



Interim Report 2nd quarter 2022

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-Jun 2022	Jan-Jun 2021	Year 2021
Net interest income	323,594	357,905	691,973
Net commission income and other operating income	-17,822	34,371	16,728
Total income	305,772	392,276	708,700
Staff costs	15,641	48,245	85,409
Other expenses	122,056	103,236	230,076
Total operating expenses	137,698	151,481	315,484
Loan losses (negative figures are reversals)	12,700	6,519	28,295
Operating profit	155,374	234,276	364,921
Income tax expense	38,844	58,569	92,074
Net profit for the period	116,531	175,707	272,847

Summary of balance sheet

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Loans to the public (gross)	52,945,429	51,388,466	53,792,297
Allowance for loan losses	-180,824	-170,548	-184,142
Deposits and borrowings from the public	13,511,466	14,316,185	13,458,770
Total assets	58,193,434	57,022,426	58,528,746
Equity	4,497,904	4,351,851	4,449,692

Ratios and key figures

		Jan-Jun 2022	Jan-Jun 2021	Year 2021
Net interest margin, annualised	%	1,11	1,28	1,21
Loss rate	%	0,02	0,03	0,05
Non-performing loans in % of gross lending ¹	%	0,44	0,38	0,40
Return on equity, annualised	%	7,10	8,30	6,21
Deposit-to-loan ratio at the end of the period	%	25,5	26,9	25,0
Capital adequacy ratio ²	%	20,2	19,3	20,2
Tier 1 capital ratio ²	%	19,7	18,9	19,7
Common equity Tier 1 capital ratio ²	%	19,4	18,2	19,1
Cost/income ratio	%	45,0	38,6	44,5
Liquidity Coverage Ratio	%	536	537	401
Net Stable Funding Ratio	%	141	118	134
Average total assets	NOKt	58,751,283	56,401,000	57,159,723
Number of employees	Number	13	98	20
Total deposit above NOK 2 million	NOK billion	1,53	1,91	1,69

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 ASA and Nordea Bank Abp is ongoing and the target merge date is set for November 1, 2022.

Income statement

Operating profit was NOK 155.4m (NOK 234.3m). The decrease was a result of higher funding cost, reduced gains from financial instruments and reduced other operating income versus first half 2021 due to a one time booking from the closing of pre-paid cards in 2021.

Total income amounted to NOK 305.8m (NOK 392.3m).

Net interest income amounted to NOK 323.6m (NOK 357.9m). 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 17.8m (NOK 34.3m). 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 margin¹ was 1.11% (1.28%). Higher funding cost led to the decrease in margin.

Operating expenses were NOK 137.7m (NOK 151.5m).

The cost/income ratio was 45.0% (38.6%), mainly as a result of the reduced net interest margin.

Total write-downs and losses amounted to NOK 12.7m (NOK 6.5m).

The development of the collective loan loss allowance correlates with the development of the economic outlook, but with a delay. In the second quarter

of 2022, the collective loan loss allowance decreased with NOK 6,2m due to the portfolio performance. The bank decided to increase the level of the management judgement up to NOK 59,1m considering that the economic outlook remains uncertain, due to several factors like inflation and increased living expenses, supply chain imbalances and the war in the Ukraine.

Total write-downs and losses were 0.02% (0.03%) of average gross lending. The decrease was driven by 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 231.7m (NOK 190.8m). The increase follows as consequence of an unsecured portfolio sale in Q4 2020 which led to a low delinquent balances in the first half of 2021. Gross loans in default over 90 days were at 0.41% (0.38%) of total gross lending.

The weighted average loan-to-value ratio² was estimated to be 61.4% (61.5%) for the mortgage portfolio

Lending and deposits growth

Gross lending increased by 3.0% and amounted to NOK 52,945.4m (NOK 51,388.5m) as of June 30, 2022. The growth was mainly driven by the continued strong situation in the property market throughout 2021 and the first half of 2022. Parts of the mortgage sales towards partner agreements were transferred to Nordea Bank Abp on March 1, 2022 as a step in the integration plan of the forthcoming merger. Deposits decreased by 5.6% to NOK 13,511,4m (NOK 14,316,2 m).

Capital position

As of 30 June 2022, the Nordea Direct Bank Group had a capital adequacy ratio of 20.2% (19.3%). The total capital held by the bank was NOK 4,477.9m (NOK 4,269.6m), of which NOK 4,303.0m (NOK 4,024.7m) was common equity Tier 1 capital. The common equity Tier 1 capital ratio was 19.4% (18.2%).

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-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 10.187.4m (NOK 17.362.1) as of June 30, 2022. The total face value of the securities issued by the bank was NOK 10,246.5m.

Repayments through ordinary maturity and buy back of bonds from investors were NOK 3,699.0m in the period.

Liquidity

As of June 30, 2022, Nordea Direct Bank Group had net liquid assets of NOK 5 214.4m, divided between NOK 403.8m in bank deposits and NOK 4 810.6m in debt securities. Nordea Direct Bank ASA has no placements in 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 eleven 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 536% (537%) at end of the second quarter.

Key risk and uncertainty factors

The bank's financial risk mainly comprises credit, liquidity and interest rate risk. The risk is reported on a monthly basis and assessed in accordance with the principles, strategies and risk thresholds defined by the Board.

Credit risk represents the risk of losses arising as a result of customers and other counterparties failing to repay their debts when they fall due. The bank uses risk classification models to calculate the risk associated with its exposure to customers. The lending performance is monitored closely and is considered to be satisfactory.

