

# Nordax Holding AB (publ)

INTERIM REPORT JANUARY-JUNE 2022

# About the Group, Nordax Holding AB (publ)

## 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](http://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.

The acquisition of Bank Norwegian was completed in November 2021. This means that, for the interim report of January–June 2022, Bank Norwegian is fully included in the outcome for the Group, but that it is missing in the corresponding comparison period.

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, Germany and the Netherlands 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, loans secured against residential property are offered in Sweden and, as of the first quarter 2019, also 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 product equity release mortgage. Since November 2021, Nordax also offers credit cards in the Nordic countries, Germany and Spain through its subsidiary Bank Norwegian.

Nordax Group 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 – JUNE

### Personal loans and credit cards

During the first six months Nordax Group's portfolios of both private loans and credit cards continued to show good growth, with a continuously increasing contribution from the launch in the German and Spanish markets. As of 30 June, the total volume of personal loans and credit cards amounted to SEK 65.0 billion (SEK 58.7 billion as of 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 non-standard 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 6.2 billion as of 30 June (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 mortgages 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 8.2 billion as of 30 June (SEK 7.6 billion as of 31 December 2021).

### Portfolio development

Total lending as of 30 June 2022 amounted to SEK 79.4 billion (SEK 71.4 billion as of 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.

Nordax's CET1 capital increased during the second quarter amounting to SEK 9,844 billion (SEK 9,659 billion as of March 2022) mostly driven by the positive net profit.

The CET1-capital ratio was 15.11% (15.29% as of 31 March 2022), the Tier 1 capital ratio was 17.28% (17.85% as of 31 March 2022) and the total capital ratio was 19.03% (19.85% as of 31 March 2022).

The capital ratio for the period decreased, mainly driven by higher REA, SEK 65.2 billion per 30 June 2022 to SEK 63.2 billion per 31 March 2022.

The CET1-capital ratio requirement for the period was 11.89%, Tier 1 was 13.74% (14.54 % as of 31 March 2022) and the total capital ratio requirement amounted to 16.75% (16.66% as of 31 March 2022).

The leverage ratio was 10.32% (10.33% as of 31 March 2022).

Nordax's liquidity reserve situation amounted to SEK 23.3 billion (SEK 26.9 billion as of 31 March 2022) and consists mainly of covered bonds, treasury bills and investments in Nordic banks. The liquidity coverage ratio (LCR) amounts to 140.4% (183.3% as of 31 March 2022). In the calculation of Nordax's LCR, the excess liquidity buffer from Bank Norwegian is not included. If including the excess liquidity buffer, Nordax's LCR would be 352.4% (476.5% as of 31 March 2022).

Net stable funding ratio (NSFR) amounts to 128.3% (132.9% as of 31 March 2022). Nordax has a diversified funding structure with different sources allocated between banks, the capital market and deposits from the public. Deposits from the public is the largest funding source and amounts to SEK 70.6 billion as of June 30 2022 (70.3 billion as of 31 March 2022).

For more details about capital and liquidity, see Note 5 Capital adequacy analysis.

### Other events

During the second quarter the war in Ukraine continued to impact the Ukrainian people as well as the financial markets and the real economy. The great uncertainty that follows from this dire situation remains, as do the rising energy and food prices. The centralbanks in Sweden and Norway have increased the interest rates to fight the higher inflation that comes from this development. This now begins to have an impact on society in general and mortgage rates in particular.

Nordax continues to carefully monitor the potential effects of this development, although no major negative consequences have yet materialized in Nordax's operations.

In June 2022 Nordic Credit Rating affirmed Nordax's BBB (stable outlook) rating. This rating strengthens Nordax's possibilities for obtaining additional financing at attractive terms and with new investors in the capital market.

In April Stabelo AB carried out a new share issue of MSEK 200. Nordax owns just over 9% and subscribed to its pro rata share, corresponding to MSEK 19. Nordax values its share at fair value in other comprehensive income. As of 30 June 2022 the fair value amounts to MSEK 150. This years' change in fair value amounts to MSEK 23 and is recognized in other comprehensive income.

During the quarter Bank Norwegian finalized the sale of two non-performing loan portfolios in Finland and Sweden. This resulted in a decrease of MNOK 2,469 in gross loans.

Nordax Group ended several financings during the second quarter. After permission given by the Norwegian Financial Supervisory Authority Bank Norwegian, called and settled a MNOK 200 subordinated loan and a MNOK 300 Tier 1 capital loan. In addition to this, an unsecured bond loan of MSEK 500 was called and so was, through Svensk Hypotekspension, a bilateral loan of MSEK 500.

### Subsequent events

On July 4, Bank Norwegian ASA and Nordax Bank AB (publ) signed a joint merger plan for a cross-border parent-subsidiary merger between the two banks. The merger plan was registered with the Norwegian Register of Business Enterprises (Foretaksregisteret) on 5 July 2022 and with the Swedish Companies Registration Office (Bolagsverket) on 28 July 2022 and on 8 August 2022 the Board of Directors of Bank Norwegian finally approved the merger.

The merger will be implemented with Nordax as the acquiring company and Bank Norwegian as the transferring company, with the operations of Bank Norwegian to be continued through a Norwegian branch of Nordax (being under establishment). The merger aims to simplify the group structure and is expected to enable a more effective administration and optimisation of capital and liquidity utilisation within the Nordax Group.

The implementation of the merger is still conditional upon that several consents and approvals from Norwegian Financial Supervisory Authority ("Finanstilsynet") and the Swedish Financial Supervisory Authority ("Finansinspektionen") and third parties have been obtained.

As announced July 4, the merger is expected to be completed during the first quarter of 2023 at the latest. Bank Norwegian's operations and organization, as well as customer terms and conditions are not expected to be materially amended following the merger. The Bank Norwegian brand will continue to be used.

# Result January–June 2022

## GROUP

Operating profit amounted to MSEK 591 (362). The increase is explained by the consolidation of Bank Norwegian and by growing lending. However, the result includes increased costs primarily driven by integration costs related to the acquisition of Bank Norwegian.

Net interest income amounted to MSEK 3,193 (832). The increase is mainly due to 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 MSEK -1,075 (-62), corresponding 2.9 per cent (0.4) of average lending. The increase is mainly explained by the consolidation of Bank Norwegian, but also of the estimated effective interest rate.

Operating expenses amounted to MSEK -1,534 (-453). The increase is mainly explained by the consolidation of Bank Norwegian, but also by investments in operations, among other things connected to the ongoing integration work, increased personnel costs and sales-related costs.

## PARENT COMPANY

Total net sales was SEK 10 million (2).

Total operating expenses was SEK -10 million (-7).

