Nordax Holding AB (publ)

INTERIM REPORT JANUARY–MARCH 2022

About the Group, Nordax Holding AB (publ)

THE ACQUISITION OF BANK NORWEGIAN

In November 2021, the acquisition of Bank Norwegian was completed, making Nordax formal the owner of 100 percent of the shares and votes in the company. Two innovative businesses are now being run together, benefiting from many complementary strengths and products. As a result, Nordax now also offers credit cards and new lending in Denmark, Germany and Spain, alongside its existing products and markets. The aim is to challenge the established banks and to continue to grow as the leading specialist bank in Northern Europe. For the quarterly report of January-March 2022, this means that Bank Norwegian is fully included in the outcome for the Group, but that it is missing in the corresponding comparison period.

ABOUT THE GROUP

Nordax Holding AB (publ) (corporate identification number 559097-5743) with its registered office in Stockholm at Box 23124, SE-104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.nordaxgroup.com, hereinafter "Nordax", is approximately 19 percent owned by Sampo Oyj based in Finland, approximately 41 percent by Cidron Xingu Sarl based in Luxembourg and approximately 33 percent by Cidron Humber Sarl based in Luxembourg. The remaining shares are owned by a few minority owners through NDX Intressenter Invest II AB and NDX Intressenter Invest III AB, both based in Sweden. Nordic Capital Fund VIII, has an indirect ownership in Nordax Holding AB (publ) through its holding in Cidron Humber Sarl and Nordic Capital Fund IX has an indirect ownership in Nordax Holding AB (publ) through its holding in Cidron Xingu Sarl.

The Group's operating subsidiaries are Nordax Bank AB (publ), which since 2014 has been licensed to conduct banking operations, Bank Norwegian ASA, which has been licensed as a bank under Norwegian law since 2007, and Svensk Hypotekspension AB, which since 2018 has been licensed to conduct mortgage lending under the Mortgage Credit Act.

Nordax Bank AB was authorized on 27 January 2004 as a credit market company to carry on finance activities. On 5 December 2014, Nordax received approval to carry on banking activities by the Swedish Financial Supervisory Authority according to the Banking and Finance Business Act and changed its name to Nordax Bank AB (publ).

Using a centralized business model and an organization based in Stockholm, Nordax conducts cross-border banking activities in Sweden, Norway, Denmark, Finland and Germany in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

Subsidiary Bank Norwegian ASA, which is subject to the supervisory authority of Finanstilsynet (the Financial Supervisory Authority of Norway), conducts banking activities in Norway, alongside cross-border banking activities in Sweden, Finland, Denmark, Germany and Spain in accordance with the above Directive. Nordax's main business consists of lending to the general public in the Nordic countries, Germany and Spain. Although Nordax previously operated in Germany to a small extent, it was in 2021, through its subsidiary Bank Norwegian, that new lending was launched on these non-Nordic markets. Lending consists of unsecured loans up to the equivalent of SEK 600,000, NOK 600,000, DKK 400,000 and EUR 60,000 in Finland. Since 2018, secured loans against residential property are offered as well in Sweden, and as of the first quarter of 2019 in Norway. In January 2019, Nordax finalized the acquisition of Svensk Hypotekspension AB (SHP). SHP offers secured loans against residential property to Swedes aged 60 and older through the Hypotekspension equity release mortgage. Nordax has now also been able to offer credit cards in the Nordic countries, Germany and Spain since November 2021 through its subsidiary Bank Norwegian.

Nordax also offers savings accounts to the general public in Sweden, Norway, Finland, Germany, Spain and the Netherlands. Deposits in savings accounts are one element of Nordax's diversified financing platform, which also consists of asset-backed securities, financing against collateral from international banks, bonds, equity and subordinated liabilities.

DEVELOPMENT JANUARY - MARCH

Personal loans and creditcards

During the first quarter, Nordax's portfolios of both private loans and credit cards continued to show good growth. As at 31 March, the total volume of personal loans and credit cards amounted to SEK 62.2 billion (58.7 billion as at 31 December 2021).

Mortgage loans

Nordax began offering mortgages in Sweden in 2018. The main target group is customers with some form of non-traditional employment, i.e. self-employed or temporary employees, including project, part-time or replacement workers. Thanks to thorough credit assessments and personal contacts, more loans are approved for this customer group, which is often denied by the major banks despite being financially stable. Interest in the offer has been high and new lending continues to grow.

At the end of the first quarter 2019, Nordax also launched mortgage loans in the Norwegian market. As in Sweden, the target group in Norway is the nonstandard segment, i.e. customers who fall outside the narrow framework of the major banks.

New lending has continued to develop well in both Sweden and Norway and the total mortgage portfolio amounted to SEK 5.6 billion as of 31 March 2022 (5.1 billion as of 31 December 2021).

Equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during the beginning of 2022 and shows stable new lending. The market for equity release mortages has good development potential and SHP has a strong brand within the customer group with continued great customer interest. The total portfolio of equity release mortgages amounted to SEK 7.9 billion as of 31 March 2022 (SEK 7.6 billion as of 31 December 2021).

Portfolio development

Total lending as at 31 March 2022 amounted to SEK 75.7 billion (SEK 71.4 billion as at 31 December 2021). All products contributed to the increase in volume.

Capital and liquidity

Nordax's consolidated situation has a very strong capital and liquidity position.

As at 31 March 2022, the Common Equity Tier 1 capital ratio was 15.29% (16.21%), the Tier 1 capital ratio was 17.85% (18.75%) and the total capital ratio was 19.85% (20.83%).

At the same time, the requirements amounted to a Common Equity Tier 1 capital ratio of at least 12.96%, a Tier 1 capital ratio of at least 14.54% and a total capital ratio of at least 16.66%.

The decrease in capital ratios is due to the fact that Common Equity Tier 1 capital has decreased to SEK 9,659 million (9,836) at the same time as the risk-weighted exposure amount increased to SEK 63,161 million (60,691). The decrease in capital is primarily due to the strengthening of NOK which resultated in an increased reduction for godwill and other intangible assets related to the aquisition of Bank Norwegian. The increase in the risk-weighted exposure amount is primarily due to increased lending, and secondly to the strengthening of NOK.

On 18 March 2022, in accordance with Article 352.2 of the Supervisory Ordinance, Nordax was granted an exemption for the inclusion of NOK 7,459 million in goodwill and intangible assets in the calculation of open FX positions. These assets were related to the acquisition of Bank Norwegian. With this exception, the corresponding amount in FX swaps could be closed down, in line with the current risk management strategy. At the consolidated situation this means that the capital base is less scensitive for decreases in NOK. On behalf of Nordax Bank AB the capital requirement increases for FX risk with an amount corresponding to the FX position that was hedged with the closed FW swaps.

The leverage ratio was 10.33% (10.78%).

The liquidity reserve of the consolidated situation amounted to SEK 26.9 billion (SEK 27.8 billion) and consists mainly of covered bonds, treasury bills and investments in Nordic banks. The liquidity coverage ratio (LCR) amounts to 183.3% (124.1%). Excess liquidity from the subsidiary Bank Norwegian is not included in the calculation for the LCR of the consolidated situation. Including excess liquidity from Bank Norwegian the LCR amounts to 476.49%. Stable net financing ratio (NSFR) amounts to 132.87% (134.52%).

Nordax has a diversified financing structure with different sources of capital distributed between banks, the capital market and deposits from the public. Deposits constitute the largest source of financing and as of March 31, 2022, deposits from the public amount to SEK 70,290 million (67,424). For more details about capital and liquidity, see Note 5 Capital adequacy analysis.

Other events

In February 2022, the tense situation in Ukraine escalated into a full-scale war with the Russian invasion. In addition to the dire situation of the Ukrainian people and the destruction and refugee flows that this entails, this action means that there is great uncertainty in both the financial and the real economic markets, through, among other things, rapidly rising energy and fuel prices.