Liquidity risk is the risk that the bank will be unable to meet all its financial obligations when they fall due or be unable to fund its lending activities. In order to reduce the risk, liquidity forecasts are continuously updated and reviewed. The bank's current liquidity reserve gives adequate time to implement necessary measures in a situation of an acute liquidity freeze.

Interest rate risk refers to the risk of losses as a result of changes in the interest rate level. Risk limits, given certain changes in interest rate level, are set to control and manage the interest rate risk. In the management of this risk both assets and liabilities (borrowing) are incorporated. Derivatives are used for hedging purposes.

Organizational changes

During November 2021, a large share of the Nordea Direct Bank ASA organisation was moved into Nordea Bank Abp. In order to maintain stable operations for the bank, Nordea Bank Abp has and continues to provide the services by the departments that were moved. This arrangement is formally regulated

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 and taking into account any corrections done manually thereafter to reflect accurate valuation.

through an intra group agreement between Nordea Direct and Nordea Bank Abp.

Events after the balance sheet date

No significant events have occurred after the end of the half year.

Nordea Direct Bank ASA

Oslo, 21 July 2022



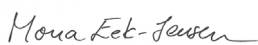
Randi Marjamaa
Chairman



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	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Interest income etc, amortised cost		336,421	264,711	649,611	546,789	1,086,544
Interest income etc, fair value		17,664	4,523	29,045	10,202	23,945
Interest costs etc.		195,501	97,116	355,062	199,086	418,516
Net interest income		158,583	172,118	323,594	357,905	691,973
Dividends from investments in shares and funds		461	101	461	133	188
Fee and commission income		4,693	7,979	11,108	15,104	31,218
Fee and commission expense		9,748	11,177	20,448	22,644	48,601
Net gains on financial instruments at fair value		-11,801	2,777	-12,480	10,232	8,942
Other operating income		3,565	2,931	3,538	31,546	24,980
Net commission income and other operating income		-12,829	2,611	-17,822	34,371	16,728
Total income		145,754	174,729	305,772	392,276	708,700
Staff costs		6,546	21,992	15,641	48,245	85,409
Depreciation		1,110	2,670	2,528	5,808	9,732
Other operating expenses		52,522	47,090	119,528	97,428	220,344
Total operating expenses		60,178	71,752	137,698	151,481	315,484
Profit / (loss) before loan losses		85,576	102,977	168,074	240,795	393,216
Loan losses	4	3,175	(6,557)	12,700	6,519	28,295
Operating profit		82,401	109,533	155,374	234,276	364,921
Income tax expense		19,761	27,383	38,844	58,569	92,074
Net profit for the period		62,640	82,150	116,531	175,707	272,847
Basic/diluted earnings per share, NOK		71,5	93,8	133,0	200,6	306,6

Statement of comprehensive income

Nordea Direct Bank Group

NOKt	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Net profit for the period	62,640	82,150	116,531	175,707	272,847
Components of other comprehensive income					
Items that are not reclassified subsequently to profit or loss					
Actuarial gains/ (loss) on pensions	2,012		5,773		3,698
Tax on items that are not reclassified to profit or loss	-503		-1,443		-924
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	1,509		4,330		2,773
Total comprehensive income for the period	64,149	82,150	120,861	175,707	275,620

Balance sheet

Nordea Direct Bank Group

NOKt	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets				
Cash and balances with central banks		70,181	64,356	60,475
Loans to credit institutions	6	333,621	959,358	242,839
Loans to the public	2,4	52,764,606	51,217,918	53,792,297
Interest-bearing securities	8	4,810,626	4,497,325	4,245,684
Derivatives	8	5,957	108,594	37,792
Shares (and other securities with variable yield)		9,346	9,745	9,800
Intangible assets		1,124	7,081	3,364
Deferred tax assets		7,127	20,789	11,185
Fixed assets		2,613	1,133	2,901
Other assets		51,808	-3,893	798
Advance payments and accrued income		136,424	140,020	121,611
Total assets		58,193,434	57,022,426	58,528,746
Liabilities and equity				
Liabilities to credit institutions	6	29,595,000	20,537,000	26,288,000
Deposits and borrowings from the public	2	13,511,466	14,316,185	13,458,770
Debt securities in issue	3,6,8	10,068,450	17,262,142	13,883,350
Derivatives	8	79,529	18,934	9,368
Current tax liabilities		39,051	58,569	82,704
Other liabilities		34,931	170,736	39,454
Accrued expenses and prepaid income		247,013	176,106	190,758
Retirement benefit obligations		20,103	30,925	26,666
Subordinated loan capital	3	99,987	99,977	99,982
Total liabilities		53,695,530	52,670,575	54,079,054
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	74,981	144,906	144,997
Other paid-in equity		2,647	2,647	2,647
Retained earnings		1,821,859	1,546,706	1,820,162
Net profit for the period		116,531	175,707	
Total equity		4,497,904	4,351,851	4,449,692
Total liabilities and equity		58,193,434	57,022,426	58,528,746

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 2022	667,512	1,814,374	144,997	2,647	1,820,162	4,449,692
Net profit for the period			2,303		114,228	116,531
Other comprehensive income, net of tax					4,330	4,330
Total comprehensive income			2,303		118,558	120,861
Capital expansion						
Share-based payment transactions settled in equity					-330	-330
AT1 capital			-69,825			-69,825
Paid interest on AT 1 capital			-2,494			-2,494
Balance at 30 Jun 2022	667,512	1,814,374	74,981	2,647	1,938,390	4,497,904

