560</b>	<b>58,528,746</b>
<b>Liabilities and equity</b>				
Liabilities to credit institutions	6	27,613,000	17,893,000	26,288,000
Deposits and borrowings from the public	2	13,326,706	13,874,036	13,458,770
Debt securities in issue	3,6,8	12,243,712	19,108,075	13,883,350
Derivatives	8	58,487	23,489	9,368
Current tax liabilities		42,157	74,721	82,704
Other liabilities		45,719	133,766	39,454
Accrued expenses and prepaid income		249,792	194,829	190,758
Retirement benefit obligations		25,896	30,925	26,666
Subordinated loan capital	3	99,985	199,969	99,982
<b>Total liabilities</b>		<b>53,705,453</b>	<b>51,532,809</b>	<b>54,079,054</b>
<b>Equity</b>				
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	145,032	144,896	144,997
Other paid-in equity		2,647	2,647	2,647
Retained earnings		1,818,639	1,547,765	1,820,162
Net profit for the period		53,891	93,557	
<b>Total equity</b>		<b>4,502,094</b>	<b>4,270,751</b>	<b>4,449,692</b>
<b>Total liabilities and equity</b>		<b>58,207,547</b>	<b>55,803,560</b>	<b>58,528,746</b>

# 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
<b>Balance at 1 Jan 2022</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,997</b>	<b>2,647</b>	<b>1,820,162</b>	<b>4,449,692</b>
Net profit for the period			1,195		52,696	53,891
Other comprehensive income, net of tax						
<b>Total comprehensive income</b>			<b>1,195</b>		<b>52,696</b>	<b>53,891</b>
Capital expansion						
Share-based payment transactions settled in equity					-330	-330
AT1 capital						
Paid interest on AT 1 capital			-1,159			-1,159
<b>Balance at 31 Mar 2022</b>	<b>667,512</b>	<b>1,814,374</b>	<b>145,032</b>	<b>2,647</b>	<b>1,872,529</b>	<b>4,502,094</b>

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
<b>Balance at 1 Jan 2021</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,884</b>	<b>2,647</b>	<b>1,549,862</b>	<b>4,179,280</b>
Net profit for the period			4,281		268,566	272,847
Other comprehensive income, net of tax					2,773	2,773
<b>Total comprehensive income</b>			<b>4,281</b>		<b>271,340</b>	<b>275,620</b>
Capital expansion						
Share-based payment transactions settled in equity					-1,040	-1,040
AT1 capital						
Paid interest on AT 1 capital			-4,169			-4,169
<b>Balance at 31 Dec 2021</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,997</b>	<b>2,647</b>	<b>1,820,162</b>	<b>4,449,692</b>

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
<b>Balance at 1 Jan 2021</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,884</b>	<b>2,647</b>	<b>1,549,862</b>	<b>4,179,280</b>
<b>Net profit for the period</b>			<b>1,058</b>		<b>92,499</b>	<b>93,557</b>
Other comprehensive income, net of tax						
<b>Total comprehensive income</b>			<b>1,058</b>		<b>92,499</b>	<b>93,557</b>
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
<b>Balance at 31 Mar 2021</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,896</b>	<b>2,647</b>	<b>1,641,322</b>	<b>4,270,751</b>

Number of shares at end of period 876,000



# Cash flow statement

## Nordea Direct Bank Group

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
<b>Operating activities</b>			
Net payment of loans to customers	164,949	440,042	-3,410,564
Net payment of deposits by customers	-132,064	-517,506	-932,772
Payment of interest from customers	305,364	417,084	1,226,814
Payment of interest to customers	-354	-5,578	-63,745
Net payment of interest from credit institutions etc.	-94,316	-73,327	-171,058
Taxes paid	-39,525	-35,515	-79,050
Net other commission income	-4,313	24,292	7,617
Payment to operations	-72,981	-161,930	-331,146
Net received/paid (-) upon purchase and sale of financial instruments and interest-bearing securities	366,916	106,641	537,636
<b>Net cash flow from operating activities</b>	<b>493,674</b>	<b>194,203</b>	<b>-3,216,268</b>
<b>Investment activities</b>			
Net purchase of intangible assets and fixed assets	9,732		-1,976
Net receipts/payments from sale/acquisition of loans to the public			2,608
<b>Net cash flow from investment activities</b>	<b>9,732</b>		<b>631</b>
<b>Financing activities</b>			
Net receipts/payments on deposits from credit institutions	1,325,000	2,062,000	10,457,000
Receipts of interest-bearing securities			
Payment of interest-bearing securities	-1,555,000	-1,770,000	-7,012,000
Interest payments on interest-bearing securities	-72,619	24,702	-228,406
Receipts of subordinated debt	3	13	-99,974
Interest payments on subordinated debt	-563	-1,185	-2,953
Repayment additional Tier 1 capital			
Paid interest on Additional Tier 1 capital	-1,546	-1,047	-4,169
Capital increases			
<b>Cash flow from financing activities</b>	<b>-304,725</b>	<b>314,484</b>	<b>3,109,499</b>
<b>Cash flow for the period</b>	<b>198,680</b>	<b>508,688</b>	<b>-106,138</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents at 1 January	303,315	409,452	409,452
Cash and cash equivalents at end of the period	501,994	918,140	303,315
<b>Change</b>	<b>198,680</b>	<b>508,688</b>	<b>-106,138</b>
<b>The following items are included in cash and cash equivalents:</b>			
Cash and balances with central banks	71,272	55,443	60,475
Loans to credit institutions	430,723	862,697	242,839
<b>Total cash and cash equivalents</b>	<b>501,994</b>	<b>918,140</b>	<b>303,315</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

## Nordea Direct Bank Group

### Note 1 Accounting policies

The consolidated financial statements as of the first quarter of 2022, concluded on 31 March 2022, comprise Nordea Direct Bank ASA and its subsidiary Nordea Direct Boligkreditt AS. Except for the changes described below, the accounting policies applied in the interim report is the same as those used in the annual report for 2021.