Result from financial investments was SEK 25 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. The increased complexity is apparent 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 comprise 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	Q2 2022	Q1 2022	Q2 2021	JAN-JUN 2022	JAN-JUN 2021
Common Equity Tier 1 Capital Ratio in %	15.1	15.3	16.0	15.1	16.0
Return on equity in %	4.5	5.4	6.2	3.9	7.3
Net credit loss level % <sup>1</sup>	2.4	3.3	0.3	2.9	0.4
Cost to income ratio %	50	45	58	48	52
Number of employees <sup>2</sup>	559	525	297	559	297

<sup>1</sup> Including new estimated effective interest rate from Q1 2022.

<sup>2</sup> Number of employees is recalculated to full time employees.

# Consolidated income statement

GROUP		Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts are in MSEK	Note	2022	2022	2021	2022	2021
Operating income						
Interest income	8	1,855	1,829	516	3,684	1,022
Interest expense	8	-258	-233	-100	-491	-190
Total net interest income		1,597	1,596	416	3,193	832
Commission income	8	108	69	19	177	38
Net profit from financial transactions	8	-60	-110	-14	-170	7
Other operating income		0	0	1	0	0
Total operating income		1,645	1,555	422	3,200	877
Operating expenses						
General administrative expenses	8	-489	-401	-187	-890	-340
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	8	-70	-72	-15	-142	-30
Other operating expenses	8	-271	-232	-41	-502	-83
Total operating expenses		-830	-705	-243	-1,534	-453
Profit before credit losses		815	850	179	1,666	424
Net credit losses	3, 8	-465	-610	-21	-1,075	-62
Operating profit		350	240	158	591	362
Tax on profit for the period		-85	-55	-39	-140	-83
NET PROFIT FOR THE PERIOD		265	185	119	451	279

# Consolidated statement of comprehensive income

	Note	Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts are in MSEK		2022	2022	2021	2022	2021
Items to be reclassified in the income statement						
Gains and losses on revaluation during the year		87	116	-	203	-
Tax on gains and losses on revaluation during the year		-21	-25	-	-46	-
Total cash flow hedges		66	91	-	157	-
Translation of foreign subsidiaries		-534	750	-	216	-
Hedge accounting of net investment before tax		280	-893	-	-613	-
Tax		-56	182	-	126	-
Total translation differences		-310	39	-	-271	-
Items not to be reclassified in the income statement						
Changes in value of other shares		4	-	-	4	-
Total		4	-	-	4	-
Total other comprehensive income		-240	130	-	-110	-
COMPREHENSIVE INCOME		25	315	119	341	279
Attributable to:						
The Parent Company's shareholders		41	282	119	324	279
Holders of Tier 1 capital		-16	33	-	17	-

# Parent Company income statement

PARENT COMPANY		Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts are in MSEK		2022	2022	2021	2022	2021
	Note					
Net sales		2	8	1	10	2
Total net sales		2	8	1	10	2
Operating expenses						
Employee expenses		-1	-6	-1	-7	-2
Other external expenses		-2	-1	-3	-3	-5
Total operating expenses		-3	-7	-4	-10	-7
Operating profit		-1	1	-3	0	-5
Result from financial investments						
Profit from shares in group companies		-	-	-	-	-
Interest expenses and similar expenses		-1	-7	0	-8	0
Received group contribution		-	-	-	-	-
Dividend received		33	-	-	33	-
Result from financial investments		32	-7	0	25	0
Result after financial items		31	-6	-3	25	-5
Tax on profit for the period		-	0	0	-	0
NET PROFIT FOR THE PERIOD		31	-6	-3	25	-5

## Parent company statement of comprehensive income

Comprehensive income corresponds to net profit for the period.

# Consolidated statement of financial position

		KONCERNEN	
		30 June	31 December
All amounts are in MSEK	Note	2022	2021
<b>ASSETS</b>			
Lending to central banks	6,7	1,274	1,924
Lending to credit institutions	6,7,9	4,013	3,258
Lending to the general public	4,6-9	79,386	71,391
Bonds and other fixed-income securities	6,7	18,316	23,318
Derivatives	6,7	480	140
Other shares	6,7	178	154
Intangible assets		12,516	12,549
Tangible assets		10	11
Right-of-use assets		74	82
Current tax assets		2	2
Other assets	6,7	120	76
Prepaid expenses and accrued income		114	64
<b>TOTAL ASSETS</b>		<b>116,483</b>	<b>112,969</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	6,7	7,792	6,609
Deposits from the general public	6,7	70,553	67,424
Issued securities	6,7	10,826	10,866
Derivatives	6,7	356	437
Current tax liabilities		26	479
Deferred tax liability		995	1,083
Other liabilities	6,7	703	570
Accrued expenses and deferred income		439	481
Subordinated liabilities	6,7	1,509	1,721
<b>Total liabilities</b>		<b>93,199</b>	<b>89,670</b>
<b>Equity</b>			
Share capital		2	2
Other reserves		20,917	20,917
Other funds			
Fair value reserve		39	35
Cash flow hedges		159	3
Tier 1 capital instruments		1,458	1,757
Translation of foreign operations, net		-166	109
Retained earnings, incl. profit for the year		873	476
<b>Total equity</b>		<b>23,284</b>	<b>23,299</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>116,483</b>	<b>112,969</b>



# Consolidated statement of financial position

All amounts in MSEK	Not	Parent Company	
		30 JUNE 2022	31 DECEMBER 2021
<b>Financial assets</b>			
Shares in group companies		22,014	22,014
<b>Total financial assets</b>		<b>22,014</b>	<b>22,014</b>
<b>Total fixed assets</b>		<b>22,014</b>	<b>22,014</b>
<b>Short-term assets</b>			
Receivables group companies		865	821
Other assets		0	0
Prepaid expenses and accrued income		1	1
<b>Total short-term assets</b>		<b>866</b>	<b>822</b>
Cash and bank balances		99	157
<b>Total current assets</b>		<b>965</b>	<b>979</b>
<b>Total assets</b>		<b>22,979</b>	<b>22,993</b>
<b>Liabilities, provisions and equity</b>			
<b>Equity</b>			
Share capital		2	2
Other reserves		20,917	20,917
Tier 1 capital instruments		1,329	1,320
Retained earnings, incl. profit for the year		119	125
<b>Total equity</b>		<b>22,367</b>	<b>22,364</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current tax liabilities		0	1
Accrued expenses and prepaid income		1	1
Other liabilities		7	13
Subordinated liabilities		604	614
<b>Total current liabilities</b>		<b>612</b>	<b>629</b>
<b>Total liabilities</b>		<b>612</b>	<b>629</b>
<b>Total liabilities, provisions and equity</b>		<b>22,979</b>	<b>22,993</b>