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			4,281		268,566	272,847
Other comprehensive income, net of tax					2,773	2,773
Total comprehensive income			4,281		271,340	275,620
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
Balance at 31 Dec 2021	667,512	1,814,374	144,997	2,647	1,820,162	4,449,692

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						
Other comprehensive income, net of tax						
Total comprehensive income			2,117		173,590	175,707
Capital expansion						
Share-based payment transactions settled in equity					-1,040	-1,040
AT1 capital						
Paid interest on AT 1 capital			-2,096			-2,096
Balance at 30 Jun 2021	667,512	1,814,374	144,906	2,647	1,722,413	4,351,851

Number of shares at end of period 876,000

Cash flow statement

Nordea Direct Bank Group

NOKt	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Operating activities			
Operating profit	168 074	240 795	364 921
Adjustment for non cash items	62 874	-9 106	61 042
Income taxes paid	-79 050	-79 050	-79 050
Cash flow from operating activities before changes in operating assets and liabilities	151 897	152 638	346 913
Changes in operating assets			
Change in loans to credit institutions	-90 782	-14 124	-2 912
Change in loans to the public	1 008 125	-681 640	-3 253 315
Change in interest-bearing securities	-564 876	182 893	434 146
Change in shares	454	875	820
Change in derivatives, net	101 995	77 635	138 872
Change in other assets	-86 874	19 065	788
Changes in operating liabilities			
Change in deposits by credit institutions	3 371 581	4 789 104	10 457 000
Change in deposits and borrowings from the public	26 436	-141 911	-932 772
Change in debt securities in issue	-3 812 621	-3 686 450	-7 075 995
Change in other liabilities	-4 523	14 587	-116 694
Cash flow from operating activities	100 813	712 672	-3 148
Investing activities			
Net purchase of intangible assets and fixed assets		409,452	409,452
Sale of business operations		1,023,714	303,315
Liquidation/investment of group undertakings			
Investment in associated undertakings through merger			
Sale of associated undertakings			
Acquisition of property and equipment			
Sale of property and equipment			
Acquisition of tangible assets			-1 976
Sale of intangible assets		2 608	
Cash flow from investing activities		2 608	-1 976
Financing activities			
Change in subordinated liabilities	5	-99 979	-99 974
Other changes in equity excluding minority	-330	-1 040	-1 040
Cash flow from financing activities	-325	-101 019	-101 013
Cash flow for the year	100 488	614 261	-106 138
Cash and cash equivalents at the beginning of year	303 315	409 452	409 452
Cash and cash equivalents at the end of year	403 802	1 023 714	303 315
Change	100 488	614 261	-106 138

Comments on the cash flow statement

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. Nordea Direct's cash flow has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing and financing activities.

Operating activities

Operating activities are the principal revenue-producing activities and cash flows are mainly derived from the operating profit for the year with adjustment for non cash items and income taxes paid. Adjustment for items not included in cash flow includes:

NOKt	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Depreciation	2 528	5 808	9 732
Impairment charges			1
Loan losses	8 062	1 881	19 020
Unrealised gains/losses	12 480	-10 232	-8 942
Change in accruals and provisions	43 552	-7 846	16 128
Other	-3 748	1 283	25 103
Total	62 874	-9 106	61 042

Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported net.

Cash flow from operating activities includes interest payments received and interest expenses paid with the following amounts:

NOKt	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Depreciation	673 888	544 552	1 110 674
Impairment charges	-338 235	-199 022	-397 941

Investing activities

Investing activities include acquisitions and disposals of non-current assets, like property and equipment, intangible and financial assets.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities, such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in Cash and cash equivalents:

NOKt	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Cash and balances with central banks	70 181	64 356	60 475
Loans to credit institutions, payable on demand	333 621	959 358	242 839
Total	403 802	1 023 714	303 315

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled;

- the central bank or the postal giro system is domiciled in the country where the institution is established
- the balance on the account is readily available at any time.

Loans to credit institutions, payable on demand include liquid assets not represented by bonds or other interest-bearing securities. Loans to central banks, payable on demand includes instruments where Nordea Direct has the right to resell immediately.

Notes to the financial statements

Nordea Direct Bank Group

Note 1 Accounting policies

The consolidated financial statements as of the second quarter of 2022, concluded on 30 June 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.

Note 1 Accounting policies (cont.)

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

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-banken-es-problemlan/>.

	2022	2023	2024
Unemployment rate			
Alternative A (best case)	3.2%	2.8%	2.8%
Base case	3.3%	3.1%	3.3%
Alternative B (worst case)	3.7%	4.0%	4.1%
Housing prices			
Alternative A (best case)	4.7%	1.7%	1.6%
Base case	4.4%	-0.8%	0.9%
Alternative B (worst case)	0.6%	-6.2%	-1.2%

Scenario weighting Q2 2022

Alternative A (best case)	10%
Base case	50%
Alternative B (worst case)	40%

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. 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 Q2 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.

The impact of the macroeconomic scenarios is then aggregated using a weighted average. The scenario weightings estimated by Nordea Bank changed between q1-22 and q2-22 to enhance the increased global macroeconomic uncertainty into the model.