The consolidated financial statements as of the first quarter of 2022 are prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU. In addition, certain complementary rules in the Norwegian Accounting Act with supported regulation have been applied.

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

With exception for the items presented in the section "Changed accounting policies and presentation" below, the accounting policies and methods of computation are unchanged in comparison to Note 1 in the Annual Report 2021. For more information see Note 1 in the Annual Report 2021.

#### Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea Direct Bank Group on 1 January 2022.

#### Amendments

The following amended standards issued by the International Accounting Standards Board (IASB) were implemented by Nordea Direct Bank Group on 1 January 2022 but have not had any significant impact on the financial statements.

- Amendments to International Financial Reporting Standard (IFRS) 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to IFRS Standards 2018–2020

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

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

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

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

#### Other amendments to IFRSs

Other amendments to IFRSs are not assessed to have any significant impact on Nordea's financial statements or capital adequacy in the period of their initial application.

#### Critical judgements and estimation uncertainty

Nordea Direct Bank Group applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of the war in Ukraine on the financial statements of Nordea Direct Bank Group. The crisis has shaken financial markets, hitting all asset classes and causing global risk aversion. The escalation comes at a time when anxiety is already high in markets as central banks prepare to withdraw the ample liquidity injected during the coronavirus crisis.

In terms of direct credit risk Nordea Direct Bank Group is unaffected by the invasion as the exposure towards Russia and Ukraine is insignificant.

## Note 1 Accounting policies (cont.)

Information on where critical judgements is generally applied and where estimation uncertainty exists can be found in Note 2 "Critical accounting estimates and judgements" in the Annual Report 2021.

### Macro scenarios

Nordea Direct uses Macro scenarios covering unemployment and house prices in the collective loan loss allowance 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 published by Norges Bank: <http://www.norges-bank.no/Publisert/Signerte-publikasjoner/Penger-og-Kreditt/Penger-og-Kreditt-12007/Faktorer-bak-bankenens-problemlan/>.

The macro variables are also used by Nordea collective loan loss allowance model and have been updated in the Nordea Direct model using the same scenarios used by Nordea. 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 summarizes the Macro scenarios used in Nordea Direct loan loss allowance model for Q1 2022. The change applies to all Nordea Direct loan loss allowance models (Unsecured Loans, Mortgage Loans and Credit Cards).

Until the 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)	4.4%	3.3%	3.0%
Base case	4.4%	3.7%	3.4%
Alternative B (worst case)	4.4%	4.4%	4.3%
<b>Housing prices</b>			
Alternative A (best case)	10,3%	3.3%	2.5%
Base case	10,3%	2,8%	0,7%
Alternative B (worst case)	10,3%	-2,6%	-4,4%

### Scenario weighting Q1 2021

Alternative A (best case)	20%
Base case	60%
Alternative B (worst case)	20%

## Note 2 Segment information

NOKt	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Jun 2020
Deposit by sector and industry								
Retail market	12,257,117	12,295,459	12,492,429	12,816,104	12,267,106	12,665,871	12,954,894	13,508,089
Other	1,069,589	1,163,311	1,363,452	1,500,081	1,606,930	1,725,671	2,225,113	2,392,324
<b>Total deposits</b>	<b>13,326,706</b>	<b>13,458,770</b>	<b>13,855,881</b>	<b>14,316,185</b>	<b>13,874,036</b>	<b>14,391,542</b>	<b>15,180,007</b>	<b>15,900,413</b>
Loans to customers divided by sector and industry								
Private individuals	53,806,064	53,976,438	52,654,516	51,388,466	50,141,716	50,708,573	50,447,984	47,696,120
Commercial business								
<b>Gross loans</b>	<b>53,806,064</b>	<b>53,976,438</b>	<b>52,654,516</b>	<b>51,388,466</b>	<b>50,141,716</b>	<b>50,708,573</b>	<b>50,447,984</b>	<b>47,696,120</b>

## Note 3 Liabilities on the issue of securities

NOKt	Nominal value			Carrying amount		
	31 Mar 2022	31 Mar 2021	31 Dec 2021	31 Mar 2022	31 Mar 2021	31 Dec 2021
Liabilities opened for the issue of securities						
Bond debt <sup>1</sup>	7,990,500	13,687,500	9,545,500	7,987,095	13,698,113	9,552,255
Subordinated loan capital	100,000	200,000	100,000	99,985	199,969	99,982
- Own non-amortised certificates/bonds						
<b>Total liabilities at amortised cost</b>	<b>8,090,500</b>	<b>13,887,500</b>	<b>9,645,500</b>	<b>8,087,080</b>	<b>13,898,082</b>	<b>9,652,237</b>
Liabilities opened for the issue of securities						
Bond debt	4,300,000	5,300,000	4,300,000	4,256,617	5,409,962	4,331,096
<b>Total liabilities included in fair value hedge</b>	<b>4,300,000</b>	<b>5,300,000</b>	<b>4,300,000</b>	<b>4,256,617</b>	<b>5,409,962</b>	<b>4,331,096</b>
<b>Total liabilities</b>	<b>12,390,500</b>	<b>19,187,500</b>	<b>13,945,500</b>	<b>12,343,697</b>	<b>19,308,044</b>	<b>13,983,333</b>

<sup>1</sup> Minus covered bonds held by Nordea Direct Bank ASA issued by Nordea Direct Bank Boligkreditt AS with a nominal at NOK 0m (3,159.0m) as of 31 March 2022. The cover pool market value was NOK 0m (5,754.1m).