It is still difficult to assess how this will affect Nordax's operations and no concrete effects have yet materialized in terms of lending volumes or repayment patterns, but there is a risk that this is something that may affect the continuation of 2022 and also subsequent years. This development is something Nordax follows through, among other things, scenario analyzes and risk assessments.

During the first quarter, Svensk Hypotekspension AB, through its subsidiary Svensk Hypotekspension 5 AB (publ), raised new bilateral secured financing of SEK 1.75 billion with an international bank. The new financing was received in April and contributed to further strengthening the Group's liquidity and financing position.

Following Nordax' acquisition of Bank Norwegian in November 2021, a process to investigate a potential merger between Bank Norwegian and Nordax has started, with Nordax as the acquiring entity and the operations of Bank Norwegian continued through a Norwegian branch. Preparatory discussions and procedures have been initiated. Any merger will be subject to formal decisions and relevant approvals.

Result January–March 2022

GROUP

Operating profit amounted to SEK 240 million (204). The increase is explained by the consolidation of Bank Norwegian and growing lending. However, the result includes negative exchange rate effects related to the strengthening of the Norwegian krone and increased costs primarily driven by integration costs related to the aquisition of Bank Norwegian.

Net interest income amounted to SEK 1,596 million (416). Net interest income increased mainly through the consolidation of Bank Norwegian. Net interest income also increased through growing lending and by the review carried out during the first quarter regarding estimated effective interest rate.

Credit losses amounted to SEK -610 million (-41), corresponding 3.3 per cent (0.6) of average lending. The increase is mainly explained by the consolidation of Bank Norwegian, but also of estimated effective interest rate.

Operating expenses amounted to SEK -705 million (-210). The increase is mainly explained by the consolidation of Bank Norge, but also by investments in operations, increased personnel costs and sales-related costs.

PARENT COMPANY

Total net sales for the period January–March was SEK 8 million (1).

Total operating expenses for the period January–March was SEK -7 million (-3).

Result from financial investments for the period January–March was SEK -7 million (0).

Risks and internal control

RISKS AND UNCERTAINTIES

Bank Norwegian AS was acquired in 2021, increasing the scope and complexity of the new consolidated situation's business and risks. Thie increased complexity is apparent, for example,in the addition of new Norwegian companies that comply with Norwegian law and the Norwegian implementation of governing regulations. This places greater demands on compliance but is fully in line with the Group's aim to achieve a high level of compliance with often complex regulations. Large-scale efforts have been executed during the period to establish a new Group-wide framework for risk appetite and risk management, as well as to increase the general level of Governance Risk and Compliance maturity within the Group in order to handle the greater complexity and meet the new and increased requirements that apply to the Group.

The Group is exposed to both credit risks and other financial risks, such as market risk and liquidity risk. The Group is also exposed to operational risks, such as IT risks, process risks and external risks, compliance risks, the risk of exposure to financial crime and business risks.

As the business of Bank Norwegian is conducted in Norway by a Norwegian group operating in several currency areas in Europe, the acquisition has resulted in a significantly increased market risk, which has prompted a greater focus in the business on the good management of market risk. The Group's derivatives, which comprises of interest rate swaps and currency swaps, have been entered into in order to hedge the risks relating to interest rate and exchange rate exposures that arise in the Group's operations. All derivatives are measured at fair value in the statement of financial position.

The Group's overall risk policy and risk appetite policy set out the Group's appetite for each risk and the relevant strategy, as well as roles and responsibilities, for managing the risk.

INTERNAL CONTROL

The Group has established an organization of independent risk control and compliance functions in accordance with the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control at credit institutions (FFFS 2014:1) as well as the European Banking Authority's Guidelines on internal governance. The risk control and compliance work within the Group is led and coordinated by the Board's appointed Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) respectively. Significant companies in the Group have their own autonomous control functions with independent areas of responsibility. All independent control functions report directly to their respective Boards of Directors and CEOs. The internal audit was performed during the period by PwC until December 2021 when the internal audit assignment was taken over by EY.

Key Figures

GROUP	Q1 2022	Q4 2021	Q1 2021
Common equity Tier 1 capital ratio in %	15.3	16.2	15.9
Return on equity in %	5.4	-11.3	8.6
Net credit loss level %	3.3	6.9	0.6
Credit losses in % excl. initial effect of acquisitions	-	2.8	-
Cost to income ratio %	45	85	46
C/I ratio in % excl. acquisition costs	-	40	-
Number of employees[1]	525	476	334

1 Number of employees is recalculated to full time employees.

Consolidated income statement

GROUP All amounts in MSEK	Note	Q1 2022	Q4 2021	Q1 2021
Operating income				
Interest income	8	1,829	1,341	506
Interest expense	8	-233	-189	-90
Total net interest income		1,596	1,152	416
Commission income	8	69	107	19
Net profit from financial transactions	8	-110	-54	21
Other operating income		0	0	-1
Total operating income		1,555	1,205	455
Operating expenses				
General administrative expenses	8	-401	-824	-153
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	8	-72	-51	-15
Other operating expenses	8	-232	-148	-41
Total operating expenses		-705	-1,023	-210
Profit before credit losses		850	182	245
Net credit losses[1]	3,8	-610	-361	-41
Credit losses, initial effect of acquisitions[2]		-	-537	-
Operating profit		240	-716	204
Tax on profit for the period		-55	163	-44
NET PROFIT FOR THE PERIOD		185	-553	160

Consolidated statement of comprehensive income

All amounts in MSEK	Note	Q1 2022	Q4 2021	Q1 2021
Items to be reclassified in the income statement				
Gains and losses on revaluation during the year		116	3	-
Tax on gains and losses on revaluation during the year		-25	0	-
Total cash flow hedges		91	3	-
Translation of foreign subsidiaries		750	402	-
Hedge accounting of net investment before tax		-893	-369	-
Tax		182	76	-
Total translation differences		39	109	-
Items not to be reclassified in the income statement				
Changes in value of other shares		-	-	-
Total		-	-	-
Total other comprehensive income		130	112	-
COMPREHENSIVE INCOME		315	-441	-
Attributable to:				
The Parent Company's shareholders		282	-458	-
Holders of Tier 1 capital		33	17	-

[1] Refers to expected credit losses excluding the initial effect of acquisitions
[2] Refers to expected credit losses in relation to the initial effect of the acquisition of Bank Norwegian, as the acquisition of Bank Norwegian increase the Nordax Group's lending to the general public of MSEK 36,398.

Parent Company income statement

Alla belopp anges i MSEK	Not	JAN-MAR 2022	OKT-DEC 2021	JAN-MAR 2021
Net sales		8	3	1
Total net sales		8	3	1
Operating expenses				
Employee expenses		-6	-4	-1
Other external expenses		-1	-10	-2
Total operating expenses		-7	-14	-3
Operating profit		1	-11	-2
Result from financial investments				
Profit from shares in group companies		-	-	-
Interest expenses and similar expenses		-7	-5	0
Received group contribution		-	5	-
Dividend received		-	-	-
Result from financial investments		-7	0	0
Result after financial items		-6	-11	-2
Tax on profit for the period		0	-1	0
NET PROFIT FOR THE PERIOD		-6	-12	-2

Parent company statement of comprehensive income

Comprehensive income corresponds to net profit for the period.

Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP 31 March 2022	31 December 2021
ASSETS			
Lending to central banks	6,7	1,668	1,924
Lending to credit institutions	6,7,9	3,678	3,258
Lending to the general public	4,6-9	75,722	71.391
Bonds and other fixed-income securities	6,7	21,609	23,318
Derivatives[4]	6,7	397	140
Other shares	6,7	156	154
Intangible assets		12,791	12,549
Tangible assets		10	11
Right-of-use assets		79	82
Current tax assets		2	2
Other assets	6,7	632	76
Prepaid expenses and accrued income		62	64
TOTAL ASSETS		116,806	112,969
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	6,7	6,775	6,609
Deposits from the general public	6,7	70,290	67,424
Issued securities	6,7	11,497	10,866
Derivatives	6,7	733	437
Current tax liabilities		254	479
Deferred tax liability		939	1 083
Other liabilities	6,7	557	570
Accrued expenses and deferred income		419	481
Subordinated liabilities	6,7	1,735	1,721
Total liabilities		93,199	89,670
Equity			
Share capital		2	2
Other reserves		20,917	20,917
Other funds		-	-
Fair value reserve		35	35
Cash flow hedges		92	3
Tier 1 capital instruments		1,778	1,757
Translation of foreign operations, net		133	109
Retained earnings, incl. profit for the year		650	476
Total equity		23,607	23,299
TOTAL LIABILITIES, PROVISIONS AND EQUITY		116,806	112,969

[1] Liabilities to securitization firms refer in their entirety to liabilities to subsidiaries for the securitized loans, which are reported by Nordax Bank AB, since the derecognition rules according to IFRS 9 have not been met.

Consolidated statement of financial position

All amounts in MSEK	Not	Parent Company 31 MARS 2022	 31 DECEMBER 2021
Financial assets			
Shares in group companies		22,014	22,014
Total financial assets		22,014	22,014
Total fixed assets		22,014	22,014
Short-term assets			
Receivables group companies		827	821
Other assets		0	0
Perpaid expenses and accrued income		1	1
Total short-term assets		828	822
Cash and bank balances		146	157
Total current assets		974	979
Total assets		22.988	22,993
Liabilities, provisions and equity			
Equity			
Share capital		2	2
Other reserves		20,917	20,917
Tier 1 capital instruments		1,325	1,320
Retained earnings, incl. profit for the year		113	125
Total equity		22,357	22,364
Liabilites			
Current liabilities			
Current tax liabilities		0	1
Accrued expenses and prepaid income		2	1
Other liabilities		9	13
Subordinated liabilities		620	614
Total current liabilities		631	629
Total liabilities		631	629
Total liabilities, provisions and equity		22,988	22,993

Statement of cash flows

GROUP All amounts are in MSEK	JAN-MAR 2022	JAN-MAR 2021
Operating activities		
Operating profit [1]	240	215
Adjustment for non-cash items		
Exchange rate effects	31	-39
Depreciation, amortization and impairment of property, plant & equipment	70	7
Amortization of financing costs	5	1
Reversal of acquired surplus value in lending to the general public	85	1
Unrealized changes in value of bonds and other fixed income securities	-779	1
Net changes in hedged items in hedge accounting	-620	-
Credit losses	759	168
Income tax paid	-303	-42
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-4,141	-1,037
Decrease/Increase in other assets	-567	-6
Decrease/Increase in deposits from the general public	1,890	3,200
Decrease/Increase in other liabilities	-236	29
Cash flow from operating activities	-3,566	2,497
Investing activities		
Purchase of shares	-1	-
Purchase of equipment	1	-1
Investments in intangible assets	-7	-
Investment in bonds and other interest bearing securities	-10,792	-446
Sale/disposal of bonds and other fixed income securities	13,932	373
Cash flow from investing activities	3,133	-74
Financing activities		
Change to liability to credit institutions	167	-255
Change issued securities	361	0
Change subordinated liabilities	-19	1
Tier 1 capital dividend [2]	-7	-
Cash flow from financing activities	502	-254
Cash flow for the period	69	2,169
Cash and cash equivalents at the beginning of the period	5,182	1,829
Exchange rate differences and cash equivalents	95	21
Cash and cash equivalents at the end of the period	5,346	4,019

[1] Whereof received interest 1,584 MSEK (419) and paid interest 204 MSEK (75 MSEK).
[2] Tier 1 capital issued refers to the cash received less transaction costs and interest paid.

Cash and cash equivalents are defined as lending to central banks excluding rix certificates and lending to credit institutions. Pledged cash and cash equivalents under Note 9 are available to Nordax in connection with monthly settlement under financing agreements and are therefore defined as cash and cash equivalents due to being pledged for a maximum of 30 days and therefore short-term.

Statement of changes in equity

GROUP

All amounts are in MSEK	Share capital	Other reserves	Transla-tion of foreign opera-tions	Fair value reserv	Cash flow hedges	Retained earning	Sum	Tier 1 capital instru-ments	TOTAL
OPENING BALANCE 1 JANUARY 2021	1	6,777	-	35	-	645	7,458	-	7,458
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	-154	-154	17	-137
Other comprehensive income	-	-	109	-	3	-	112	-	112
Total comprehensive income	-	-	109	-	3	-154	-42	17	-25
Reclassification	-	-	-	0	-	-5	-5	-	-5
Tier 1 capital instruments acquired[1]	-	-	-	-	-	-	-	428	428
Tier 1 capital instruments issued[1]	-	-	-	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments[1]	-	-	-	-	-	-10	-10	-4	-14
Transactions with shareholders									
Non-cash issue[2]	0	4,491	-	-	-	-	4,491	-	4,491
New share issue[3]	1	9,649	-	-	-	-	9,650	-	9,650
Total transactions with shareholders	1	14,140	-	-	-	-	14,141	-	14,141
CLOSING BALANCE 31 DECEMBER 2021	2	20,917	109	35	3	476	21,542	1,757	23,299
OPENING BALANCE 1 JANUARY 2022	2	20,917	109	35	3	476	21,542	1,757	23,299
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	168	168	17	185
Other comprehensive income	-	-	24	-	89	-	113	16	130
Total comprehensive income	-	-	24	-	89	168	281	33	315
Change in Tier 1 capital instruments	-	-	-	-	-	6	6	-12	-6
CLOSING BALANCE 31 MARCH 2022	2	20,917	133	35	92	650	21,829	1,778	23,607

[1]Instruments issued are deemed to meet the conditions for an equity instrument, of which MSEK 437 relating to Tier 1 capital instruments in Bank Norwegian as at 31 December 2021, corresponding MSEK 428 at the time of acquisition.
[2] A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.
[3]New share issue and shareholder contributions have been received as part of the financing of the acquisition of Bank Norwegian. The contingent shareholder contribution amounts to MSEK 8,449.

Statement of changes in equity

PARENT COMPANY

All amounts are in MSEK	Restricted eqity		Non-restricted equity			
	Share capital	Other Funds	Retained Earnings	Sum	Tier1 capital instru-ments	TOTAL
OPENING BALANCE 1 JANUARY 2021	1	6,777	-2	6,776	-	6,776
Comprehensive income						
Net profit/loss for the year	-	-	125	125	11	136
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	125	125	11	136
Tier 1 capital instruments issued[1]	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments[1]	-	-	-	-	-7	-7
Transactions with shareholders						
Non-cash issue[2]	0	4,491	-	4,491	-	4,491
New share issue[3]	1	9,649	-	9,650	-	9,654
Other	-	-	2	2	-	2
Total transactions with shareholders	1	14,140	2	14,143	-	14,143
CLOSING BALANCE 31 DECEMBER 2021	2	20,917	125	21,044	1,320	22,364
OPENING BALANCE 1 JANUARY 2022	2	20,917	125	21,044	1,320	22,364
Comprehensive income						
Net profit/loss for the year	-	-	-23	-23	17	-6
Total comprehensive income	-	-	-23	-23	17	-6
Change in Tier 1 capital instruments	-	-	12	12	-12	-
CLOSING BALANCE 31 MARCH 2022	2	20,917	113	21,032	1,325	22,357

[1] Instruments issued are deemed to meet the conditions for an equity instrument,
[2] A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.
[3] New share issue and shareholder contributions have been received as part of the financing of the acquisition of Bank Norwegian. The contingent shareholder contribution amounts to MSEK 8,449.