# Statement of cash flows

GROUP	JAN-JUN 2022	JAN-JUN 2021
All amounts are in MSEK		
<b>Operating activities</b>		
Operating profit <sup>1</sup>	591	363
Adjustment for non-cash items		
Exchange rate effects	23	-25
Depreciation, amortization and impairment of property, plant & equipment	139	30
Amortization of financing costs	10	2
Unrealized changes in value of bonds and other fixed income securities	-729	2
Credit losses	1,372	316
Net changes in hedged items in hedge accounting	-330	-
Reversal of acquired surplus value in lending to the general public	171	77
Income tax paid	-592	-89
<b>Change in operating assets and liabilities</b>		
Decrease/Increase in lending to the general public	-8,288	-2,540
Decrease/Increase in other assets	-29	-52
Decrease/Increase in deposits from the general public	1,572	3,962
Decrease/Increase in other liabilities	-495	62
<b>Cash flow from operating activities</b>	<b>-6,585</b>	<b>2,108</b>
<b>Investing activities</b>		
Purchase of shares	-24	-
Value change of shares	4	-
Purchase of equipment & intangible assets	-16	-2
Investment in bonds and other interest bearing securities	-20,181	-660
Sale/disposal of bonds and other fixed income securities	26,316	749
<b>Cash flow from investing activities</b>	<b>6,099</b>	<b>87</b>
<b>Financing activities</b>		
Change to liability to credit institutions	1,181	1,894
Change issued securities	-86	0
Change subordinated liabilities	-229	0
Tier 1 capital dividend <sup>2</sup>	-36	-
Paid interest Tier 1 capital	-311	-
<b>Cash flow from financing activities</b>	<b>519</b>	<b>1,894</b>
<b>Cash flow for the period</b>	<b>33</b>	<b>4,098</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,182</b>	<b>1,872</b>
<b>Exchange rate differences and cash equivalents</b>	<b>72</b>	<b>-6</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5,287</b>	<b>5,955</b>

<sup>1</sup> Whereof received interest 3,182 MSEK (855 MSEK) and paid interest 330 MSEK (157 MSEK).

<sup>2</sup> Tier 1 capital issued refers to the cash received less transaction costs and interest paid.

Cash and cash equivalents is 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	Translation of foreign operations	Fair value reserv	Cash flow hedges	Retained earning	Sum	Tier 1 capital instruments	TOTAL
<b>OPENING BALANCE 1 JANUARY 2021</b>	<b>1</b>	<b>6,777</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>645</b>	<b>7,458</b>	<b>-</b>	<b>7,458</b>
<b>Comprehensive income</b>									
Net profit/loss for the year	-	-	-	-	-	-154	-154	17	-137
Other comprehensive income	-	-	109	-	3	-	112	-	112
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>3</b>	<b>-154</b>	<b>-42</b>	<b>17</b>	<b>-25</b>
Reclassification	-	-	-	0	-	-5	-5	-	-5
Tier 1 capital instruments acquired <sup>1</sup>	-	-	-	-	-	-	-	428	428
Tier 1 capital instruments issued <sup>1</sup>	-	-	-	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments <sup>1</sup>	-	-	-	-	-	-10	-10	-4	-14
<b>Transactions with shareholders</b>									
Non-cash issue <sup>2</sup>	0	4,491	-	-	-	-	4,491	-	4,491
New share issue <sup>3</sup>	1	9,649	-	-	-	-	9,650	-	9,650
<b>Total transactions with shareholders</b>	<b>1</b>	<b>14,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,141</b>	<b>-</b>	<b>14,141</b>
<b>CLOSING BALANCE 31 DECEMBER 2021</b>	<b>2</b>	<b>20,917</b>	<b>109</b>	<b>35</b>	<b>3</b>	<b>476</b>	<b>21,542</b>	<b>1,757</b>	<b>23,299</b>
<b>OPENING BALANCE 1 JANUARY 2022</b>	<b>2</b>	<b>20,917</b>	<b>109</b>	<b>35</b>	<b>3</b>	<b>476</b>	<b>21,542</b>	<b>1,757</b>	<b>23,299</b>
<b>Comprehensive income</b>									
Net profit/loss for the year	-	-	-	-	-	439	439	12	451
Other comprehensive income	-	-	-275	4	156	-	-115	5	-110
<b>Total comprehensive income</b>			<b>-275</b>	<b>4</b>	<b>156</b>	<b>439</b>	<b>324</b>	<b>17</b>	<b>341</b>
Paid interest Tier 1 capital instruments	-	-	-	-	-	-36	-36	-	-36
Repayment of Tier 1 capital instruments <sup>4</sup>	-	-	-	-	-	-	-	-311	-311
Change in Tier 1 capital instruments	-	-	-	-	-	-5	-5	-5	-10
<b>CLOSING BALANCE 30 JUNE 2022</b>	<b>2</b>	<b>20,917</b>	<b>-166</b>	<b>39</b>	<b>159</b>	<b>873</b>	<b>21,826</b>	<b>1,458</b>	<b>23,284</b>

<sup>1</sup>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 of 31 December 2021, corresponding MSEK 428 at the time of acquisition.

<sup>2</sup>A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.

<sup>3</sup>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.

<sup>4</sup>Bank Norwegian has repayed MNOK 300 of Tier 1 capital in June.

# Statement of changes in equity

## PARENT COMPANY

	Restricted equity		Non-res- tricted equity		Tier1 capital instru- ments	
	Share capital	Other Funds	Retained Earnings	Sum		TOTAL
All amounts are in MSEK						
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 <sup>1</sup>	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments <sup>1</sup>	-	-	-	-	-7	-7
Transactions with shareholders						
Non-cash issue <sup>2</sup>	0	4,491	-	4,491	-	4,491
New share issue <sup>3</sup>	1	-	-	9,650	-	9,650
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			13	13	12	25
Total comprehensive income			13	13	12	25
Change in Tier 1 capital instruments			3	3	-3	0
Paid interest Tier 1 capital instruments			-22	-22		-22
CLOSING BALANCE 30 JUNE 2022	2	20,917	119	21,038	1,329	22,367

<sup>1</sup>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 of 31 December 2021, corresponding 428 MSEK at the time of acquisition.

<sup>2</sup> A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.

<sup>3</sup>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

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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.

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.

## Note 2 Accounting and valuation Principles

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The interim report has been prepared according to IAS 34, Interim Financial Reporting. The consolidated accounts for the Nordax 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 Creditrisk

GROUP	Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts are in MSEK	2022	2022	2021	2022	2021
Creditlosses, net - lending to the general public					
Stage 1	-58	2	-41	-56	-39
Stage 2	-49	-12	54	-61	96
Stage 3 <sup>1</sup>	-358	-600	-34	-958	-119
Total creditlosses, net	-465	-610	-21	-1,075	-62

<sup>1</sup> Including new estimated effective interest rate from Q1 2022.