### Maturity

Remaining maturity (nominal value)	31 Mar 2022	31 Mar 2021	31 Dec 2021
2021		3,941,000	0
2022	4,590,500	7,446,500	6,145,500
2023	5,590,000	5,950,000	5,590,000
2025	1,350,000	1,350,000	1,350,000
2027	500,000	500,000	500,000
<b>Total</b>	<b>12,390,500</b>	<b>19,187,500</b>	<b>13,945,500</b>

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

New issues in 2022

Repayments in 2022 1,555,000

## Note 4 Write-downs and losses on loans

### Write-downs and losses on loans

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Write-downs and losses for the period</b>			
+/- Change in group write-downs for the period (ECL)	3,915	6,221	14,551
+ Write-off during the period	5,600	6,823	13,702
- Payments on previously written-off accounts	9	31	41
<b>Write-downs and losses for the period</b>	<b>9,524</b>	<b>13,075</b>	<b>28,295</b>
<b>Loss allowance</b>			
Loss allowance at the start of the period	183,089	169,591	169,591
+/- Change in loss allowance for the period	3,915	6,221	14,551
<b>Loss allowance at the end of the period</b>	<b>187,003</b>	<b>175,812</b>	<b>184,142</b>
Defaulted loans			
Gross default over 90 days	219,473	162,102	214,995

### Credit quality by risk group

31 Mar 2022 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
<b>Loans to and claims on customers</b>				
Low	50,564,614	82,636	21,606	50,668,856
Medium	970,861	663,188	7,734	1,641,783
High	390,796	1,005,048	56,212	1,452,056
Not classified	9,977	88	1	10,066
Impaired and written down			222,666	222,666
Adjustment <sup>1</sup>	-189,363			-189,363
<b>Total</b>	<b>51,746,885</b>	<b>1,750,961</b>	<b>308,218</b>	<b>53,806,064</b>
Loss allowance	52,392	42,486	92,125	187,003
<b>Total net</b>	<b>51,694,493</b>	<b>1,708,475</b>	<b>216,093</b>	<b>53,619,061</b>

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

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	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 <sup>1</sup>	-156,510			-156,510
<b>Total</b>	<b>48,381,236</b>	<b>1,516,896</b>	<b>243,583</b>	<b>50,141,716</b>
Loss allowance	55,238	57,524	63,050	175,812
<b>Total net</b>	<b>48,325,998</b>	<b>1,459,373</b>	<b>180,533</b>	<b>49,965,904</b>

31 Dec 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	50,718,413	69,859	15,985	50,804,256
Medium	992,911	618,373	12,823	1,624,107
High	429,998	882,484	48,067	1,360,548
Not classified	9,484	272	1	9,756
Impaired and written down			218,381	218,381
Adjustment <sup>1</sup>	-40,610			-40,610
<b>Total</b>	<b>52,110,196</b>	<b>1,570,986</b>	<b>295,256</b>	<b>53,976,438</b>
Loss allowance	53,783	45,446	84,912	184,142
<b>Total net</b>	<b>52,056,413</b>	<b>1,525,540</b>	<b>210,344</b>	<b>53,792,297</b>

<sup>1</sup>Market 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 2022		31 Mar 2021		31 Dec 2021	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
0-29 days	53,497,662	89,431	49,873,998	107,791	53,659,455	95,302
30-59 days	59,681	13,638	77,635	15,391	71,115	12,279
60-89 days	29,248	6,245	27,980	8,075	30,873	6,271
90+ days	219,473	77,690	162,102	44,555	214,995	70,291
<b>Total</b>	<b>53,806,064</b>	<b>187,003</b>	<b>50,141,716</b>	<b>175,812</b>	<b>53,976,438</b>	<b>184,142</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 2022</b>	<b>53,783</b>	<b>45,446</b>	<b>84,912</b>	<b>184,142</b>
Transfer to stage 1	2,085	-5,587	-530	-4,033
Transfer to stage 2	-4,025	14,507	-656	9,825
Transfer to stage 3	-663	-7,410	12,823	4,750
New Financial assets originated during the period	9,936	1,021	481	11,438
Financial assets that have been derecognised	-4,328	-3,445	-6,403	-14,177
Changes in balance with no transfer between stages	-4,396	-2,045	1,499	-4,942
<b>Loss allowance as at 31 Mar 2022</b>	<b>52,392</b>	<b>42,486</b>	<b>92,125</b>	<b>187,003</b>

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>68,382</b>	<b>51,175</b>	<b>50,034</b>	<b>169,591</b>
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
<b>Loss allowance as at 31 Mar 2021</b>	<b>55,238</b>	<b>57,524</b>	<b>63,050</b>	<b>175,812</b>

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>68,382</b>	<b>51,175</b>	<b>50,034</b>	<b>169,591</b>
Transfer to stage 1	1,195	-4,958	-1,759	-5,522
Transfer to stage 2	-13,734	23,985	-965	9,286
Transfer to stage 3	-3,604	-16,105	40,541	20,832
New Financial assets originated during the period	32,917	10,872	5,337	49,126
Financial assets that have been derecognised	-20,746	-16,346	-10,054	-47,146
Management judgement due to Covid-19, payment reliefs	-7,129	-5,974		-13,103
Management judgement due to macroeconomic uncertainty 2021	7,328	14,386	11,576	33,290
Changes in balance with no transfer between stages	-10,826	-11,588	-9,799	-32,213
<b>Loss allowance as at 31 Dec 2021</b>	<b>53,783</b>	<b>45,446</b>	<b>84,912</b>	<b>184,142</b>