Note 2 Segment information

NOKt	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Deposit by sector and industry								
Retail market	12,519,284	12,257,117	12,295,459	12,492,429	12,816,104	12,267,106	12,665,871	12,954,894
Other	992,181	1,069,589	1,163,311	1,363,452	1,500,081	1,606,930	1,725,671	2,225,113
Total deposits	13,511,466	13,326,706	13,458,770	13,855,881	14,316,185	13,874,036	14,391,542	15,180,007
Loans to customers divided by sector and industry								
Private individuals	52,945,429	53,806,064	53,976,438	52,654,516	51,388,466	50,141,716	50,708,573	50,447,984
Commercial business								
Gross loans	52,945,429	53,806,064	53,976,438	52,654,516	51,388,466	50,141,716	50,708,573	50,447,984

Note 3 Liabilities on the issue of securities

NOKt	Nominal value			Carrying amount		
	30 Jun 2022	30 Jun 2021	31 Dec 2021	30 Jun 2022	30 Jun 2021	31 Dec 2021
Liabilities opened for the issue of securities						
Bond debt ¹	5,846,500	11,846,500	9,545,500	5,847,258	11,867,311	9,552,255
Subordinated loan capital	100,000	100,000	100,000	99,987	99,977	99,982
- Own non-amortised certificates/bonds						
Total liabilities at amortised cost	5,946,500	11,946,500	9,645,500	5,947,245	11,967,289	9,652,237
Liabilities opened for the issue of securities						
Bond debt	4,300,000	5,300,000	4,300,000	4,221,192	5,394,831	4,331,096
Total liabilities included in fair value hedge	4,300,000	6,519,000	4,300,000	4,221,192	5,394,831	4,331,096
Total liabilities	10,246,500	17,246,500	13,945,500	10,168,437	17,362,119	13,983,333

Maturity

Remaining maturity (nominal value)	30 Jun 2022	30 Jun 2021	31 Dec 2021
2021	2,446,500	2,000,000	
2022	5,950,000	7,446,500	6,145,500
2023	1,350,000	5,950,000	5,590,000
2025	500,000	1,350,000	1,350,000
2027		500,000	500,000
Total	10,246,500	17,246,500	13,945,500

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

New issues in 2022

Repayments in 2022 3,699,000

Note 4 Write-downs and losses on loans

Write-downs and losses on loans

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Write-downs and losses for the period			
+/- Change in group write-downs for the period (ECL)	-3,318	957	14,551
+ Write-off during the period	15,779	5,521	13,702
- Payments on previously written-off accounts	239	41	41
Write-downs and losses for the period	12,700	6,519	28,295
Loss allowance			
Loss allowance at the start of the period	184,142	169,591	169,591
+/- Change in loss allowance for the period	-3,318	957	14,551
Loss allowance at the end of the period	180,824	170,548	184,142
Defaulted loans			
Gross default over 90 days	231,652	190,846	214,995

Credit quality by risk group

30 Jun 2022 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	49,761,914	62,720	6,176	49,830,809
Medium	993,772	728,849	8,029	1,730,649
High	411,761	1,075,500	43,457	1,530,718
Not classified	7,043	10		7,054
Impaired and written down			235,293	235,293
Adjustment ¹	-389,093			-389,093
Total	50,785,396	1,867,079	292,954	52,945,429
Loss allowance				
Total net	50,785,396	1,867,079	292,954	52,945,429

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

30 Jun 2021 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
Low	47,809,443	85,243	25,521	47,920,206
Medium	1,014,202	610,683	20,340	1,645,226
High	292,724	747,276	59,217	1,099,216
Not classified	3,222	52	351	3,625
Impaired and written down			197,544	197,544
Adjustment ¹	522,649			522,649
Total	49,642,240	1,443,254	302,972	51,388,466
Loss allowance	48,670	45,569	76,309	170,548
Total net	49,593,571	1,397,684	226,663	51,217,918

31 Dec 2021 NOKt	Stage 1 12-month ECL	Stage 2 lifetime ECL	Stage 3 lifetime ECL	Total
Loans to and claims on customers				
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 ¹	-40,610			-40,610
Total	52,110,196	1,570,986	295,256	53,976,438
Loss allowance	53,783	45,446	84,912	184,142
Total net	52,056,413	1,525,540	210,344	53,792,297

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	30 Jun 2022		30 Jun 2021		31 Dec 2022	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
0-29 days	52,597,998	89,862	51,123,165	98,605	53,659,455	95,302
30-59 days	91,091	12,561	50,725	11,176	71,115	12,279
60-89 days	24,689	5,663	23,730	5,619	30,873	6,271
90+ days	231,652	72,738	190,846	55,149	214,995	70,291
Total	52,945,429	180,824	51,388,466	170,548	53,976,438	184,142

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 2022	53,783	45,446	84,912	184,142
Transfer to stage 1	1,922	-6,958	-1,074	-6,110
Transfer to stage 2	-4,120	16,543	-1,145	11,278
Transfer to stage 3	-1,605	-8,889	19,465	8,971
New Financial assets originated during the period	19,895	4,016	1,535	25,445
Financial assets that have been derecognised	-9,848	-7,509	-17,550	-34,907
Changes in balance with no transfer between stages	-7,217	343	-1,122	-7,996
Loss allowance as at 30 Jun 2022	52,810	42,992	85,022	180,824