## Note 4 Lending to the general public

### GROUP

30 June 2022	Sweden	SHP	Norway	Finland	Germany and Spain	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	22,444	8,206	17,615	15,706	1,375	5,218	70,564	-769	1%
Stage 2	1,330	33	1,170	1,018	100	194	3,844	-517	13%
Stage 3	2,285	6	4,668	3,419	261	586	11,225	-4,961	44%
Total	26,059	8,245	23,453	20,143	1,736	5,998	85,633	-6,247	7%
Reserve	-1,617	-19	-2,139	-1,687	-260	-525	-6,247		
Total	24,440	8,226	21,314	18,456	1,476	5,472	79,386		

### GROUP

31 December 2021	Sweden	SHP	Norway	Finland	Germany and Spain	Denmark	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	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 of 31 December 2021. As of 30 June 2022 the lending acquired in Stage 3 has decreased, partly due to sales of NPL portfolios, and amounts to gross MSEK 4,098 and net MSEK 2,499. These have been reported gross in the table above.

No lending to the general public in the Parent Company

## Note 5 Capital adequacy analysis

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The information in this section is 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), information in Article 447 of Regulation (EU) No 575/2013 and Article 473a Section 2 (information that is required in accordance with EBA/GL/2018/01) 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). The liquidity and funding information is 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).

### Combined buffer requirement

Nordax's combined buffer requirement consist of the capital conservation buffer requirement and the countercyclical capital buffer requirement. A systemic risk buffer requirement has been added as of November 2021 due to the acquisition of Bank Norwegian. The capital conservation buffer requirement is 2.5% of the REA. The countercyclical capital buffer requirement is calculated based on the specific geographical requirement where Nordax holds any credit exposure. During the second quarter, the requirements in Denmark, Finland, Spain, Sweden and Germany was 0%, while the requirement in Norway was 1.5%. The systemic risk buffer requirement amounts to 3 % of Bank Norwegian's REA.

### 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 (publ), Nordax Group AB, Nordax Bank AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Sweden Mortgage 1 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.

In November 2021, Nordax Bank AB acquired Bank Norwegian ASA. As a result, Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd is included in the consolidated situation. The acquisition was funded by new share issuance in Nordax Holding AB (publ) amounting to SEK 9.7 billion, new issuance of Additional Tier 1 capital of SEK 1.4 billion, new issuance of Tier 2 capital of 650 MSEK, which of both was issued to external investors. The correspondent instruments and amounts was then downstream to Nordax Group AB as well as Nordax Bank AB. The acquisition was also funded via a non-cash issuance of Bank Norwegian's shares amounting to SEK 4.4 billion, unconditional shareholder contribution of SEK 1.0 billion and a conditional shareholder contribution of SEK 8.4 billion.

In addition to the above, part of Bank Norwegian's AT1 capital and T2 capital as well as Nordax Banks T2 capital are also included in the consolidated situation's own funds, after deductions of third party-interests. For the second quarter, the included amounts from Bank Norwegian are MSEK 89 AT1 and MSEK 408 T2 while the amount of T2 capital included from Nordax Bank is MSEK 123.



All amounts are in MSEK	CONSOLIDATED SITUATION	
	30 Jun 2022	31 Dec 2021
<b>OWN FUNDS</b>		
Common Equity Tier 1 (CET1) capital before deduction of regulatory adjustments	22,539	22,409
Total deduction of regulatory adjustment to CET1 capital	-12,695	-12,573
Common Equity Tier 1 (CET1) capital after deduction of regulatory adjustments	9,844	9,836
Additional Tier 1 capital <sup>4</sup>	1,418	1,545
Sum Tier 1 Capital	11,262	11,381
Tier 2 Capital <sup>3</sup>	1,135	1,261
Total capital	12,397	12,642
Risk exposure amount, credit risk	59,480	54,965
Risk exposure amount, market risk	-	0
Risk exposure amount, operational risk	5,526	5,526
Risk exposure amount, credit value adjustment (CVA)	156	200
Total risk exposure amount (risk weighted assets)	65,162	60,691
<b>Capital ratios and buffers</b>		
Common Equity Tier 1 capital ratio	15.11%	16.21%
Tier 1 capital ratio	17.28%	18.75%
Total capital ratio	19.03%	20.83%
Total Common Equity Tier 1 capital requirement including buffer requirement	9.21%	9.22%
- of which, capital conservation buffer requirement	2.50%	2.50%
- of which, countercyclical capital buffers	0.42%	0.31%
- of which systemic risk buffer	1.79%	1.91%
Common Equity Tier 1 capital available as buffer <sup>1</sup>	8.11%	9.21%
<b>Specification own funds</b>		
Common Equity Tier 1 capital:		
Capital instruments and related share premium	20,920	20,920
- of which share capital	2	2
- of which other contributed capital	20,917	20,918
- of which other funds	-	-
Retained earnings	422	612
Deferred tax liabilities attributable to other intangible assets	577	593
Other transition adj. of common equity Tier 1 capital <sup>5</sup>	137	275
Independently audited interim results after deductions of foreseeable dividends	483	9
Common Equity Tier 1 capital before regulatory adj.	22,539	22,409
<b>Regulatory adjustments:</b>		
(-)Intangible assets	-12,516	-12,550
Additional value adjustments	-179	-23
Total regulatory adjustment to Common Equity Tier 1 capital	-12,695	-12,573
Common Equity Tier 1 capital	9,844	9,836
Additional Tier 1 capital		
-AT1 capital instrument, directly issued	1,329	1,332
-AT1 capital instrument, issued by subsidiaries that are given recognition in AT1 Capital	89	213
Tier 1 capital, total	11,262	11,381
<b>Tier 2 capital instrument</b>		
Tier 2 capital instrument, directly issued	604	634
Tier 2 capital instrument, issued by subsidiaries that are given recognition in T2 Capital	531	627
Total capital	12,397	12,642
Total risk exposure amount	65,162	60,691
<b>Specification of risk exposure amount<sup>2</sup></b>		
Exposures to national governments and central banks	301	187
Exposures to regional governments and local authorities	722	1,159
Exposures to institutions	953	972
Exposures in the form of covered bonds	786	1,191
Retail exposures	43,773	38,205
Exposures secured by mortgages on immovable property	5,051	4,479
Equity exposures	178	154
Exposures in default	7,308	8,310
Exposures to corporates	-	-
Other items	407	507
Total risk exposure amount for credit risk, Standardized Approach	59,480	54,964