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

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
Stage 1	52,392	55,238	53,783
Stage 2	42,486	57,524	45,446
Stage 3	92,125	63,050	84,912
<b>Total</b>	<b>187,003</b>	<b>175,812</b>	<b>184,142</b>
Stage 1	28,0%	31.4%	29.2%
Stage 2	22,7%	32.7%	24.7%
Stage 3	49,3%	35.9%	46.1%
<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 2022</b>	<b>52,110,196</b>	<b>1,570,986</b>	<b>295,256</b>	<b>53,976,438</b>
Transfer to stage 1	411,839	-408,310	-3,528	
Transfer to stage 2	-765,548	772,222	-6,674	
Transfer to stage 3	-22,599	-34,128	56,728	
New financial assets originated	5,166,047	58,682	1,427	5,226,155
Financial assets that have been derecognised	-4,199,634	-164,953	-26,979	-4,391,565
Change in balances due to payments	-804,662	-43,538	-16,552	-864,751
Other Changes <sup>1</sup>	-148,753		8,540	-140,213
<b>Gross carrying amount as at 31 Mar 2022</b>	<b>51,746,881</b>	<b>1,750,961</b>	<b>308,218</b>	<b>53,806,064</b>
Loss allowance as at 31 Mar 2022	52,392	42,486	92,125	187,003

<sup>1</sup>Market 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
<b>Gross carrying amount as at 1 Jan 2021</b>	<b>49,452,848</b>	<b>1,075,302</b>	<b>180,423</b>	<b>50,708,573</b>
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 <sup>1</sup>	-133,786		5,574	-128,212
<b>Gross carrying amount as at 31 Mar 2021</b>	<b>48,381,236</b>	<b>1,516,896</b>	<b>243,583</b>	<b>50,141,716</b>
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
<b>Gross carrying amount as at 1 Jan 2021</b>	<b>49,452,848</b>	<b>1,075,302</b>	<b>180,423</b>	<b>50,708,573</b>
Transfer to stage 1	284,370	-275,614	8,756	
Transfer to stage 2	-821,446	832,594	-11,148	
Transfer to stage 3	-81,344	-74,643	155,987	
New financial assets originated	21,288,532	462,166	18,739	21,769,437
Financial assets that have been derecognised	-15,972,236	-401,769	-41,400	-16,415,405
Change in balances due to payments	-2,022,673	-47,050	-8,127	-2,077,850
Portfolio sale				
Other Changes <sup>1</sup>	-17,855	1	9,537	-8,316
<b>Gross carrying amount as at 31 Dec 2021</b>	<b>52,110,196</b>	<b>1,570,986</b>	<b>295,256</b>	<b>53,976,438</b>
Loss allowance as at 31 Dec 2021	53,783	45,446	84,912	184,142

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

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
Stage 1	51,746,885	48,381,236	52,110,196
Stage 2	1,750,961	1,516,896	1,570,986
Stage 3	308,218	243,583	295,256
<b>Total</b>	<b>53,806,064</b>	<b>50,141,716</b>	<b>53,976,438</b>
Stage 1	96,2%	96,5%	96,5%
Stage 2	3,3%	3,0%	2,9%
Stage 3	0,6%	0,5%	0,5%
<b>Total</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

## Note 5 Capital adequacy

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Primary capital</b>			
Share capital and share premium	2,481,886	2,481,886	2,481,886
Other equity	1,875,176	1,643,969	1,822,809
<b>Total equity (exclusive perpetual Tier 1 capital)</b>	<b>4,357,062</b>	<b>4,125,855</b>	<b>4,304,695</b>
<b>Deduction</b>			
Profit not included in the calculation of net primary capital	-53,891	-93,557	
Goodwill and other intangible assets	-2,091	-9,633	-3,364
Value adjustments due to the requirement for prudent valuation	-3,957	-4,754	-4,303
<b>Increase</b>			
IFRS 9 transitional arrangements for credit loss provisioning	2,597	5,195	5,195
<b>Common equity Tier 1 capital</b>	<b>4,299,721</b>	<b>4,023,105</b>	<b>4,302,224</b>
Perpetual Tier 1 capital	145,032	144,896	144,997
<b>Tier 1 capital</b>	<b>4,444,753</b>	<b>4,168,001</b>	<b>4,447,220</b>
<b>Supplementary capital</b>			
Subordinated loan capital	99,985	99,969	99,982
<b>Net primary capital</b>	<b>4,544,738</b>	<b>4,267,970</b>	<b>4,547,203</b>
<b>Credit risk:</b>			
<b>Of which:</b>			
Central governments or central banks	1,530	4,088	2,237
Institutions	8,962	18,473	5,888
Enterprises			
Mass market positions	180,139	192,849	182,170
Positions secured by mortgage	1,448,862	1,352,617	1,449,597
Overdue positions	27,419	24,979	27,310
Covered bonds	20,436	24,316	21,529
Shares in securities fund			
Equity positions	748	780	784
Other positions	3,060	4,695	3,236
<b>Total minimum requirement credit risk</b>	<b>1,691,156</b>	<b>1,622,797</b>	<b>1,692,751</b>
<b>Operational risk</b>	106,271	108,871	106,271
CVA-risk	1,489	6,366	2,619
<b>Minimum requirement for net primary capital</b>	<b>1,798,915</b>	<b>1,738,033</b>	<b>1,801,640</b>
<b>Basis of calculation of balance sheet items not included in trading portfolio</b>	<b>20,653,402</b>	<b>19,612,309</b>	<b>20,712,641</b>
<b>Basis of calculation of off-balance sheet items not included in trading portfolio</b>	<b>486,052</b>	<b>672,648</b>	<b>446,740</b>
<b>Risk-weighted assets (calculation basis for capital adequacy ratio)</b>	<b>22,486,443</b>	<b>21,725,415</b>	<b>22,520,498</b>