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	2,261	-6,325	-1,819	-5,883
Transfer to stage 2	-17,214	27,328	-1,013	9,102
Transfer to stage 3	-2,133	-16,415	32,206	13,657
New Financial assets originated during the period	18,515	3,276	1,997	23,787
Financial assets that have been derecognised	-10,071	-9,196	-4,663	-23,930
Changes in balance with no transfer between stages	-11,070	-4,273	-433	-15,776
Loss allowance as at 30 Jun 2021	48,670	45,569	76,309	170,548

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	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
Loss allowance as at 31 Dec 2021	53,783	45,446	84,912	184,142

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

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Stage 1	52,810	48,670	53,783
Stage 2	42,992	45,569	45,446
Stage 3	85,022	76,309	84,912
Total	180,824	170,548	184,142
Stage 1	29,2%	28.5%	29.2%
Stage 2	23,8%	26.7%	24.7%
Stage 3	47,0%	44.7%	46.1%
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 2022	52,110,196	1,570,986	295,256	53,976,438
Transfer to stage 1	474,878	-464,163	-10,714	
Transfer to stage 2	-937,654	955,986	-18,332	
Transfer to stage 3	-43,660	-50,007	93,667	
New financial assets originated	8,999,342	205,196	8,220	9,212,758
Financial assets that have been derecognised	-8,140,242	-287,373	-66,034	-8,493,649
Change in balances due to payments	-1,328,981	-63,546	-17,648	-1,410,174
Other Changes ¹	-348,483		8,540	-339,944
Gross carrying amount as at 30 Jun 2022	50,785,396	1,867,079	292,954	52,945,429
Loss allowance as at 30 Jun 2022				

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 2021	49,452,848	1,075,302	180,423	50,708,573
Transfer to stage 1	306,271	-292,027	-14,243	
Transfer to stage 2	-848,946	858,601	-9,655	
Transfer to stage 3	-63,796	-94,575	158,371	
New financial assets originated	10,367,314	159,082	5,475	10,531,871
Financial assets that have been derecognised	-8,803,826	-226,943	-707,766	-9,738,535
Change in balances due to payments	-1,313,496	-36,187	-8,623	-1,358,305
Other Changes ¹	545,872	1	698,991	1,244,863
Gross carrying amount as at 30 Jun 2021	49,642,240	1,443,254	302,972	51,388,466
Loss allowance as at 30 Jun 2021	48,670	45,569	76,309	170,548
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	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 ¹	-17,855	1	9,537	-8,316
Gross carrying amount as at 31 Dec 2021	52,110,196	1,570,986	295,256	53,976,438
Loss allowance as at 31 Dec 2021	53,783	45,446	84,912	184,142

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

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Stage 1	50,785,396	49,642,240	52,110,196
Stage 2	1,867,079	1,443,254	1,570,986
Stage 3	292,954	302,972	295,256
Total	52,945,429	51,388,466	53,976,438
Stage 1	95,9%	96,6%	96,5%
Stage 2	3,5%	2,8%	2,9%
Stage 3	0,6%	0,6%	0,5%
Total	100,0%	100,0%	100,0%

Note 5 Capital adequacy

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Primary capital			
Share capital and share premium	2,481,886	2,481,886	2,481,886
Other equity	1,941,037	1,725,060	1,822,809
Total equity (exclusive perpetual Tier 1 capital)	4,422,923	4,206,946	4,304,695
Deduction			
Profit not included in the calculation of net primary capital	-116,531	-175,707	
Goodwill and other intangible assets	-1,124	-7,081	-3,364
Value adjustments due to the requirement for prudent valuation	-4,905	-4,635	-4,303
Increase			
IFRS 9 transitional arrangements for credit loss provisioning	2,597	5,195	5,195
Common equity Tier 1 capital	4,302,960	4,024,718	4,302,224
Perpetual Tier 1 capital	74,981	144,906	144,997
Tier 1 capital	4,377,940	4,169,624	4,447,220
Supplementary capital			
Subordinated loan capital	99,987	99,977	99,982
Net primary capital	4,477,928	4,269,601	4,547,203
Credit risk:			
Of which:			
Central governments or central banks	1,425	4,158	2,237
Institutions	8,431	19,444	5,888
Enterprises			
Mass market positions	180,809	184,515	182,170
Positions secured by mortgage	1,417,425	1,394,619	1,449,597
Overdue positions	32,970	23,809	27,310
Covered bonds	24,893	23,444	21,529
Shares in securities fund			
Equity positions	748	780	784
Other positions	2,323	4,612	3,236
Total minimum requirement credit risk	1,669,025	1,655,380	1,692,751
Operational risk	106,271	108,871	106,271
CVA-risk	253	4,843	2,619
Minimum requirement for net primary capital	1,775,548	1,769,094	1,801,640
Basis of calculation of balance sheet items not included in trading portfolio	20,434,693	19,992,276	20,712,641
Basis of calculation of off-balance sheet items not included in trading portfolio	428,114	700,744	446,740
Risk-weighted assets (calculation basis for capital adequacy ratio)	22,194,353	22,113,674	22,520,498

Note 5 Capital adequacy (cont.)