All amounts are in MSEK	CONSOLIDATED SITUATION	
	30 Jun 2022	31 Dec 2021
Foreign exchange risk	-	0
Total risk exposure amount for market risk	-	0
Operational risk according to Alternative Standardized Approach	5,526	5,526
Total risk exposure amount for operational risks	5,526	5,526
Credit valuation adjustment risk (CVA)	156	200
Total risk exposure amount for credit valuation adjustment risk	156	200
Total risk exposure amount	65,162	60,691
Specification Own funds requirement <sup>2</sup>		
Creditrisk		
Exposures to national governments and central banks	24	15
Exposures to regional governments and local authorities	58	93
Exposures to institutions	76	78
Exposures in the form of covered bonds	63	95
Retail exposures	3,502	3,057
Exposures secured by mortgages on immovable property	404	357
Equity exposures	14	12
Exposures in default	585	665
Exposures to corporates	-	0
Other items	33	41
Total capital requirement for creditrisk	4,758	4,397
Market risk		
Foreign exchange risk	0	0
Total risk exposure amount for market risk	0	0
Operational risk		
Operational risk according to Alternative standardized Approach	442	442
Total risk exposure amount for operational risk	442	442
Credit valuation adjustment risk (CVA)		
Credit valuation adjustment risk (CVA)	13	16
Total capital requirement for CVA risk	13	16
Total Capital Requirement	5,213	4,855
Capital Requirement, percent of REA		
Pillar 1	8.00%	8.00%
Pillar 2	4.03%	4.76%
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical buffer	0.42%	0.31%
Systemic risk buffer - Norway	1.79%	1.91%
Total Capital Requirement	16.75%	17.48%
Capital Requirement, MSEK		
Pillar 1	5,213	4,855
Pillar 2	2,629	2,892
Capital conservation buffer	1,629	1,517
Institution-specific countercyclical buffer	276	185
Systemic risk buffer - Norway	1,166	1,159
Capital Requirement	10,913	10,608
LEVERAGE RATIO		
Total exposure measure for calculating leverage ratio, MSEK	109,165	105,585
Tier 1 capital, MSEK	11,262	11,381
Leverage ratio	10.32%	10.78%
Overall leverage ratio requirements, MSEK	3,275	3,168
Overall leverage ratio requirements, percentage	3%	3%

<sup>1</sup>Available CET1 capital less CET1 capital used to fulfill the requirements under Pillar 1 and the capital conservation buffer requirement as a percentage of REA.

<sup>2</sup>The capital requirement amounts to 8% of the risk exposure amount in accordance with Regulation (EU) No 575/2013.

<sup>3</sup>The amount of capital instruments issued on solo-level by Nordax Bank and Bank Norwegian may only be included in the consolidated situation's own funds to cover each bank's capital requirements. As of 30 June 2022, the amount of T2 capital eligible to include from Nordax Bank was MSEK 123 and from Bank Norwegian MSEK 408. In October and November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued Tier 2 capital with a value of MSEK 650.

<sup>4</sup>In November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued Additional Tier 1 capital instrument amounting MSEK 1,400. Bank Norwegian's Additional Tier 1 capital instrument issued on solo-level was included in the consolidated situation's AT1 capital by MSEK 89.

<sup>5</sup>Nordax Bank AB and its consolidated situation applies the transitional arrangements in accordance with article 473a of Regulation (EU) no. 575/2013 with application of paragraphs 2 and 4.

CONSOLIDATED SITUATION		a	b	c	d	e
All amounts are in MSEK		20220630	20220331	20211231	20210930	20210630
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	9,844	9,659	9,836	3,671	3,597
2	Tier 1 capital	11,262	11,276	11,381	3,671	3,597
3	Total capital	12,397	12,536	12,642	3,894	3,814
Risk-weighted exposure amounts						
4	Total risk exposure amounts	65,162	63,161	60,691	23,535	22,414
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.11%	15.29%	16.21%	15.60%	16.05%
6	Tier 1 ratio (%)	17.28%	17.85%	18.75%	15.60%	16.05%
7	Total capital ratio (%)	19.03%	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 (%)	3.46%	3.56%	3.69%	-	-
EU 7b	of which: to be made up of CET1 capital (%)	2.35%	3.56%	3.69%	-	-
EU 7c	of which: to be made up of Tier 1 capital (%)	2.59%	-	-	-	-
EU 7d	Total SREP own funds requirements (%)	11.46%	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%	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 (%)	0.42%	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 (%)	1.79%	1.84%	1.91%	-	-
11	Combined buffer requirement (%)	4.71%	4.64%	4.72%	2.71%	2.70%
EU 11a	Overall capital requirements (%)	16.75%	16.66%	17.48%	10.71%	10.70%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.26%	7.23%	8.02%	8.55%	9.02%
Leverage ratio						
13	Leverage ratio total exposure measure (amounts)	109,165	109,173	105,585	41,965	39,832
14	Leverage ratio (%)	10.32%	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 (%)	-	-	-	-	-
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%	3.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio <sup>1</sup>						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	7,830	7,236	6,008	4,729	3,635
EU 16a	Cash outflows - Total weighted value	7,622	5,738	3,857	2,653	2,727
EU 16b	Cash inflows - Total weighted value	4,029	3,461	3,154	2,820	3,192
16	Total net cash outflows (adjusted value)	3,593	2,277	964	663	682
17	Liquidity coverage ratio (%)	217.94%	317.73%	623.03%	713.04%	533.10%
Net Stable Funding Ratio						
18	Total available stable funding	104,949	105,445	102,580	42,216	40,399
19	Total required stable funding	81,800	79,357	76,258	33,262	31,225
20	NSFR ratio (%)	128.30%	132.87%	134.52%	127%	129.38%

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

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 own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

All amounts are in MSEK		T	T-1	T-2	T-3	T-4
		20220630	20220331	20211231	20210930	20210630
1	Common Equity Tier 1 (CET1) capital	9,844	9,659	9,837	3,671	3,597
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,706	9,522	9,562	3,456	3,372
3	Tier 1 capital	11,262	11,276	11,382	3,671	3,597
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,124	11,139	11,107	3,456	3,372
5	Total capital	12,397	12,536	12,643	3,894	3,814
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,260	12,398	12,368	3,679	3,590
<b>Risk-weighted assets (amounts)</b>						
7	Total risk-weighted assets	65,162	63,161	60,690	23,535	22,414
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	65,025	63,023	60,416	23,320	22,190
<b>Capital ratios</b>						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.11%	15.29%	16.21%	15.60%	16.05%
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	14.93%	15.11%	15.83%	14.82%	15.20%
11	Tier 1 (as a percentage of risk exposure amount)	17.28%	17.85%	18.75%	15.60%	16.05%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.11%	17.67%	18.38%	14.82%	15.20%
13	Total capital (as a percentage of risk exposure amount)	19.03%	19.85%	20.83%	16.55%	17.02%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.85%	19.67%	20.47%	15.78%	16.18%
<b>Leverage ratio</b>						
15	Leverage ratio total exposure measure	109,165	109,173	105,310	41,964	39,610
16	Leverage ratio	10.32%	10.33%	10.81%	8.75%	9.08%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.19%	10.20%	10.55%	8.23%	8.51%