## Note 5 Capital adequacy (cont.)

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Buffer requirements</b>			
Systemic risk buffer	674,593	651,762	675,615
Conservation buffer	562,161	543,135	563,012
Countercyclical buffer	224,864	217,254	225,205
Total buffer requirement for common equity Tier 1 capital	1,461,619	1,412,152	1,463,832
<b>Pillar 2 requirement 1.7% for common equity Tier 1 capital set by the Financial Supervisory Authority of Norway</b>	<b>382,270</b>	<b>369,332</b>	<b>382,848</b>
<b>Available common equity Tier 1 capital net min.requirement</b>	<b>1,443,943</b>	<b>1,263,978</b>	<b>1,442,120</b>
<b>Capital adequacy</b>			
Capital adequacy ratio	20,2%	19,6%	20,2 %
Tier 1 capital ratio	19,8%	19,2%	19,7 %
Common equity Tier 1 capital ratio	19,1%	18,5%	19,1 %
Leverage ratio	7,4%	7,2%	7,4 %

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 2022.

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 2022	31 Mar 2021	31 Dec 2021
<b>Numbers without use of transitional arrangements:</b>			
Common equity Tier 1 capital	4,297,123	4,017,911	4,297,029
Tier 1 capital	4,442,156	4,162,806	4,442,026
Net primary capital	4,542,140	4,262,775	4,542,008
Common equity Tier 1 capital ratio	19,1%	18,5%	19,1 %
Tier 1 capital ratio	19,8%	19,2%	19,7 %
Capital adequacy ratio	20,2%	19,6%	20,2 %

## 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) 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 2022, 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 2022

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	41,324	169,915	
Other operating income	2,876		
Other operating expenses	265	18,182	

### 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-Dec 2021

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	70,467	240,904	
Other operating income	12,041		4,141
Other operating expenses	-961	-39,065	

## Note 6 Transactions with related parties (cont.)

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

**31 Mar 2022**

<b>NOKt</b>	<b>Nordea Direct Boligkreditt AS</b>	<b>Nordea Bank Abp</b>	<b>Other Nordea companies</b>
Deposit	531,353	428,370	
Loans to credit institutions	13,946,461	-855	
Interest-bearing securities		213,005	
Deposits by credit institutions		27,659,231	
Other liabilities		261,010	

**31 Mar 2021**

<b>NOKt</b>	<b>Nordea Direct Boligkreditt AS</b>	<b>Nordea Bank Abp</b>	<b>Other Nordea companies</b>
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 Dec 2021**

<b>NOKt</b>	<b>Nordea Direct Boligkreditt AS</b>	<b>Nordea Bank Abp</b>	<b>Other Nordea companies</b>
Deposit	335,961	177,161	
Loans to credit institutions	9,195,924	1,332	
Interest-bearing securities	0	196,609	
Deposits by credit institutions		26,322,952	
Other liabilities		37,123	

## Note 7 Contingent liabilities and security

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
Guarantees			
Loan commitment	5,591,156	6,830,289	4,743,823
Unutilised credit facility	14,680	19,861	3,483,327
<b>Total contingent liabilities</b>	<b>5,605,836</b>	<b>6,850,150</b>	<b>8,227,150</b>
Securities provided as collateral for loans from/credit facility with Norges Bank	843,753	1,740,621	842,345
<b>Total securities provided</b>	<b>843,753</b>	<b>1,740,621</b>	<b>842,345</b>

## 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. For assets and liabilities for which amortised cost and fair value are virtually identical, book values and the fair value are presented with identical amounts.