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Buffer requirements			
Systemic risk buffer	665,831	663,410	675,615
Conservation buffer	554,859	552,842	563,012
Countercyclical buffer	332,915	221,137	225,205
Total buffer requirement for common equity Tier 1 capital	1,553,605	1,437,389	1,463,832
Pillar 2 requirement 1.7% for common equity Tier 1 capital set by the Financial Supervisory Authority of Norway	377,304	375,932	382,848
Available common equity Tier 1 capital net min.requirement	1,373,305	1,216,282	1,442,120
Capital adequacy			
Capital adequacy ratio	20,2%	19,3%	20,2 %
Tier 1 capital ratio	19,7%	18,9%	19,7 %
Common equity Tier 1 capital ratio	19,4%	18,2%	19,1 %
Leverage ratio	7,3%	7,0%	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 13,2% end of Q2 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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Numbers without use of transitional arrangements:			
Common equity Tier 1 capital	4,300,362	4,019,523	4,297,029
Tier 1 capital	4,375,343	4,164,429	4,442,026
Net primary capital	4,475,330	4,264,406	4,542,008
Common equity Tier 1 capital ratio	19,4%	18,2%	19,1 %
Tier 1 capital ratio	19,7%	18,8%	19,7 %
Capital adequacy ratio	20,2%	19,3%	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 21,000.0m. Expiry date 30 November 2023.

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 30 June 2022, the credit limit of the agreement was NOK 4,500.0m.

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-Jun 2022

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	94,907	284,239	
Other operating income	5,804		
Other operating expenses	530	32,550	

Jan-Jun 2021

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Net interest income	31,472	95,910	
Other operating income	6,300		2,613
Other operating expenses	-481	10,342	

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

30 Jun 2022

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Deposit	418,541	288,782	
Loans to credit institutions	14,557,345	320,574	
Interest-bearing securities		87,854	
Deposits by credit institutions		27,508,361	
Other liabilities		44,693,231	

30 Jun 2021

NOKt	Nordea Direct Boligkreditt AS	Nordea Bank Abp	Other Nordea companies
Deposit	536,373	938,963	
Loans to credit institutions	12,648,878	921	
Interest-bearing securities		76,683	
Deposits by credit institutions		20,555,570	
Other liabilities		17,500	

31 Dec 2021

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

Note 7 Contingent liabilities and security

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2022
Guarantees			
Loan commitment	4,619,231	7,425,779	4,743,823
Unutilised credit facility	3,274,941	13,724	14,590
Total contingent liabilities	7,894,171	7,439,504	4,758,413
Securities provided as collateral for loans from/credit facility with Norges Bank	835,068	849,070	842,345
Total securities provided	835,068	849,070	842,345

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	30 Jun 2022		30 Jun 2021		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Assets						
Cash to and receivables from central banks	70,181	70,181	64,356	64,356	60,475	60,475
Cash to and receivables from central banks	70,181	70,181	64,356	64,356	60,475	60,475
Loans to and receivables from credit institutions, amortised cost	333,621	333,621	959,358	959,358	242,839	242,839
Loans to and receivables from credit institutions	333,621	333,621	959,358	959,358	242,839	242,839
Loans to and receivables from customers, amortised cost	52,764,606	52,749,495	51,217,918	51,236,104	53,792,297	53,794,728
Loans to and receivables from customers	52,764,606	52,749,495	51,217,918	51,236,104	53,792,297	53,794,728
Interest-bearing securities, fair value	4,810,626	4,810,626	4,497,325	4,497,325	4,245,684	4,245,684
Interest-bearing securities	4,810,626	4,810,626	4,497,325	4,497,325	4,245,684	4,245,684
Derivatives, fair value	5,957	5,957	108,594	108,594	37,792	37,792
Derivatives	5,957	5,957	108,594	108,594	37,792	37,792
Shares available for sale	9,346	9,346	9,745	9,745	9,800	9,800
Shares	9,346	9,346	9,745	9,745	9,800	9,800
Other financial assets, amortised cost	50,449	50,449	84,187	84,187	72,028	72,028
Total other financial assets	50,449	50,449	84,187	84,187	72,028	72,028
Total financial assets	58,044,787	58,029,676	56,941,483	56,959,669	58,460,915	58,463,346
Liabilities						
Liability to credit institutions, amortised cost	29,595,000	29,595,000	20,537,000	20,537,000	26,288,000	26,288,000
Liability to credit institutions	29,595,000	29,595,000	20,537,000	20,537,000	26,288,000	26,288,000
Deposits and liabilities to customers, amortised cost	13,511,466	13,511,466	14,316,185	14,316,234	13,458,770	13,457,789
Deposits and liabilities to customers	13,511,466	13,511,466	14,316,185	14,316,234	13,458,770	13,457,789
Liability incurred through the issue of securities, amortised cost	5,847,258	5,863,015	11,867,311	11,948,699	9,552,255	9,591,891
Liability incurred through the issue of securities, fair value hedge	4,221,192	4,225,588	5,394,831	5,464,359	4,331,096	4,375,547
Liability incurred through the issue of securities	10,068,450	10,088,603	17,262,142	17,413,059	13,883,350	13,967,438
Derivatives, fair value	79,529	79,529	18,934	18,934	9,368	9,368
Derivatives	79,529	79,529	18,934	18,934	9,368	9,368
Subordinated loan capital, amortised cost	99,987	99,579	99,977	101,722	99,982	101,029
Subordinated loan capital	99,987	99,579	99,977	101,722	99,982	101,029
Other financial liabilities, amortised cost	138,186	138,186	172,375	172,375	88,699	88,699
Other financial liabilities	138,186	138,186	172,375	172,375	88,699	88,699
Total financial liabilities	53,492,618	53,512,363	52,406,614	52,559,324	53,828,170	53,912,323
Off-balance sheet obligations and guarantees						
Guarantees						
Mortgage assets ¹	843,762	843,762	849,070	849,070	842,345	842,345

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

Note 8 Fair value of financial instruments (cont.)