### Internally assessed capital requirement

As of 30 June 2022, the internally assessed capital requirement in the consolidated situation amounted to MSEK 2,629 (MSEK 2,538 as of 31 March 2022). Capital requirements according to pillar 2 are assessed using internal models for economic capital. Where applicable, methods established by the Financial Supervisory Authority are used. The total capital requirement, including combined buffer requirement, for the period amounts to MSEK 10,913 (MSEK 10,523 as of 31 March 2022).

Bank Norwegian has through the Norwegian Financial Supervisory Authority's (Finanstilsynet) SREP process received a Pillar 2 requirement of 5.8% and a recommended CET1 margin of 1%, of Bank Norwegian's total risk-weighted exposure amount. This exceeds the internally assessed capital requirements. Nordax includes Finanstilsynet's Pillar 2 requirement (5.8%) in the consolidated situation's total Pillar 2 requirement through the aggregation method. Bank Norwegian's Pillar 2 requirements were previously considered to be covered by CET1 capital, in accordance with Finanstilsynet's requirement on Bank Norwegian at solo level. In the consolidated situation's ICLAAP process in Q2 the assessment of type of capital was re-valuated resulting to a change in type of capital needed to cover Bank Norwegian's Pillar 2 capital requirements. The requirement is covered in accordance with the same principle as the Swedish Financial Supervisory Authority's (Finansinspektionen) requirements. The result of this re-valuation is, for risks that are also evaluated in Pillar 1 must be covered by 75% CET1 capital and the remaining part may be covered by T2 capital. For risks that arise only in Pillar 2 the capital requirements must be covered by 75% of T1 capital, of which 56.26% must be covered by CET1 capital. The remaining part may be covered by T2 capital. Bank Norwegian's recommended CET1 margin, 1% of Bank Norwegian's total risk-weighted exposure amount, is not included in the consolidated situation's capital requirement, instead the CET1 margin is indirectly included in Nordax's combined board and management limit (1.5%). Nordax has not been subject to a SREP process by Finansinspektionen.

### Leverage ratio

As of 28 June 2021 the capital requirement regulation (CRR) introduced a minimum leverage ratio requirement of 3.0 %. The consolidated situation's leverage ratio as of 30 June 2022 was 10.32% (10.33% as of 31 March 2022), which is well above the requirement of 3%.

### Information about funding and liquidity risk

Nordax defines liquidity risk as the risk of failing to fulfil payment obligations at maturity without a significant increase in the cost of obtaining means of payment. Nordax uses asset-backed financing, where portions of the asset portfolios are pledged as collateral for funding. The long-term strategy is to match the maturity of the assets with the maturity of the liabilities. The strategy is to achieve a diversified funding platform consisting of equity, subordinated liabilities, asset-backed securities ("ABS"), credit facilities from banks, deposits from the general public and corporate bonds.

Nordax's funding strategy is to use funding sources that meet the following criteria:

- Provide a high level of matching, both currency and fixed-interest period, as well as the maturity of assets and liabilities.
- Offer diversification in terms of markets, investors, instruments, maturity, currency and counterparties, as well as geographically.
- Provide a low liquidity risk with a high capacity to refinance on maturity, as indicated by price stability, regular issue frequency and broad investor base.
- Provide access to relatively large volumes in order to satisfy the need of funding a growing balance sheet.

Nordax has an independent liquidity risk control function. 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 from expected maturity of all assets, liabilities and off-balance-sheet items. 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 liquidity risk. The liquidity risk is measured monthly with 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 responsibility and instructions of how to 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 funding plan has been tested and updated.

As of 30 June 2022, Nordax consolidated situation's Liquidity Coverage Ratio (LCR) was 140.4%<sup>1</sup> (183.3%<sup>1</sup> as of 31 March 2022). The Net Stable Funding Ratio (NSFR) was 128.3% (132.9% as of 31 March 2022), calculated in accordance with the definition in Regulation (EU) No 575/2013.

Nordax's liquidity reserve as of 30 June 2022 amounted to SEK 23.3 billion (SEK 26.9 billion as of 31 March 2022). The liquidity reserve consists of 60.5 % (60.02% as of 31 March 2022) in covered bonds, 13.46% (13.46% as of 31 March 2022) in Nordic banks and the remaining part in national banks, treasury bills and municipal bonds. The credit ratings of the investments are between AAA and A+. The average maturity of the liquidity reserve was 421 days (516 as of 31 March 2022).

As of 30 June 2022, Nordax's funding sources consists of MSEK 2,250 (2,250 as of 31 March 2022) asset-backed securities (securitised), MSEK 8,576 (9,247 as of 31 March 2022) corporate bonds, MSEK 7,792 (6,775 as of 31 March 2022) collateral funding from international banks and MSEK 70,553 (70,290 as of 31 March 2022) in deposits from the general public.

<sup>1</sup>When calculating the consolidated situation's LCR, Nordax only includes the liquidity buffer required to cover Bank Norwegian's net outflow, as Nordax does not consider the liquidity in excess of 100% of Bank Norwegian's net outflow can be freely used by the consolidated situation. If Bank Norwegian's excess liquidity was included in the consolidated situation, the LCR would be 352.4% (476.5% as of 31 March 2022).