### 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 2022		31 Mar 2021		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>						
Cash to and receivables from central banks	71,272	71,272	55,443	55,443	60,475	60,475
<b>Cash to and receivables from central banks</b>	<b>71,272</b>	<b>71,272</b>	<b>55,443</b>	<b>55,443</b>	<b>60,475</b>	<b>60,475</b>
Loans to and receivables from credit institutions, amortised cost	430,723	430,723	862,697	862,697	242,839	242,839
<b>Loans to and receivables from credit institutions</b>	<b>430,723</b>	<b>430,723</b>	<b>862,697</b>	<b>862,697</b>	<b>242,839</b>	<b>242,839</b>
Loans to and receivables from customers, amortised cost	53,619,061	53,605,554	49,965,904	49,988,452	53,792,297	53,794,728
<b>Loans to and receivables from customers</b>	<b>53,619,061</b>	<b>53,605,554</b>	<b>49,965,904</b>	<b>49,988,452</b>	<b>53,792,297</b>	<b>53,794,728</b>
Interest-bearing securities, fair value	3,878,469	3,878,469	4,602,227	4,602,227	4,245,684	4,245,684
<b>Interest-bearing securities</b>	<b>3,878,469</b>	<b>3,878,469</b>	<b>4,602,227</b>	<b>4,602,227</b>	<b>4,245,684</b>	<b>4,245,684</b>
Derivatives, fair value	10,488	10,488	118,740	118,740	37,792	37,792
<b>Derivatives</b>	<b>10,488</b>	<b>10,488</b>	<b>118,740</b>	<b>118,740</b>	<b>37,792</b>	<b>37,792</b>
Shares available for sale	9,346	9,346	9,745	9,745	9,800	9,800
<b>Shares</b>	<b>9,346</b>	<b>9,346</b>	<b>9,745</b>	<b>9,745</b>	<b>9,800</b>	<b>9,800</b>
Other financial assets, amortised cost	102,237	102,237	103,240	103,240	72,028	72,028
<b>Total other financial assets</b>	<b>102,237</b>	<b>102,237</b>	<b>103,240</b>	<b>103,240</b>	<b>72,028</b>	<b>72,028</b>
<b>Total financial assets</b>	<b>58,121,595</b>	<b>58,108,087</b>	<b>55,717,997</b>	<b>55,740,544</b>	<b>58,460,915</b>	<b>58,463,346</b>
<b>Liabilities</b>						
Liability to credit institutions, amortised cost	27,613,000	27,613,000	17,893,000	17,893,000	26,288,000	26,288,000
<b>Liability to credit institutions</b>	<b>27,613,000</b>	<b>27,613,000</b>	<b>17,893,000</b>	<b>17,893,000</b>	<b>26,288,000</b>	<b>26,288,000</b>
Deposits and liabilities to customers, amortised cost	13,326,706	13,326,755	13,874,036	13,874,903	13,458,770	13,457,789
<b>Deposits and liabilities to customers</b>	<b>13,326,706</b>	<b>13,326,755</b>	<b>13,874,036</b>	<b>13,874,903</b>	<b>13,458,770</b>	<b>13,457,789</b>
Liability incurred through the issue of securities, amortised cost	7,987,095	8,014,795	13,698,113	13,784,955	9,552,255	9,591,891
Liability incurred through the issue of securities, fair value hedge	4,256,617	4,278,879	5,409,962	5,464,359	4,331,096	4,375,547
<b>Liability incurred through the issue of securities</b>	<b>12,243,712</b>	<b>12,293,675</b>	<b>19,108,075</b>	<b>19,249,314</b>	<b>13,883,350</b>	<b>13,967,438</b>
Derivatives, fair value	58,487	58,487	23,489	23,489	9,368	9,368
<b>Derivatives</b>	<b>58,487</b>	<b>58,487</b>	<b>23,489</b>	<b>23,489</b>	<b>9,368</b>	<b>9,368</b>
Subordinated loan capital, amortised cost	99,985	100,390	199,969	202,020	99,982	101,029
<b>Subordinated loan capital</b>	<b>99,985</b>	<b>100,390</b>	<b>199,969</b>	<b>202,020</b>	<b>99,982</b>	<b>101,029</b>
Other financial liabilities, amortised cost	117,686	117,686	130,957	130,957	88,699	88,699
<b>Other financial liabilities</b>	<b>117,686</b>	<b>117,686</b>	<b>130,957</b>	<b>130,957</b>	<b>88,699</b>	<b>88,699</b>
<b>Total financial liabilities</b>	<b>53,459,575</b>	<b>53,509,992</b>	<b>51,229,526</b>	<b>51,373,683</b>	<b>53,828,170</b>	<b>53,912,323</b>
Off-balance sheet obligations and guarantees						
Guarantees						
Mortgage assets <sup>1</sup>	843,753	843,753	1,740,621	1,740,621	842,345	842,345

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

## Note 8 Fair value of financial instruments (cont.)

NOKt	31 Mar 2022			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	3,878,469			3,878,469
Shares			9,346	9,346
Derivatives, fair value		10,488		10,488
<b>Total financial assets, fair value</b>	<b>3,878,469</b>	<b>10,488</b>	<b>9,346</b>	<b>3,898,303</b>
Loans to and receivables from customers, amortised cost			53,605,554	53,605,554
<b>Total financial assets, amortised cost</b>			<b>53,605,554</b>	<b>53,605,554</b>
Derivatives, fair value		58,487		58,487
<b>Total financial liabilities, fair value</b>		<b>58,487</b>		<b>58,487</b>
Deposits and liabilities to customers, amortised cost			13,326,755	13,326,755
Liability incurred through the issue of securities, amortised cost		8,014,795		8,014,795
Subordinated loan capital, amortised cost		100,390		100,390
<b>Total financial liabilities, amortised cost</b>		<b>8,115,185</b>	<b>13,326,755</b>	<b>21,441,940</b>
Liability incurred through the issue of securities, fair value hedge		4,278,879		4,278,879
<b>Total financial liabilities, fair value hedge</b>		<b>4,278,879</b>		<b>4,278,879</b>

There were no major moves between levels 1 and 2 in 2022.