Notes

Amounts stated in the notes are in MSEK unless otherwise stated.
The information on pages 1-3 is an integrated part of this interim report.

Note 1 General Information

Nordax Holding AB (publ) (Corporate Identity Number 559097-5743), with its registered office in Stockholm, is the parent company to Nordax Group AB (publ) (Corporate Identity Number 556993-2485), registered office in Stockholm.

Nordax Group includes Nordax Bank AB (publ) with subsidiaries which are includede in the group to conduct lending to the general publicin the form of personal loans, mortgage loans, equity release mortgages and credit cards in the Nordic countries, Germany and Spain. Some of the subsidiaries operations involve the acquisition of loan portfolios originating from Nordax Bank AB (publ) and Svensk Hypotekspension AB for the purpose of raising loan or bond financing. Some of these companies are dormant and currently do not conduct any operations.

Note 2 Accounting and valuation Principles

The interim report has been prepared according to IAS 34, Interim Financial Reporting. The consolidated accounts for the Nordax Holding Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, together with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Accounting Regulations for Groups, and the Swedish Financial Supervisory Authority's regulations and guidelines FFFS 2008:25.

The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act. The Swedish Financial Reporting Board's Recommendation RFR 2 "Accounting for Legal Entities" has also been applied.

Changed accounting policies that have applied as of 2022
During the period, no accounting standards were added, which have been published but not yet applied, with any significant effect on the Group's financial reports or on capital adequacy and large exposures. For the Group, fair value hedging has been expanded and from 2022 is also applied for changes in currency regarding lending to the public.

The report has otherwise been prepared in accordance with the same accounting principles and calculation methods that were applied in the annual report for 2021.

Note 3 Credit risk

GROUP All amounts in MSEK	Q1 2022	Q4 2021	Q1 2021
Credit losses, Lending to the general public			
Stage 1	2	-305	1
of which initial effect of acquisitions [1]	–	*-304*	–
Stage 2	-12	-253	42
of which initial effect of acquisitions[1]	–	*-233*	–
Stage 3	-600	-341	-85
Total credit losses	-610	-898	-41
Total of which initial effects of acquisitions[1]	–	*-537*	–

[1]Lending to the general public is measured at its fair value in the acquisition of Bank Norwegian on 2 November 2021. For Stage 1 lending acquired, an initial ECL of MSEK 537 has been recognised in connection with the acquisition.

Note 4 Lending to the general public

GROUP

31 March 2022	Sweden	SHP	Norway	Finland	Denmark	Germany and Spain	TOTAL	Allocation of provision past due receivables	
Stage 1	20,805	7,892	17,444	13,536	4,816	828	65,321	-691	1%
Stage 2	1,294	19	1,261	1,285	137	40	4,037	-463	11%
Stage 3	3,255	3	4,812	4,537	500	243	13,350	-5,832	44%
Total	25,354	7,914	23,517	19,358	5,453	1,112	82,708	-6,986	-8%
Reserve	-1,942	-10	-2,132	-2,222	-463	-217	-6,986		
Total lending to the general public	23,412	7,904	21,385	17,136	4,990	895	75,722		

GROUP

31 December 2021	Sweden	SHP	Norway	Finland	Denmark	Germany and Spain	TOTAL	Allocation of provision past due receivables	
Stage 1	19,273	7,612	16,615	12,853	4,466	508	61,327	-686	1%
Stage 2	1,278	18	1,103	1,266	134	30	3,829	-444	12%
Stage 3	3,031	3	4,604	4,638	452	242	12,970	-5,605	44%
Total	23,582	7,633	22,322	18,757	5,052	780	78,126	-6,735	9%
Reserve	-1,851	-8	-1,987	-2,237	-446	-206	-6,735		
Total lending to the general public	21,731	7,625	20,335	16,520	4,606	574	71,391		

The acquisition of Bank Norwegian included Stage 3 lending of MSEK 7,903 gross and MSEK 4,912 net. The lending acquired has reduced, but as a result of a strengthening in NOK since the acquisition, the Stage 3 lending acquired amounts to MSEK 8,018 gross and MSEK 4,966 net as at 31 December 2021. These have been reported gross in the table above.

No lending to the general public in the Parent Company

Note 5 Capital adequacy analysis

The capital adequacy information contained in this document relates to such information as is required to be disclosed in accordance with Chapter 8, Section 4 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual accounts for credit institutions and securities companies (FFFS 2008:25) relating to information in Article 447 of Regulation (EU) No 575/2013, as well as Chapter 8, Section 1 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding prudential requirements and capital buffers (FFFS 2014:12), as well as such information as is required to be disclosed in accordance with Chapter 5, Section 2 of the Swedish Financial Supervisory Authority's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7).

Other information that is required in accordance with EBA/GL/2018/01 is disclosed on the website www.nordaxgroup.com.

Combined buffer requirement

The combined buffer requirement for the consolidated situation comprises of a capital conservation buffer and a countercyclical capital buffer. A systemic risk buffer has also been added as of November 2021 in connection with the acquisition of Bank Norwegian. The capital conservation buffer requirement is 2.5 percent of the risk-weighted exposure amount. The countercyclical capital buffer is weighted according to geographical requirements. There were no changes in respect of the countercyclical capital buffer during the quarter. The requirement for Denmark, Finland, Spain, Sweden and Germany was 0%, while the requirement for Norway was 1%. The systemic risk buffers 3% of Bank Norwegian's total risk-weighted exposure amount.

Information about the corporate structure

The parent company in the consolidated situation is Nordax Holding AB (publ). The following companies are included in the consolidated situation when calculating capital requirements: Nordax Holding AB, Nordax Group AB, Nordax Bank AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB, Nordax Nordic 4 AB (publ), Svensk Hypotekspension AB and its subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ), as well as Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd.

There were changes to the consolidated situation in November 2021 when Nordax Bank AB acquired Bank Norwegian ASA. As a result of this change, Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd are included in the consolidated situation.

The acquisition was financed by Nordax Holding AB (publ) making a new issue of shares with a value amounting to NOK 9.7 billion. In addition to this Nordax Holding AB also issued SEK 1.4 billion Tier 1 capital and SEK 650 million in supplementary capital, which were subscribed for by external investors. Subsequently, Nordax Group issued the corresponding instruments and amounts subscribed by Nordax Holding AB (publ). Nordax Bank AB then issued corresponding amounts and instruments subscribed by Nordax Group AB. Nordax Bank also financed the acquisition via a non-cash issue of Bank Norwegian shares with a value amounting to SEK 4.4 billion, unconditional shareholder contributions of SEK 1 billion and conditional shareholder contributions of SEK 8.4 billion.

In addition to the above, Bank Norwegian's part of Other Tier 1 capital of SEK 292 million and supplementary capital of SEK 526 million and Nordax Bank's supplementary capital of SEK 114 million are also included in the consolidated situation's capital base. On behalf of Nordax Bank, the capital requirement increased due to the shareholding in Bank Norwegian, while at the consolidated level, the capital requirement was increased by including Bank Norwegian's assets.