## Note 6 Classification of financial assets and liabilities

### GROUP

30 June 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
<b>Assets</b>					
Lending to central banks	-	1,274	-	-	1,274
Lending to credit institutions	-	4,013	-	-	4,013
Lending to the general public	-	79,386	-	-	79,386
Bonds and other fixed-income securities	18,316	-	-	-	18,316
Other shares	28	-	-	150	178
Derivatives	393	-	-	87	480
Other assets	-	47	-	-	47
<b>Total assets</b>	<b>18,737</b>	<b>84,720</b>	<b>-</b>	<b>237</b>	<b>103,694</b>
<b>Liabilities</b>					
Liabilities to credit institutions	-	-	7,792	-	7,792
Deposits from the general public	-	-	70,553	-	70,553
Issued securities	-	-	10,826	-	10,826
Subordinated liabilities	-	-	1,509	-	1,509
Derivatives	356	-	-	-	356
Other liabilities	-	-	360	-	360
<b>Total liabilities</b>	<b>356</b>	<b>-</b>	<b>91,040</b>	<b>-</b>	<b>91,396</b>

### 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	SUMMA
<b>Assets</b>					
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
<b>Total assets</b>	<b>23,458</b>	<b>76,575</b>	<b>-</b>	<b>154</b>	<b>100,187</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>437</b>	<b>-</b>	<b>86,748</b>	<b>-</b>	<b>87,185</b>

## Note 7 Fair value of financial assets and liabilities

### GROUP

30 June 2022	Carrying amount	Fair value	Delta
<b>Assets</b>			
Lending to central banks <sup>1</sup>	1,274	1,274	-
Lending to credit institutions <sup>1</sup>	4,013	4,013	-
Lending to the general public <sup>2</sup>	79,386	82,738	3,352
Bonds and other fixed-income securities	18,316	18,316	-
Other shares	178	178	-
Derivatives	480	480	-
Other assets	47	47	-
<b>Total assets</b>	<b>103,694</b>	<b>107,046</b>	<b>3,352</b>
<b>Liabilities</b>			
Liabilities to credit institutions <sup>1</sup>	7,792	7,792	-
Deposits from general public <sup>1</sup>	70,553	70,553	-
Issued securities <sup>3</sup>	10,826	10,703	-123
Derivatives	356	356	-
Other liabilities	360	360	-
Subordinated liabilities <sup>3</sup>	1,509	1,501	-8
<b>Total liabilities</b>	<b>91,396</b>	<b>91,265</b>	<b>-131</b>

### GROUP

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

<sup>1</sup> Fair value is deemed to be the same as the carrying amount, as these are of a short-term nature.

<sup>2</sup> The measurement includes significant observable and non-observable inputs.

<sup>3</sup> Fair value data for issued securities and debenture loans are based directly or indirectly on quoted prices.

## Calculation of fair value

Valuation technique for measuring fair value – level 1.

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.

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.
- Fair value for bonds are measured, as in level 1, from market prices, with the difference that the prices are not considered from an active market. The market-price derived in this case from buy and sell position prices, but regular trading does not take place in the bond. If market prices are missing, the value is calculated by discounting expected cash flows. For discounting, the current market interest rate on securities issued by similar issuers.

- 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. As of 30 June 2022 the value has been determined based on the issue price at the latest new issue which was in May 2022. Nordax subscribed for its pro rata share in the new issue, the value of which has been determined based on the issue price at the latest new issue. In addition to Stabelo, there are further unlisted shares that were included in the acquisition of Bank Norwegian.

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	19
Currency change	1
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	4
Closing balance 30 June 2022	178



## GROUP

30 June 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Bonds and other fixed-income securities	12,703	5,613	-	18,316
Other shares <sup>1</sup>	-	-	178	178
Derivatives	-	480	-	480
<b>Total assets</b>	<b>12,703</b>	<b>6,093</b>	<b>178</b>	<b>18,974</b>
<b>Liabilities</b>				
Derivatives	-	356	-	356
<b>Total liabilities</b>	<b>-</b>	<b>356</b>	<b>-</b>	<b>356</b>

## GROUP

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

<sup>1</sup> During Q2, a thorough review has been made of what is considered an active market.

## Note 8 Operating segments

Segment information is presented based on the chief operating decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief operating decision-maker. Profit/loss 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 operating 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 the 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.

Q2 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
<b>Income statement</b>							
Interest income	510	90	600	469	39	147	1,855
Interest expenses	-88	-30	-92	-34	-4	-10	-258
<b>Total net interest income</b>	<b>422</b>	<b>60</b>	<b>508</b>	<b>435</b>	<b>35</b>	<b>137</b>	<b>1,597</b>
Commission income	43	0	46	13	-1	7	108
Net profit from financial transactions <sup>1</sup>	-16	1	-36	-4	0	-5	-60
<b>Total operating income</b>	<b>449</b>	<b>61</b>	<b>518</b>	<b>444</b>	<b>34</b>	<b>139</b>	<b>1,645</b>
General administrative expenses	-168	-7	-195	-82	-17	-20	-489
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-15	-1	-26	-14	-1	-13	-70
Other operating expenses	-46	-8	-61	-58	-63	-35	-271
<b>Total operating expenses</b>	<b>-229</b>	<b>-16</b>	<b>-282</b>	<b>-154</b>	<b>-81</b>	<b>-68</b>	<b>-830</b>
<b>Profit before credit losses</b>	<b>220</b>	<b>45</b>	<b>236</b>	<b>290</b>	<b>-47</b>	<b>71</b>	<b>815</b>
Net credit losses	-199	-9	-196	18	-40	-39	-465
<b>Operating profit</b>	<b>21</b>	<b>36</b>	<b>40</b>	<b>308</b>	<b>-87</b>	<b>32</b>	<b>349</b>
<b>Balance sheet</b>							
Lending to the general public	24,440	8,226	21,315	18,456	1,476	5,472	79,386

Q1 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
<b>Income statement</b>							
Interest income	493	83	618	492	7	136	1,829
Interest expenses	-77	-27	-85	-34	-3	-7	-233
<b>Total net interest income</b>	<b>416</b>	<b>56</b>	<b>533</b>	<b>458</b>	<b>4</b>	<b>129</b>	<b>1,596</b>
Commission income	27	0	27	11	0	4	69
Net profit from financial transactions <sup>1</sup>	-10	0	-19	-7	0	-2	-110
<b>Total operating income</b>	<b>433</b>	<b>56</b>	<b>541</b>	<b>462</b>	<b>4</b>	<b>131</b>	<b>1,555</b>
General administrative expenses	-140	-8	-155	-65	-13	-20	-401
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-16	-1	-27	-14	-1	-13	-72
Other operating expenses	-40	-13	-59	-54	-37	-29	-232
<b>Total operating expenses</b>	<b>-196</b>	<b>-22</b>	<b>-241</b>	<b>-133</b>	<b>-51</b>	<b>-62</b>	<b>-705</b>
<b>Profit before credit losses</b>	<b>237</b>	<b>34</b>	<b>300</b>	<b>329</b>	<b>-47</b>	<b>69</b>	<b>850</b>
Net credit losses	-178	-2	-120	-286	-14	-10	-610
<b>Operating profit</b>	<b>59</b>	<b>32</b>	<b>180</b>	<b>43</b>	<b>-61</b>	<b>59</b>	<b>240</b>
<b>Balance sheet</b>							
Lending to the general public	23,412	7,904	21,385	17,136	895	4,990	75,722