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
<b>Total financial assets, fair value</b>	<b>4,602,227</b>	<b>118,740</b>	<b>9,745</b>	<b>4,730,712</b>
Loans to and receivables from customers, amortised cost			49,988,452	49,988,452
<b>Total financial assets, amortised cost</b>			<b>49,988,452</b>	<b>49,988,452</b>
Derivatives, fair value		23,489		23,489
<b>Total financial liabilities, fair value</b>		<b>23,489</b>		<b>23,489</b>
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
<b>Total financial liabilities, amortised cost</b>		<b>13,986,975</b>	<b>13,874,903</b>	<b>27,861,877</b>
Liability incurred through the issue of securities, fair value hedge		5,464,359		5,464,359
<b>Total financial liabilities, fair value hedge</b>		<b>5,464,359</b>		<b>5,464,359</b>

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



## Note 8 Fair value of financial instruments (cont.)

NOKt	31 Dec 2021			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	4,245,684			4,245,684
Shares			9,800	
Derivatives, fair value		37,792		37,792
<b>Total financial assets, fair value</b>	<b>4,245,684</b>	<b>37,792</b>	<b>9,800</b>	<b>4,293,276</b>
Loans to and receivables from customers, amortised cost			53,794,728	53,794,728
<b>Total financial assets, amortised cost</b>			<b>53,794,728</b>	<b>53,794,728</b>
Derivatives, fair value		9,368		9,368
<b>Total financial liabilities, fair value</b>		<b>9,368</b>		<b>9,368</b>
Deposits and liabilities to customers, amortised cost			13,457,789	13,457,789
Liability incurred through the issue of securities, amortised cost		9,591,891		9,591,891
Subordinated loan capital, amortised cost		101,029		101,029
<b>Total financial liabilities, amortised cost</b>		<b>9,692,920</b>	<b>13,457,789</b>	<b>23,150,709</b>
Liability incurred through the issue of securities, fair value hedge		4,375,547		4,375,547
<b>Total financial liabilities, fair value hedge</b>		<b>4,375,547</b>		<b>4,375,547</b>

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

Reconciliation of financial assets valued based on non-observable market data (level 3)	Net realised/ unrealised gains				As at 31 Mar 2022
	As at 1 Jan 2022	recognised in profit or loss	Purchases	Sales	
<b>NOKt</b>					
Shares	9,800			-454	9,346
<b>Total financial assets measured at fair value</b>	<b>9,800</b>			<b>-454</b>	<b>9,346</b>

Level 3 shares represent a total of NOK 9.3m 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				
NOKt	As at 1 Jan 2021	recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	As at 31 Mar 2021
Shares	10,620			-875		9,745
<b>Total financial assets measured at fair value</b>	<b>10,620</b>			<b>-875</b>		<b>9,745</b>

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.

Reconciliation of financial assets valued based on non-observable market data (level 3)		Net realised/ unrealised gains				
NOKt	As at 1 Jan 2021	recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	As at 31 Dec 2021
Shares	10,620		55	-875		9,800
<b>Total financial assets measured at fair value</b>	<b>10,620</b>		<b>55</b>	<b>-875</b>		<b>9,800</b>

Level 3 shares represent a total of NOK 9.8m 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 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q4 2019
Interest income etc, amortised cost	313,190	366,653	173,101	264,711	282,078	285,058	287,234	428,967
Interest income etc, fair value	11,381	10,091	3,652	4,523	5,679	6,890	7,235	22,125
Interest costs etc.	159,561	160,010	59,420	97,116	101,970	99,581	95,366	231,060
<b>Net interest income</b>	<b>165,010</b>	<b>216,735</b>	<b>117,333</b>	<b>172,118</b>	<b>185,787</b>	<b>192,367</b>	<b>199,102</b>	<b>220,032</b>
Dividends from investments in shares and funds		54		101	33	5,379		
Fee and commission income	6,415	10,160	5,955	7,979	7,125	7,293	8,927	15,112
Fee and commission expense	10,701	18,315	7,642	11,177	11,466	25,207	11,772	27,372
Net gains on financial instruments at fair value	-680	-3,050	1,761	2,777	7,454	6,684	3,047	-1,847
Other operating income	-27	-5,360	-1,206	2,931	28,615	744	10	74
<b>Total income</b>	<b>160,018</b>	<b>200,244</b>	<b>116,201</b>	<b>174,729</b>	<b>217,547</b>	<b>187,260</b>	<b>199,315</b>	<b>206,000</b>
Staff costs	9,096	23,752	13,411	21,992	26,253	24,212	24,660	38,616
Depreciation	1,418	2,425	1,499	2,670	3,138	3,627	3,866	5,170
Other operating costs	67,006	90,521	32,394	47,090	50,338	52,161	44,214	62,184
<b>Total operating expenses</b>	<b>77,520</b>	<b>116,698</b>	<b>47,304</b>	<b>71,752</b>	<b>79,729</b>	<b>80,000</b>	<b>72,740</b>	<b>105,971</b>
<b>Profit / (loss) before loan losses</b>	<b>82,498</b>	<b>83,525</b>	<b>68,896</b>	<b>102,977</b>	<b>137,818</b>	<b>107,260</b>	<b>126,574</b>	<b>100,030</b>
Loan losses	9,524	22,064	-288	-6,557	13,075	-40,365	-22,532	60,698
<b>Operating profit</b>	<b>72,974</b>	<b>61,461</b>	<b>69,184</b>	<b>109,533</b>	<b>124,743</b>	<b>147,625</b>	<b>149,107</b>	<b>39,332</b>