All amounts in MSEK	CONSOLIDERAD SITUATION 31 March 2022	31 December 2021
OWN FUNDS		
Common equity Tier 1 capital	22,566	22,409
Deduction from own funds	-12,906	-12,573
Total common equity Tier 1 capital	9,659	9,836
Tier 1 Capital, minority[4]	1,617	1,545
Sum Tier 1 capital	11,276	11,381
Tier 2 capital[3]	1,259	1,261
Net own funds	12,536	12,642
Risk exposure amount for credit risk	57,461	54,965
Risk exposure amount for market risk	0	0
Risk exposure amount for market risk	5,526	5,526
CVA	174	200
Total risk exposure amount (risk weighted assets)	63,161	60,691
Capital relations and buffers		
Common equity Tier 1 capital ratio	15,29%	16,21%
Tier 1 capital ratio	17,85%	18,75%
Total capital ratio	19,85%	20,83%
Total common equity Tier 1 capital requirement including buffer requirement	9,14%	9,22%
- of which, capital conservation buffer requirement	2,50%	2,50%
- of which, countercyclical capital buffers	0,30%	0,31%
-of which systemic risk buffer	1,84%	1,91%
Common equity Tier 1 capital available for use as buffer[1]	8,29%	9,21%
Specification own funds		
Common equity Tier 1 capital:		
Capital instruments and the related share premium accounts	20,920	20,920
-of which share capital	2	2
- of which other contributed capital	20,918	20,918
-of which other funds	-	-
Retained earnings	464	612
Other comprehensive income	-	-
Deferred tax liabilities attributable to other intangible assets	599	593
Other transition adj. of common equity Tier 1 capital	137	275
Minority interest	-	-
Independently audited interim results after deductions foreseeable divi- dends	445	9
Common equity Tier 1 capital before regulatory adj.	22,566	22,409
Regulatory adjustments:		
(-)Intangible assets	-12,791	-12,550
(-)Common equity Tier 1 instruments in the units in the financial sector where the institution does not have a signifi- cant holding	-	-
Prudent valuation	-115	-23
Total regulatory adjustment to common equity Tier 1	-12,906	-12,573
Common equity Tier 1	9,659	9,836
Tier 1 capital		
-Tier 1	1,325	1,332
-Tier 1, minority	292	213
Tier 1 capital, total	11,276	11,381
Tier 2 capital instrument		
Tier 2 capital instrument	620	634
Tier 2 capital	639	627
Total capital	12,536	12,642
Total risk weighted assets	63,161	60,691
Specification of risk exposure amount[2]		
Exposures to national governments and central banks	557	187
Exposures to regional governments and local authorities	786	1,159
Institutional exposures	899	972
Covered bonds	746	1,191
Household exposures	40,733	38,220
Exposures secured by mortgages on immovable property	4,758	4,464
Equity exposures	156	154
Past due items	8,450	8,310
Corporate exposures	-	-
Other items	376	507
Total risk exposure amount for credit risk, standardized approach	57,461	54,964

All amounts in MSEK	CONSOLIDERAD SITUATION 31 March 2022	31 December 2021
Exchange rate risk	0	0
Total risk exposure amount for market risk	0	0
Operative risk according to alternative standardized method	5,526	5,526
Total risk exposure amount for operational risks	5,526	5,526
Credit valuation adjustment risk (CVA)	174	200
Total risk exposure amount for credit valuation adjustment risk	174	200
Total risk exposure amount	63,161	60,691
Specifikation capital requirement[2]		
Creditrisk		
Exposures to national governments and central banks	45	15
Exposures to regional governments and local authorities	63	93
Institutional exposures	72	78
Covered bonds	60	95
Household exposures	3,258	3,057
Exposures secured by mortgages on immovable property	381	357
Equity exposures	12	12
Past due items	676	665
Corporate exposures	0	0
Other items	30	41
Total capital requirement for creditrisk	4,597	4,397
Market risk		
Exchange rate risk	0	0
Total risk exposure amount for market risk	0	0
Operational risk		
Operational risk	442	442
Total risk exposure amount for operational risks	442	442
Credit valuation adjustment risk (CVA)		
Credit valuation adjustment risk (CVA)	14	16
Total capital requruiemnt for CVA risk	14	16
Total capital requirement	5,053	4,855
Capital requirement, percent of risk exposure amount		
Pillar 1	8,00%	8,00%
Pillar 2	4,02%	4,76%
Capital conservation buffer	2,50%	2,50%
Institute-specific countercyclical buffer	0,30%	0,31%
Systemic risk buffer - Norway	1,84%	1,91%
Total capital requirement	**16,66%**	**17,48%**
Capital requirement, MSEK		
Pillar 1	5,053	4,855
Pillar 2	2,538	2,892
Capital conservation buffer	1,579	1,517
Institute-specific countercyclical buffer	188	185
Systemic risk buffer - Norway	1,164	1,159
Capital Requirement	**10,523**	**10,608**
LEVERAGE RATIO		
Exposure measure for calculating leverage ratio	109,173	105,585
Tier 1 capital	**11,276**	**11,381**
Leverage ratio	**10,33%**	**10,78%**
Requirements for leverage ratio, MSEK	3,275	3,168
Requirements for leverage ratio, percentage	3%	3%

[1]Common Equity Tier 1 capital available for use as a buffer less Common Equity Tier 1 capital used to fulfil the own funds requirement under Pillar 1 and the capital conservation buffer. Indicated as a percentage of the risk-weighted exposure amount.
[2]The capital requirement amounts to 8% of the risk exposure amount in accordance with Regulation (EU) No 575/2013.
[3]The debenture loans of Nordax Bank and Bank Norwegian may only be included in the consolidated situation's own funds at the proportion required to cover each bank's capital requirements. As at 31 December 2021, the eligible Tier 2 capital was therefore MSEK 156 from Nordax and MSEK 472 from Bank Norwegian. During October and November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued additional Tier 2 capital with a value of MSEK 650.
[4]During November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued other Tier 1 capital of MSEK 1,400. Other Tier 1 capital of Bank Norwegian is included at an amount of MSEK 292.
[5]Nordax Bank AB and the consolidated situation have decided to apply the transitional arrangements under Article 473a of Regulation (EU) No 575/2013 pursuant to paragraphs 2 and 4.

Template EU KM1 - Key metrics template

CONSOLIDATED SITUATION

All amounts in MSEK		a	b	c	d	e
Available own funds (amounts)		20220331	20211231	20210930	20210630	
1	Common Equity Tier 1 (CET1) capital	9,659	9,836	3,671	3,597	
2	Tier 1 capital	11,276	11,381	3,671	3,597	
3	Total capital	12,536	12,642	3,894	3,814	
Risk-weighted exposure amounts						
4	Total risk exposure amounts	63,161	60,691	23,535	22,414	
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.29%	16.21%	15.60%	16.05%	
6	Tier 1 ratio (%)	17.85%	18.75%	15.60%	16.05%	
7	Total capital ratio (%)	19.85%	20.83%	16.55%	17.02%	
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.56%	3.69%	-	-	
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.56%	3.69%	-	-	
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	
EU 7d	Total SREP own funds requirements (%)	11.56%	11.69%	8%	8%	
Combined buffer and overall capital requirement (as a percentage of risk- weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	
9	Institution specific countercyclical capital buffer (%)	0.30%	0.31%	0.21%	0.20%	
EU 9a	Systemic risk buffer (%)	-	-	-	-	
10	Global Systemically Important Institution buffer (%)	-	-	-	-	
EU 10a	Other Systemically Important Institution buffer (%)	1.84%	1.91%	-	-	
11	Combined buffer requirement (%)	4.64%	4.72%	2.71%	2.70%	
EU 11a	Overall capital requirements (%)	16.66%	17.48%	10.71%	10.70%	
12	CET1 available after meeting the total SREP own funds requirements (%)	7.23%	8.02%	8.55%	9.02%	
Leverage ratio						
13	Total exposure measure	109,173	105,585	41,965	39,832	
14	Leverage ratio (%)	10.33%	10.78%	8.75%	9.03%	
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	
EU 14c	Total SREP leverage ratio requirements (%)	-	-	-	-	
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	3.00%	3.00%	3.00%	3.00%	
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	
Liquidity Coverage Ratio[1]						
15	Total high quality liquid assets (HQLA) (Weighted value -average)	7,236	6,008	4,729	3,635	
EU 16a	Cash outflows - Total weighted value	5,738	3,857	2,653	2,727	
EU 16b	Cash inflows - Total weighted value	3,461	3,154	2,820	3,192	
16	Total net cash outflows (adjusted value)	2,277	964	663	682	
17	Liquidity coverage ratio (%)	317.73%	623.03%	713.04%	533.10%	
Net Stable Funding Ratio						
18	Total available stable funding	105,445	102,580	42,216	40,399	
19	Total required stable funding	79,357	76,258	33,262	31,225	
20	NSFR ratio (%)	132.87%	134.52%	127%	129.38%	

1 Expressed as simple averages of the observations at the end of the month during the twelve months before the end of each quarter.