NOKt	30 Jun 2022			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	4,810,626			4,810,626
Shares			9,346	9,346
Derivatives, fair value		5,957		5,957
Total financial assets, fair value	4,810,626	5,957	9,346	4,825,930
Loans to and receivables from customers, amortised cost			52,749,495	52,749,495
Total financial assets, amortised cost			52,749,495	52,749,495
Derivatives, fair value		79,529		79,529
Total financial liabilities, fair value		79,529		79,529
Deposits and liabilities to customers, amortised cost			13,511,466	13,511,466
Liability incurred through the issue of securities, amortised cost		5,863,015		5,863,015
Subordinated loan capital, amortised cost		99,579		99,579
Total financial liabilities, amortised cost		5,962,594	13,511,466	19,474,060
Liability incurred through the issue of securities, fair value hedge		4,225,588		4,225,588
Total financial liabilities, fair value hedge		4,225,588		4,225,588

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

NOKt	30 Jun 2021			
	Level 1	Level 2	Level 3	Total
Interest-bearing securities, fair value	4,497,325			4,497,325
Shares			9,745	9,745
Derivatives, fair value		108,594		108,594
Total financial assets, fair value	4,497,325	108,594	9,745	4,615,665
Loans to and receivables from customers, amortised cost			51,236,104	51,236,104
Total financial assets, amortised cost			51,236,104	51,236,104
Derivatives, fair value		18,934		18,934
Total financial liabilities, fair value		18,934		18,934
Deposits and liabilities to customers, amortised cost			14,316,234	14,316,234
Liability incurred through the issue of securities, amortised cost		11,948,699		11,948,699
Subordinated loan capital, amortised cost		101,722		101,722
Total financial liabilities, amortised cost		12,050,421	14,316,234	26,366,655
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.

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
Total financial assets, fair value	4,245,684	37,792	9,800	4,293,276
Loans to and receivables from customers, amortised cost			53,794,728	53,794,728
Total financial assets, amortised cost			53,794,728	53,794,728
Derivatives, fair value		9,368		9,368
Total financial liabilities, fair value		9,368		9,368
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
Total financial liabilities, amortised cost		9,692,920	13,457,789	23,150,709
Liability incurred through the issue of securities, fair value hedge		4,375,547		4,375,547
Total financial liabilities, fair value hedge		4,375,547		4,375,547

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 30 Jun 2022
	As at 1 Jan 2022	recognised in profit or loss	Purchases	Sales	
NOKt					
Shares	9,800			-454	9,346
Total financial assets measured at fair value	9,800			-454	9,346

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				
NOKt	As at 1 Jan 2021	recognised in profit or loss	Purchases	Sales	Transfer into/ out of level 3	As at 30 Jun 2021
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 9.8m 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.

Reconciliation of financial assets valued based on non-observable market data (level 3) 31 Dec 2018		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
Total financial assets measured at fair value	10,620		55	-875		9,800

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 75 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.

Declaration

Declaration from the Board and CEO

The Board and the CEO have today discussed and approved the interim report and financial statements for Nordea Direct Bank ASA for the period 1 January to 30 June 2022.

We declare that, to the best of our knowledge, the interim financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IFRS as adopted by the EU, and in accordance with additional requirements set out in the

Accounting Act, and taking into account the limitations of accounting regulations for banks. The accounting data provide a true and fair picture of the company's assets, liabilities, financial position and results as a whole, and the report gives a true picture of important events in the accounting period and their impact on the financial statements, related material transactions and the most important risks and uncertainties faced by the bank in the next accounting period.

Nordea Direct Bank ASA

Oslo, 21 July 2022



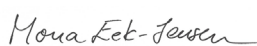
Randi Marjamaa
Chairman



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

Quarterly earnings performance

Nordea Direct Bank Group

NOKt	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Interest income etc, amortised cost	336,421	313,190	366,653	173,101	264,711	282,078	285,058	287,234
Interest income etc, fair value	17,664	11,381	10,091	3,652	4,523	5,679	6,890	7,235
Interest costs etc.	195,501	159,561	160,010	59,420	97,116	101,970	99,581	95,366
Net interest income	158,583	165,010	216,735	117,333	172,118	185,787	192,367	199,102
Dividends from investments in shares and funds	461		54		101	33	5,379	
Fee and commission income	4,693	6,415	10,160	5,955	7,979	7,125	7,293	8,927
Fee and commission expense	9,748	10,701	18,315	7,642	11,177	11,466	25,207	11,772
Net gains on financial instruments at fair value	-11,801	-680	-3,050	1,761	2,777	7,454	6,684	3,047
Other operating income	3,565	-27	-5,360	-1,206	2,931	28,615	744	10
Total income	145,754	160,018	200,224	116,201	174,729	217,547	187,260	199,315
Staff costs	6,546	9,096	23,752	13,411	21,992	26,253	24,212	24,660
Depreciation	1,110	1,418	2,425	1,499	2,670	3,138	3,627	3,866
Other operating costs	52,522	67,006	90,521	32,394	47,090	50,338	52,161	44,214
Total operating expenses	60,178	77,520	116,698	47,304	71,752	79,729	80,000	72,740
Profit / (loss) before loan losses	85,576	82,498	83,525	68,896	102,977	137,818	107,260	126,574
Loan losses	3,175	9,524	22,064	-288	-6,557	13,075	-40,365	-22,532
Operating profit	82,401	72,974	61,461	69,184	109,533	124,743	147,625	149,107