# Income statement

## Nordea Direct Bank ASA

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
Interest income etc, amortised cost	255,257	201,572	806,203
Interest income etc, fair value	11,027	9,215	29,553
Interest costs etc.	131,675	72,807	322,116
<b>Net interest income</b>	<b>134,609</b>	<b>137,980</b>	<b>513,639</b>
Dividends from investments in shares and funds	0	33	188
Fee and commission income	5,918	6,577	29,135
Fee and commission expense	10,701	11,466	48,601
Net gains on financial instruments at fair value	1,861	7,456	13,339
Other operating income	2,849	31,689	37,022
<b>Net commission income and other operating income</b>	<b>-73</b>	<b>34,288</b>	<b>31,082</b>
<b>Total income</b>	<b>134,536</b>	<b>172,268</b>	<b>544,721</b>
Staff costs	8,437	25,669	83,379
Depreciation	1,418	3,138	9,732
Other operating expenses	63,774	46,591	215,810
<b>Total operating expenses</b>	<b>73,628</b>	<b>75,398</b>	<b>308,922</b>
<b>Profit / (loss) before loan losses</b>	<b>60,908</b>	<b>96,870</b>	<b>235,800</b>
Loan losses	9,527	12,349	28,060
<b>Operating profit</b>	<b>51,381</b>	<b>84,521</b>	<b>207,740</b>
Income tax expense	13,685	21,130	52,779
<b>Net profit for the period</b>	<b>37,696</b>	<b>63,391</b>	<b>154,961</b>
Basic/diluted earnings per share, NOK	43,0	72.4	172.0

# Statement of comprehensive income

## Nordea Direct Bank ASA

NOKt	Jan-Mar 2022	Jan-Mar 2021	Year 2021
<b>Profit/ (loss) for the period</b>	<b>37,696</b>	<b>63,391</b>	<b>154,961</b>
<b>Components of other comprehensive income</b>			
<b>Items that are not reclassified subsequently to profit or loss</b>			
Actuarial gains/ (loss) on pensions			3,698
Tax on items that are not reclassified to profit or loss			-924
Unrealised gain/(loss) on loans to customers, fair value over other comprehensive income			3,374
Items that may be reclassified subsequently to profit or loss			
Tax on items that may be reclassified to profit or loss			-844
<b>Total components of other comprehensive income</b>			<b>5,304</b>
<b>Total comprehensive income for the period</b>	<b>37,696</b>	<b>63,391</b>	<b>160,265</b>

# Balance sheet

## Nordea Direct Bank ASA

NOKt	31 Mar 2022	31 Mar 2021	31 Dec 2021
<b>Assets</b>			
Cash and balances with central banks	71,272	55,443	60,475
Loans to credit institutions	14,395,677	11,430,363	9,429,068
Loans to the public	30,931,950	22,995,395	34,129,366
Interest-bearing securities	3,689,168	7,577,814	4,056,318
Derivatives	2,857	76,255	12,409
Shares (and other securities with variable yield)	9,346	9,745	9,800
Ownership interest in group companies	1,220,030	1,220,030	1,220,030
Intangible assets	2,091	9,633	3,364
Deferred tax assets	16,022	19,495	19,559
Fixed assets	2,757	1,250	2,901
Other assets	25,803	-1,765	798
Advance payments and accrued income	136,703	135,419	106,730
<b>Total assets</b>	<b>50,503,675</b>	<b>43,529,077</b>	<b>49,050,819</b>
<b>Liabilities and equity</b>			
Liabilities to credit institutions	28,144,353	18,515,669	26,623,961
Deposits and borrowings from the public	13,326,706	13,874,036	13,458,770
Debt securities in issue	4,988,864	7,116,127	5,052,811
Derivatives	56,208	20,534	6,920
Current tax liabilities	39,143	44,065	52,727
Other liabilities	45,630	133,486	39,377
Accrued expenses and prepaid income	213,620	158,452	162,568
Retirement benefit obligations	25,896	30,925	26,666
Subordinated loan capital	99,985	199,969	99,982
<b>Total liabilities</b>	<b>46,940,406</b>	<b>40,093,262</b>	<b>45,523,783</b>
<b>Equity</b>			
Share capital	667,512	667,512	667,512
Share premium reserve	1,814,374	1,814,374	1,814,374
Perpetual Tier 1 capital	145,032	144,896	144,997
Other paid-in equity	2,657	2,657	2,657
Retained earnings	895,998	742,985	897,497
Net profit for the period	37,696	63,391	
<b>Total equity</b>	<b>3,563,269</b>	<b>3,435,815</b>	<b>3,527,036</b>
<b>Total liabilities and equity</b>	<b>50,503,675</b>	<b>43,529,077</b>	<b>49,050,819</b>

# 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
<b>Balance at 1 Jan 2022</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,997</b>	<b>2,657</b>	<b>897,497</b>	<b>3,527,036</b>
Net profit for the period			1,195		36,501	37,696
Other comprehensive income, net of tax						
<b>Total comprehensive income</b>			<b>1,195</b>		<b>36,501</b>	<b>37,696</b>
Capital expansion						
Share-based payment transactions settled in equity					-304	-304
AT1 capital						
Paid interest on AT 1 capital						-1,159
<b>Balance at 31 Mar 2022</b>	<b>667,512</b>	<b>1,814,374</b>	<b>145,032</b>	<b>2,657</b>	<b>933,694</b>	<b>3,563,269</b>

NOKt	Share capital	Share premium reserve	Perpetual Tier 1 capital	Other paid-in equity	Other equity	Total equity
<b>Balance at 1 Jan 2021</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,884</b>	<b>2,657</b>	<b>745,009</b>	<b>3,374,436</b>
Net profit for the period			4,281		150,680	154,961
Other comprehensive income, net of tax					2,773	2,773
<b>Total comprehensive income</b>			<b>4,281</b>		<b>153,453</b>	<b>157,734</b>
Capital expansion						
Share-based payment transactions settled in equity					-966	-966
AT1 capital						
Paid interest on AT 1 capital			-4,169			-4,169
<b>Balance at 31 Dec 2021</b>	<b>667,512</b>	<b>1,814,374</b>	<b>144,997</b>	<b>2,657</b>	<b>897,497</b>	<b>3,527,036</b>

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

Number of shares at end of period 876,000

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