Internally assessed capital requirement

As at 31 March 2022, the internally assessed capital requirement in the consolidated situation amounted to MSEK 2,538 MSEK (2,892 MSEK). The total capital requirement for the period amounts to MSEK 10,523 (10,608 MSEK).

Nordax Bank's internal capital requirements are assessed using internal models for economic capital. Where applicable, methods established by the Swedish Financial Supervisory Authority are used. Through the Norwegian Financial Supervisory Authority, Bank Norwegian has received a Pillar 2 requirement of 5.8% of Bank Norwegian's total risk-weighted exposure amount, which exceeds the internally assessed capital requirements. The requirements of the Norwegian Financial Supervisory Authority have been included in the consolidated situation's total Pillar 2 requirements through the aggregation method.

Nordax has not received any Pillar 2 guidance as Swedish Financial Authority has not yet completed its Review and Evaluation process. Bank Norwegian has been recommended by the Norwegian Financial Supervisory Authority to maintain a CET1 margin of 1% of Bank Norwegian's total risk-weighted exposure amounts. As of December 31, 2021, the recommended margin was included in the Pillar 2 requirements and contributed 0.64% to the group's Pillar 2 requirements. In connection with the internal capital evaluation carried out during Q1, 2022, an assessment has been made that the Financial Supervisory Authority's recommendation is not a formally decided Pillar 2 guide. The recommended margin has therefore been excluded from the Pillar 2 requirements as of March, 2022. Bank Norwegian's CET1 margin is, however, covered indirectly within the framework of Nordax's combined board and management limit (1.5%).

Leverage ratio

According to amendments to the Capital Requirements Regulation, a minimum leverage ratio requirement of 3.0 percent has been introduced as of 28 June 2021. The consolidated situation had a leverage ratio of 10.33% (10.78%), which is well above the requirement of 3%.

Information about liquidity risk

The Group defines liquidity risk as the risk of being unable to meet its payment obligations on time without a significant increase in the cost of obtaining means of payment. The Group uses asset-related financing, where portions of the Group's asset portfolios are pledged as collateral for borrowing. The Group's long-term strategy is to match the lending assets with the maturity of the liabilities. The strategy aims to achieve a diversified financing platform consisting of equity, subordinated liabilities, asset-backed securities ("ABS"), credit facilities from banks, deposits from the general public and corporate bonds.

The goal is to use sources of funding that meet the following criteria:

· Provide a high level of matching, of both currency and fixed-interest period, as well as of the maturity of assets and iabilities.

· Offer diversification in terms of markets, investors, instruments, maturity, currency and counterparties, as well as geographically.

· Provide a low liquidity risk and have a high possibility of refinancing on maturity, as indicated by price stability, regular issue frequency and breadth of investor base.

· Provide access to relatively large volumes in order to satisfy the need to fund a growing balance sheet.

The Group has an independent function for the control of liquidity risk. The function reports directly to the Board of Directors and the CEO. The liquidity risk is reported at each Board meeting. The cash flows are calculated that are expected to result when all assets, liabilities and off-balance-sheet items are settled. Key figures from the balance sheet (such as cash ratio, loan to deposit ratio, liquidity coverage ratio, net stable funding ratio and deposit usage) are calculated and monitored over time to highlight the financial structure and the Group's liquidity risk. The liquidity risk is measured monthly in relation to different scenarios and events (such as poorer advance rates and changed cash flows) and is highlighted on an individual basis and in combination.

The contingency funding plan contains clear divisions of responsibility and instructions for how the Group will address a liquidity crisis. The plan specifies appropriate measures for handling the consequences of different types of crisis situations and contains definitions of events that trigger and escalate the contingency plan. The contingency plan has been tested and updated.

As at 31 March 2022, Nordax consolidated situation had a Liquidity Coverage Ratio (LCR) of 183.3% (124% [1]). As at the same date, the Net Stable Funding Ratio (NSFR) was 132.87% (134.52%), calculated in accordance with the definition pursuant to Regulation (EU) No 575/2013.

Nordax Holding's liquidity reserve as at 31 March 2022 was SEK 26.9 billion (SEK 27.8 billion). Of these investments, 60 % (43%) were in covered bonds, 13.46% (9%) in Nordic banks and the remainder invested in Riksbank, treasury bills and municipal bonds. The investments generally have a credit rating of between AAA and A. The average maturity of the liquidity reserve was 516 days (457).

Nordax Holding's sources of funding as at 31 March 2022 consisted of MSEK 2,250 (2,250) of funding through the asset-related bond market (securitised), MSEK 9,247 (8,605) in corporate bonds, MSEK 6,775 (6,608) of financing against collateral from international banks and MSEK 70,290 (67,424) in deposits from the general public.

[1] When calculating the LCR of the consolidated situation, Nordax has chosen to include only the liquidity buffer required to cover Bank Norwegian's net outflow, as Nordax does not consider that the liquidity in excess of 100% of Bank Norwegian's net outflow can be freely used by the consolidated situation. If Bank Norwegian's surplus liquidity were to be included in the consolidated situation, the LCR would be 358%.

[2] Nordax revised the LCR for Q4 2020 during the quarter due to a reclassification of the buffer; the previously reported figure was 472 percent.

The tabel below presents information in accordance with Regulation EU No 575/2013 Article 473a paragraph 6 and the disclosure requirement in Part 8 of the same Regulation.

Template IFRS 9-FL: Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

Available capital all amounts in MSEK		T	T-1	T-2	T-3	T4
		20220331	20211231	20210930	20210630	20210331
1	Common Equity Tier 1 (CET1) capital	9,659	9,837	3,671	3,597	3,490
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,522	9,562	3,456	3,372	3,252
3	Tier 1 capital	11,276	11,382	3,671	3,597	3,490
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,139	11,107	3,456	3,372	3,252
5	Total capital	12,536	12,643	3,894	3,814	3,707
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,398	12,368	3,679	3,590	3,469
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	63,161	60,690	23,535	22,414	21,886
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	63,023	60,416	23,320	22,190	21,648
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15,29%	16,21%	15,60%	16,05%	15,95%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,11%	15,83%	14,82%	15,20%	15,02%
11	Tier 1 (as a percentage of risk exposure amount)	17,85%	18,75%	15,60%	16,05%	15,95%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17,67%	18,38%	14,82%	15,20%	15,02%
13	Total capital (as a percentage of risk exposure amount)	19,85%	20,83%	16,55%	17,02%	16,94%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19,67%	20,47%	15,78%	16,18%	16,02%
	Leverage ratio					
15	Leverage ratio total exposure measure	109,173	105,310	41,964	39,610	36,887,
16	Leverage ratio	10,33%	10,81%	8,75%	9,08%	9,46%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,20%	10,55%	8,23%	8,51%	8,82%