Q2 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
<b>Income statement</b>							
Interest income	219	75	127	70	24	1	516
Interest expenses	-43	-25	-22	-9	-1	0	-100
Total net interest income	176	50	105	61	23	1	416
Commission income	9	0	5	5	0	0	19
Net profit from financial transactions <sup>1</sup>	-2	2	-6	-4	0	0	-14
Total operating income	183	52	105	62	23	1	422
General administrative expenses	-96	-10	-50	-29	-4	1	-187
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-11	0	-2	-1	0	0	-15
Other operating expenses	-18	-9	-12	-2	0	0	-41
Total operating expenses	-125	-18	-64	-32	-4	1	-243
Profit before credit losses	57	34	41	30	19	2	179
Net credit losses	-43	-2	38	-16	1	2	-21
Operating profit	15	31	79	14	20	4	158
<b>Balance sheet</b>							
Lending to the general public	12,528	7,115	6,234	4,433	530	15	30,855

Q1-2 2022	Sweden	SHP	Norway	Finland	Ger- many/ Spain	Denmark	TOTAL
<b>Income statement</b>							
Interest income	1,003	173	1,218	961	46	283	3,684
Interest expenses	-165	-57	-177	-68	-7	-17	-491
Total net interest income	838	116	1,041	893	39	266	3,193
Commission income	70	0	73	24	-1	11	177
Net profit from financial transactions <sup>1</sup>	-25	1	-54	-10	0	-7	-170
Total operating income	883	117	1,060	907	38	270	3,200
General administrative expenses	-308	-15	-350	-147	-30	-40	-890
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-31	-2	-53	-28	-2	-26	-142
Other operating expenses	-85	-21	-120	-112	-100	-64	-502
Total operating expenses	-424	-38	-523	-287	-132	-130	-1,534
Profit before credit losses	459	79	537	620	-94	140	1,666
Net credit losses	-377	-11	-317	-268	-54	-49	-1,075
Operating profit	83	68	221	352	-148	91	591
<b>Balance sheet</b>							
Lending to the general public	24,440	8,226	21,315	18,456	1,476	5,472	79,386

Q1-2 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
<b>Income statement</b>							
Interest income	428	147	256	164	26	1	1,022
Interest expenses	-78	-50	-43	-17	-2	0	-190
Total net interest income	350	97	213	147	24	1	832
Commission income	18	0	10	10	0	0	38
Net profit from financial transactions <sup>1</sup>	-4	2	7	2	0	0	7
Total operating income	364	99	230	159	24	1	877
General administrative expenses	-173	-17	-91	-53	-7	0	-340
Depreciation, amortization and impairment of property, plant and equipment and intangible assets <sup>2</sup>	-23	-1	-4	-2	0	0	-30
Other operating expenses	-37	-19	-24	-3	0	0	-83
Total operating expenses	-233	-37	-119	-58	-7	0	-453
Profit before credit losses	131	62	111	102	17	1	424
Net credit losses	-111	-4	73	-25	2	3	-62
Operating profit	20	58	184	77	19	4	362
<b>Balance sheet</b>							
Lending to the general public	12,528	7,115	6,234	4,433	530	15	30,855

<sup>1</sup>FX effects amount to -75 MSEK for Q1 - Q2 2022 (0 MSEK) and is not allocated.

## Note 9 Pledged assets, contingent liabilities and commitments

All amounts are in MSEK	GROUP	
	2022-06-30	2021-12-31
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
<b>Total</b>	<b>10,851</b>	<b>10,728</b>

All amounts are in MSEK	GROUP	
	2022-06-30	2021-12-31
Other commitments		
Granted but unpaid loans	201	215
Granted but unutilized card credits	48,648	47,721
<b>Total</b>	<b>48,849</b>	<b>47,936</b>

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 liabilities or commitments.

## Note 10 Transactions with related parties

All amounts are in MSEK	ASSETS		LIABILITIES		INCOME		COSTS	
	22-06-30	21-12-31	22-06-30	21-12-31	22-06-30	21-12-31	22-06-30	21-12-31
Nordax Bank AB	205	205	-5	-4	-	0	-	-
Nordax Group AB	50	8	-1	-1	2	4	-	0
Svensk Hypotekspension AB	-	1	-	-	-	0	-	-
<b>Total</b>	<b>255</b>	<b>215</b>	<b>-6</b>	<b>-5</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>0</b>

Transactions between parent company and subsidiary are priced at market conditions and is reported in Nordax Bank Group's financial reports.

## Note 11 Important events after the balance sheet date

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On July 4, Bank Norwegian ASA and Nordax Bank AB (publ) signed a joint merger plan for a cross-border parent-subsidiary merger between the two banks. The merger plan was registered with the Norwegian Register of Business Enterprises (Foretaksregisteret) on 5 July 2022 and with the Swedish Companies Registration Office (Bolagsverket) on 28 July 2022 and on 8 August 2022 the Board of Directors of Bank Norwegian finally approved the merger.

The merger will be implemented with Nordax as the acquiring company and Bank Norwegian as the transferring company, with the operations of Bank Norwegian to be continued through a Norwegian branch of Nordax (being under establishment). The merger aims to simplify the group structure and is expected to enable a more effective administration and optimisation of capital and liquidity utilisation within the Nordax Group.

The implementation of the merger is still conditional upon (i) that the deadline for objections pursuant to the Public Limited Liability Companies Act § 13-15, cf. 13-16 has expired, (ii) that the Norwegian Financial Supervisory Authority ("Finanstilsynet") and the Swedish Financial Supervisory Authority ("Finansinspektionen") have approved the implementation of the merger, (iii) that Finansinspektionen has approved Nordax' establishment of a branch in Norway and that Finanstilsynet has confirmed that the branch can commence operations (or that the waiting period of two months has expired), (iv) that relevant consents and approvals from third parties have been obtained and (v) that no objections have been made by creditors or that any such objections have been clarified.

As announced July 4, the merger is expected to be completed during the first quarter of 2023 at the latest. Bank Norwegian's operations and organization, as well as customer terms and conditions are not expected to be materially amended following the merger. The Bank Norwegian brand will continue to be used.

# 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<sup>1</sup>

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<sup>1</sup>

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<sup>1</sup>

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)<sup>1</sup>

Liquidity Coverage Ratio (LCR)<sup>1</sup> 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<sup>1</sup>

The sum of Tier 1 and Tier 2 capital.

## Tier 1 capital ratio<sup>1</sup>

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

## Risk exposure amount<sup>1</sup>

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<sup>1</sup>

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

## Tier 2 capital<sup>1</sup>

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

## Total capital ratio<sup>1</sup>

Total own funds as a percentage of the risk exposure amount.

## Other Tier 1 capital<sup>1</sup>

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

<sup>1</sup> 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-June 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 August 25, 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