Income statement

Nordea Direct Bank ASA

NOKt	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Interest income etc, amortised cost	279,217	185,844	534,474	387,416	806,203
Interest income etc, fair value	16,902	6,897	27,929	16,112	29,553
Interest costs etc.	168,025	73,825	299,700	146,632	322,116
Net interest income	128,094	118,916	262,703	256,897	513,639
Dividends from investments in shares and funds	461	101	461	133	188
Fee and commission income	4,196	7,443	10,114	14,020	29,135
Fee and commission expense	9,748	11,177	20,448	22,644	48,601
Net gains on financial instruments at fair value	-11,673	2,957	-9,813	10,412	13,339
Other operating income	6,493	6,157	9,341	37,847	37,022
Net commission income and other operating income	-10,271	5,481	-10,345	39,769	31,082
Total income	117,823	124,397	252,359	296,665	544,721
Staff costs	5,858	21,490	14,295	47,159	83,379
Depreciation	1,110	2,670	2,528	5,808	9,732
Other operating expenses	53,185	47,151	116,959	93,742	215,810
Total operating expenses	60,154	71,311	133,782	146,709	308,922
Profit / (loss) before loan losses	57,669	53,086	118,577	149,956	235,800
Loan losses	3,370	-6,149	12,897	6,201	28,060
Operating profit	54,299	59,235	105,680	143,756	207,740
Income tax expense	12,735	14,809	26,420	35,939	52,779
Net profit for the period	41,564	44,426	79,260	107,817	154,961
Basic/diluted earnings per share, NOK	47,4	50,7	90,5	123,1	176,9

Statement of comprehensive income

Nordea Direct Bank ASA

NOKt	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Year 2021
Profit/ (loss) for the period	41,564	44,426	79,260	107,817	154,961
Components of other comprehensive income					
Items that are not reclassified subsequently to profit or loss					
Actuarial gains/ (loss) on pensions	2,012		5,773		3,698
Tax on items that are not reclassified to profit or loss	-503		-1,443		-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
Total components of other comprehensive income	1,509		4,330		5,304
Total comprehensive income for the period	43,073	44,426	83,590	107,817	160,265

Balance sheet

Nordea Direct Bank ASA

NOKt	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets			
Cash and balances with central banks	70,181	64,356	60,475
Loans to credit institutions	14,911,458	13,600,251	9,429,068
Loans to the public	29,323,865	27,065,896	34,129,366
Interest-bearing securities	4,625,660	4,307,030	4,056,318
Derivatives	5,957	69,663	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	1,124	7,081	3,364
Deferred tax assets	15,501	19,845	19,559
Fixed assets	2,613	1,133	2,901
Other assets	51,808	-3,893	798
Advance payments and accrued income	137,391	131,246	106,730
Total assets	50,374,934	46,492,385	49,050,819
Liabilities and equity			
Liabilities to credit institutions	27,869,541	21,073,373	26,623,961
Deposits and borrowings from the public	13,511,466	14,316,185	13,458,770
Debt securities in issue	4,967,802	7,110,097	5,052,811
Derivatives	76,044	16,146	6,920
Current tax liabilities	29,012	35,939	52,727
Other liabilities	34,755	170,683	39,377
Accrued expenses and prepaid income	228,220	159,868	162,568
Retirement benefit obligations	20,103	30,925	26,666
Subordinated loan capital	99,987	99,977	99,982
Total liabilities	46,836,931	43,013,193	45,523,783
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	74,981	144,906	144,997
Other paid-in equity	2,657	2,657	2,657
Retained earnings	899,220	741,926	897,497
Net profit for the period	79,260	107,817	
Total equity	3,538,004	3,479,191	3,527,036
Total liabilities and equity	50,374,934	46,492,385	49,050,819

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 2022	667,512	1,814,374	144,997	2,657	897,497	3,527,036
Net profit for the period			2,303		76,957	79,260
Other comprehensive income, net of tax					4,330	4,330
Total comprehensive income			2,303		81,287	83,590
Capital expansion						
Share-based payment transactions settled in equity					-304	-304
AT1 capital			-69,825			
Paid interest on AT 1 capital			-2,494			-2,494
Balance at 30 Jun 2022	667,512	1,814,374	74,981	2,657	978,480	3,538,004

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			4,281		150,680	154,961
Other comprehensive income, net of tax					2,773	2,773
Total comprehensive income			4,281		153,453	157,734
Capital expansion						
Share-based payment transactions settled in equity					-966	-966
AT1 capital						
Paid interest on AT 1 capital			-4,169			-4,169
Balance at 31 Dec 2021	667,512	1,814,374	144,997	2,657	897,497	3,527,036

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			2,117		105,700	107,817
Other comprehensive income, net of tax						
Total comprehensive income			2,117		105,700	107,817
Capital expansion						
Share-based payment transactions settled in equity					-966	-966
AT1 capital						
Paid interest on AT 1 capital			-2,096			-2,096
Balance at 30 Jun 2021	667,512	1,814,374	144,906	2,657	849,743	3,479,191

Number of shares at end of period 876,000

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