Note 6 Classification of financial assets and liabilities

GROUP

31 March 2022	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to central banks	–	1,668	–	–	1,668
Lending to credit institutions	–	3,678	–	–	3,678
Lending to the general public	–	75,722	–	–	75,722
Bonds and other fixed-income securities	21,609	–	–	–	21,609
Other shares	29	–	–	127	156
Derivatives	339	–	–	58	397
Other assets	–	525	–	–	525
Total assets	21,977	81,593	–	185	103,755
Liabilities					
Liabilities to credit institutions	–	–	6,775	–	6,775
Deposits from the general public	–	–	70,290	–	70,290
Issued securities	–	–	11,497	–	11,497
Subordinated liabilities	–	–	1,735	–	1,735
Derivatives	733	–	–	–	733
Other liabilities	–	–	118	–	118
Total liabilities	733	–	90,415	–	91,148

GROUP

31 December 2021	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to central banks	–	1,924	–	–	1,924
Lending to credit institutions	–	3,258			3,258
Lending to the general public	–	71,391	–	–	71,391
Bonds and other fixed-income securities	23,318	–	–	–	23,318
Other shares		–	–	154	154
Derivatives	140	–	–	–	140
Other assets	–	2	–	–	2
Total assets	23,458	76,575	–	154	100,187
Liabilities					
Liabilities to credit institutions	–	–	6,609	–	6,609
Deposits from the general public	–	–	67,424	–	67,424
Issued securities	–	–	10,866	–	10,866
Subordinated liabilities	–	–	1,721	–	1,721
Derivatives	437	–	–	–	437
Other liabilities	–	–	128	–	128
Total liabilities	437	–	86,748	–	87,185

Note 7 Fair values of financial assets and liabilities

GROUP

31 March 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	1,668	1,668	–
Lending to creditinstitutions[1]	3,678	3,678	–
Lending to the general public[2]	75,722	78,972	3,250
Bonds and other fixed-income securities	21,609	21,609	–
Other shares	156	156	–
Derivatives	397	397	–
Other assets	525	525	–
Total Assets	103,755	107,005	3,250
Liabilities			
Liabilities to credit institutions[1]	6,775	6,775	–
Deposits from general public[1]	70,290	70,290	–
Issued securities[3]	11,497	11,505	8
Derivatives	733	733	–
Subordinated liabilities[3]	1,735	1,743	8
Total Liabilities	91,030	91,046	16

GROUP

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	1,924	1,924	–
Lending to creditinstitutions[1]	3,258	3,258	–
Lending to the general public[2]	71,391	74,375	2,984
Bonds and other fixed-income securities	23,318	23,318	–
Other shares	154	154	–
Derivatives	140	140	–
Total Assets	100,185	103,169	2,984
Liabilities			
Liabilities to credit institutions[1]	6,609	6,609	–
Deposits from general public[1]	67,424	67,424	–
Issued securities[3]	10,866	10,947	81
Derivatives	437	437	–
Subordinated liabilities[3]	1,721	1,756	35
Total Liabilities	87,057	87,173	116

1 Fair value is deemed to be the same as the carrying amount, as these are of a short-term nature.
2 The measurement includes significant observable and non-observable inputs.
3 Fair value data for issued securities and debenture loans are based directly or indirectly on quoted prices.

Calculation of fair value

The fair value of financial instruments traded in an active market (e.g. financial assets held for trading and available-for-sale financial assets) is based on quoted market prices on the balance sheet date. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or monitoring authority are readily and regularly available and these prices represent real and regularly occurring arm's length market transactions. The quoted market price used for the Group's financial assets is the current purchase price. These instruments are classified as level 1.

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. When available, market data is used here as far as possible. If all the material inputs required for the fair value measurement of an instrument are observable, either directly (i.e. as quoted prices) or indirectly (i.e. as derived quoted prices), the instrument is classified as level 2.

Where one or more material inputs are not based on observable market data, the instrument concerned is classified as level 3. The table below shows financial instruments measured at fair value, based on their classification in the fair value hierarchy.

Valuation techniques for measuring fair value – level 2.

·The value of lending to the general public has been measured based on observable market data by discounting the expected future cash flows of the assets to present value using a discount factor. The expected future cash flows have been based on the size of the portfolio at the end of the balance sheet date and an expected future cash flow on the maximum maturity of the portfolio.

·The fair value of bonds is measured by calculating discounted cash flows. The current market interest rate is use for discounting.

·The fair value of currency futures contracts is measured as the present value of future cash flows based on currency futures rates at the balance sheet date.

Fair value measurement using material, unobservable inputs – level 3.

Nordax has a holding of unlisted shares in Stabelo AB that is valued at fair value based on unobservable inputs. No significant events affecting fair value are deemed to have occurred since the new share issue in October 2020 and the balance sheet date of 31 March 2022, therefore the value has been measured based on the issue price at the last new share issue. The acquisition of Bank Norwegian included shares and holdings classified in level 3.

There were no transfers between levels in 2022.

The table below shows the changes that have occurred in relation to level 3 instruments:

Unlisted shares	MSEK
Opening balance 1 January 2021	**127**
Transfers from level 2	–
Acquisitions	27
Sales	–
Losses (–) recognized in other comprehensive income	–
Profits (+) recognized in other comprehensive income	–
Closing balance 31 December 2021	**154**
Acquisitions	–
Currency change	2
Sales	–
Closing balance 31 March 2022	**156**

GROUP

31 March 2022	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	3,037	18,572	–	21,609
Other shares	–	–	156	156
Derivatives	–	397	–	397
Total Assets	3,037	18,969	156	22,162
Liabilities				
Derivatives	–	733	–	733
Total Liabilities	–	733	–	733

GROUP

31 December 2021	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	1,716	21,602	–	23,318
Other shares	–	–	154	154
Derivatives	–	140	–	140
Total Assets	1,716	21,742	154	23,612
Liabilities				
Derivatives	–	437	–	437
Total Liabilities	–	437	–	437

Note 8 Operating segments

Segment information is presented based on the chief executive decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief executive decision-maker. Items that cannot be attributed to a single segment is allocated using a distribution matrix according to internal principles that management believes to provide a fair allocation to the segments. The chief executive decision-maker mainly follows the income concept of operating income. The business models of both Nordax and Bank Norwegian are to conduct cross-border banking activities in Sweden, Norway, Denmark, Finland and Germany. During last year, Bank Norwegian has also begun cross-border activities in Spain. Activities are also conducted in the form of SHP's lending of equity release mortgages.

Q1 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	493	83	618	492	7	136	1,829
Interest expenses	-77	-27	-85	-34	-3	-7	-233
Total net interest income	416	56	533	458	4	129	1,596
Commission income	27	0	27	11	0	4	69
Net profit from financial transactions[1]	-10	0	-26	-10	0	-2	-110
Total operating income	433	56	534	459	4	131	1,555
General administrative expenses	-140	-8	-155	-64	-14	-20	-401
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[2]	-16	-1	-27	-14	-1	-13	-72
Other operating expenses	-40	-13	-59	-54	-37	-29	-232
Total operating expenses	-196	-22	-241	-132	-52	-62	-705
Profit before credit losses	237	34	293	327	-48	69	850
Net credit losses	-178	-2	-120	-286	-14	-10	-610
Operating profit	59	32	173	41	-62	59	240
Balance sheet							
Lending to the general public	23,412	7,904	21,385	17,136	895	4,990	75,722

Q4 2021	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	402	82	428	330	12	87	1,341
Interest expenses	-69	-28	-63	-27	-1	-1	-189
Total net interest income	332	54	365	303	11	86	1,152
Commission income	38	2	42	17	0	8	107
Net profit from financial transactions[1]	18	0	-21	-6	0	0	-54
Total operating income	389	56	386	314	11	94	1,205
General administrative expenses	-290	-9	-382	-110	-14	-19	-824
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-13	-1	-17	-10	-1	-9	-51
Other operating expenses	-31	-10	-39	-36	-14	-18	-148
Total operating expenses	-334	-20	-438	-156	-29	-48	-1,023
Profit before credit losses	55	36	-52	158	-18	48	182
Net credit losses	-296	4	-141	-375	-2	-88	-898
of which initial effect of acquisitions	*-132*	-	*-104*	*-229*	-	*-72*	*-537*
Operating profit	-242	40	-193	-218	-20	-40	-716
Balance sheet							
Lending to the general public	21,731	7,625	20,335	16,520	574	4,606	71,391

The segmentinformation is adjusted and differs from what was previously reported in the 2021 Q4 year-end report. In the report the allocation between segments for 2021 were incorrect.

[1]FX effects amount to -62 MSEK for Q1 2022 (-19) and is not allocated.

Q1 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	209	72	129	94	2	0	506
Interest expenses	-35	-25	-21	-8	-1	0	-90
Total net interest income	174	47	108	86	1	0	416
Commission income	9	0	5	5	0	0	19
Net profit from financial transactions[1]	-2	0	0	0	0	0	-21
Total operating income	181	47	112	92	1	0	456
General administrative expenses	-77	-7	-41	-24	-3	-1	-153
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[2]	-11	-1	-2	-1	0	0	-15
Other operating expenses	-19	-10	-12	-1	0	0	-42
Total operating expenses	-107	-18	-55	-26	-3	-1	-210
Profit before credit losses	74	29	57	66	-2	-1	246
Net credit losses	-68	-2	35	-9	1	2	-41
Operating profit	6	27	92	57	-1	1	205
Balance sheet							
Lending to the general public	11,668	6,868	6,258	4,400	571	15	29,778

Note 9 Pledged assets, contingent liabilities and commitments

All amounts are in MSEK	GROUP 31 March 2022	31 December 2021
Pledged assets for own liabilities		
Lending to the general public	9,964	10,007
Lending to credit institutions	362	412
Cash collateral for derivatives	525	309
Total	10,851	10,728

All amounts are in MSEK	GROUP 31 March 2022	31 December 2021
Other commitments		
Granted but unpaid loans	201	215
Granted but unutilized card credits	48,648	47,721
Total	48,849	47,936

All pledged assets are for the Group's asset related funding operations; securitisation and funding with collateral with international banks and derivative contracts.

The Parent Company has no pledged assets, contingent liabilites or commitments.

Note 10 Transactions with related parties

	Assets		Liabilities		Income		Costs	
All amounts are in MSEK	22-03-31	21-12-31	22-03-31	21-12-31	22-03-31	21-12-31	22-03-31	21-12-31
Nordax Bank AB	205	205	-5	-4	-	0	-	-
Nordax Group AB	8	8	-1	-1	1	4	-	-
Svensk Hypotekspension AB	-	1	-	-	-	4	-	-
Total	213	214	-6	-5	1	8	-	-

In March 2022 the sub-subsidiaries Nordax Bank AB (as a borrower) and Bank Norwegian ASA (as a lender) entered into a intra-group loan agreement of MNOK 1 000 on market terms. Payment of the loan was made in April 2022.

Note 11 Important events after the balance sheet date

The sub-subsidiary Bank Norwegian has decided on a dividend of NOK 719.6 million, which will be paid at the end of April to Nordax Bank AB (publ).

After the balance sheet date Stabelo, where Nordax owns 9%, decided on a new share issue in which Nordax subscribed for its pro rata share.

Through the Norwegian Financial Supervisory Authority, Bank Norwegian has received a Pillar 2 requirement of 5.8% of Bank Norwegian's total risk-weighted exposure amount. Previously, it was considered that the requirement needed to be covered in full by Common Equity Tier 1 capital, in accordance with Norwegian Financial Supervisory Authority requirements for Bank Norwegian on a solo level. In connection with the Board's approval of the Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) on May 24, the assessment of the type of capital that, in the consolidated situation, will cover the capital requirement that arises as a result of the Norwegian Financial Supervisory Authority's Pillar 2 requirements on Bank Norwegian was changed. With the new assessment, the requirement is covered, in the consolidated situation, according to the same principles as other Pillar 2 requirements. This means that risks for which there are Pillars 1 requirement should be covered to 75% by Common Equity Tier 1 capital, and the remaining part by Tier 2 capital. For risks for which there are only Pillar 2 requirement, the capital requirements shall be covered to 75% by Tier 1 capital, of which three quarters shall be Common Equity Tier 1 capital, the remainder may be covered by Tier 2 capital.

Had this new assessment been applied as of 31 March 2022, the Common Equity Tier 1 capital requirement would have amounted to 11.82% instead of the reported 12.96% and the Tier 1 capital requirement would have amounted to 13.66% instead of the reported 14.54%. The total capital requirement is unchanged.

Definitions

The Group considers the key figures to be relevant to users of the financial report as a complement in assessing the financial performance of the Group.

Return on equity
Net profit attributable to the shareholders in relation to average shareholders' equity.

Leverage ratio[1]
Tier 1 capital as a percentage of total assets including off-balance-sheet items with conversion factors defined in Regulation (EU) No 575/2013 (CRR2).

Average loan portfolio
The average of lending to the general public at the beginning of the period and the end of the period.

C/I ratio
Operating expenses as a percentage of operating income.

C/I ratio excl. acquisition costs
Operating expenses, excluding acquisition costs for Bank Norwegian, as a percentage of operating income.

Credit loss level
Net credit losses as a percentage of average lending to the public.

Credit loss in % excl. initial effect of acquisitions
Net credit losses, excl. initial ECL effect, as a percentage of the average loan portfolio.

Common Equity Tier 1 capital[1]
Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR2).

Common Equity Tier 1 capital ratio[1]
Common Equity Tier 1 capital as a percentage of risk exposure amount.

Liquidity reserve
A separate reserve of high-quality liquid assets that can be used to secure the company's short-term ability to pay for losses or in the event of reduced access to commonly available funding sources.

Liquidity Coverage Ratio (LCR)[1]
Liquidity Coverage Ratio (LCR)1 High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days, as defined in Commission Delegated Regulation (EU) 2015/61 and Regulation (EU) No 575/2013.

Own funds[1]
The sum of Tier 1 and Tier 2 capital.

Tier 1 capital ratio[1]
Tier 1 capital as a percentage of the risk exposure amount.

Risk exposure amount[1]
Total assets and off balance sheet items, weighted in accordance with capital adequacy regulation for credit and market risks. Operational risks are measured and added as risk exposure amount.

Net Stable Funding Ratio (NSFR)
Measures and monitors the relationship between available stable funding and required stable funding over a one-year period.

Tier 1 capital[1]
Common Equity Tier 1 capital plus qualifying forms of subordinated loans.

Tier 2 capital[1]
Mainly subordinated loans that do not qualify as Tier 1 capital.

Total capital ratio[1]
Total own funds as a percentage of the risk exposure amount.

Other Tier 1 capital[1]
Subordinated liabilities that are perpetual and meet certain conditions to be counted as Tier 1 capital when calculating the size of the capital base.

[1] These are reported with respect SFSA´s regulations and general recommendations see note 5, capital adequacy analysis.

Board of Directors' affirmation

The Board of Directors declares that the interim report for January–March 2022 provides a fair overview of the Parent Company's and the Group's operations, financial position and results and describes material risks and uncertainties facing the Parent Company and the Group

Stockholm May 24, 2022

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Non-Executive Director

Christian Frick
Non-Executive Director

Henrik Källén
Non-Executive Director

Anna Storåkers
Non-Executive Director

Ville Talasmäki
Non-Executive Director

Ricard Wennerklint
Non-Executive Director