Nordax Holding AB (publ)

INTERIM REPORT JANUARY–MARCH 2023

About the Group, Nordax Holding AB (publ)

ABOUT THE GROUP
Nordax Holding AB (publ) (Corporate Identity Number 559097– 5743) (hereinafter "Nordax Holding"), with its registered office in Stockholm at Box 23124, SE-104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.nordaxgroup.com, with its Group below referred to as "Nordax" is approximately 19 per cent 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.

In the Nordax Bank Group, there exists a number of subsidiaries to Nordax Bank, among others Svensk Hypotekspension AB (hereinafter "SHP") and its subsidiaries. Other subsidiaries of Nordax Bank include NOBA Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgages 1 AB (publ) and Lilienthal Finance Ltd. SHP consists of Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4
AB (publ) and Svensk Hypotekspension 5 AB (publ). After the cross-border legal merger between Nordax Bank and its subsidiary Bank Norwegian ASA, which took place on 30 November 2022, the operations of Bank Norwegian ASA is hereafter carried out through a Norwegian branch of Nordax Bank under the name Bank Norwegian, a part of Nordax Bank AB (publ).

Nordax Bank AB was authorized on 27 January 2004 as a credit market company to carry out finance activities. On 5 December 2014, Nordax received approval to carry out 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 and Oslo, Nordax conducts cross-border banking activities in Sweden, Norway, Denmark, Finland, Germany, the Netherlands, and Spain 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.

Nordax' 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 now merged subsidiary Bank Norwegian ASA, 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. Since 2018, loans secured against residential property are offered in Sweden and, as of 2019 also in Norway.

Through the subsidiary SHP, acquired in January 2019, Nordax also offers loans secured 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 branch Bank Norwegian.

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

Nordax' business comprises a diversified set of distribution channels. These are made up of direct channels such as online channels, direct marketing and existing customers and indirect channels such as loan intermediaries. As of 31 March 2023, 54% of new sales was generated via indirect channels and 46% via direct channels and existing customers.

Nordax has a solid customer base where the responsible lending is illustrated both via the customers and via their use of Nordax' products. Nordax' personal loan customers are drawn from all age groups and social classes, and are typically middle-aged professionals with relatively high incomes, with the majority owning their own home. Of the outstanding personal loan volume, 93% is covered by a left-to-live surplus of above 3,000 SEK and of the same volume 66% has been used to refinance previous loans. Of the credit card customers, approximately 99.5% pays their invoice in due time. Together with the customers utilizing Nordax' mortgages and equity release products, Nordax' customer base shows a very high customer satisfaction where Nordax' Swedish survey during 2022 displayed the highest customer satisfaction in the banking industry.

DEVELOPMENT DURING THE FIRST QUARTER COMPARED TO THE PREVIOUS QUARTER

Portfolio development
Total lending as of 31 March 2023 amounted to SEK 94.3 billion (SEK 89.4 billion as of 31 December 2022). Currency adjusted, all products and markets contributed to the increase in volume, with the Norwegian branch Bank Norwegian strongly contributing to the growth.

Personal loans and credit cards
During the first quarter of 2023, Nordax' portfolios of both private loans and credit cards showed a good growth. As of 31 March 2023, the total volume of personal loans and credit cards amounted to SEK 78.3 billion (SEK 73.7 billion as of 31 December 2022).

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. Through a thorough credit assessments and personal contacts, more loans are approved for this cus-

tomer group, which is often rejected 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, during the first quarter, been affected by the continuing general rise of interest rates in society but is still displaying growth where the total mortgage portfolio amounted to SEK 7.1 billion as of 31 March 2023 (6.9 billion as of 31 December 2022). The portfolio growth for the first quarter was negatively affected by a weakening Norwegian krona.

Equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during the first quarter of 2023 and shows stable new lending. The market for equity release mortgages has a 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 9.0 billion as of 31 March 2023 (SEK 8.8 billion as of 31 December 2022).

Capital and liquidity

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

As of March 31, 2023 Common Equity Tier 1 Capital Ratio amounted to 14,57% (15,05%), the Tier 1 capital ratio amounted to 16,47% (17,06%) and the total capital ratio was 18,13% (18,88%).

The CET1-capital ratio requirement for the period was 8,88% (10,36%), Tier 1 requirement was 10,61% (12,15%) and the total capital ratio requirement was 12,92% (15,02 %). The lower capital ratios were mainly because the increase in CET1 capital, as a result of earnings, was lower than the growth in risk exposure amount.

The decrease in the capital requirements was mainly due to a consequence of the internal capital adequacy assessment process which was carried out during the first quarter of 2023 where Finansinspektionen's assessment methods and requirements have been applied for all risks. This assessment lowered Nordax Pillar 2 requirements from 3.48% to 1.25%. Before the first quarter of 2023, Nordax included Bank Norwegians Pillar 2 requirements for certain risks that was granted from Finanstilsynet before the legal merger in November 2022.

During the period, the countercyclical buffer requirements in Denmark and Norway increased from 2% to 2.5%, and in Germany from 0% to 0.75%, which increased Nordax countercyclical buffer requirements to 1.17% (1.04%).

Nordax's CET1 capital increased during the year and amounted to SEK 10.9 billion (SEK 10.7 billion) mostly driven by the positive net profit.

The leverage ratio was 10,36% (10,41 %).

Nordax's liquidity reserve amounts to SEK 17.6 billion (SEK 20.3 billion) and consists mainly of covered bonds, treasury bills and deposits with central banks and Nordic credit institutions. The liquidity coverage ratio (LCR) was 223,5 % (253,2 %).

Net stable funding ratio (NSFR) was 119,4 % (122,0 %). Nordax has a diversified funding structure with different sources allocated between credit institutions, the capital market and deposits from the public. Deposits from the public is the largest funding source and amounts to SEK 80.1 billion for the period (77.1 billion).

For additional information on capital and liquidity, see Note 5 Capital adequacy analysis.

DEVELOPMENT DURING THE FIRST QUARTER 2023 COMPARED TO THE FIRST QUARTER 2022

Portfolio development

Total lending as of 31 March 2023 amounted to SEK 94.3 billion (SEK 75.7 billion as of 31 March 2022). All products and markets contributed to the increase in volume compared to the corresponding quarter 2022.

Personal loans and credit cards

Compared to the first quarter 2022, the portfolio of private loans and credit cards showed a good growth. The total volume of personal loans and credit cards as of 31 March 2023 amounted to SEK 78.3 billion (SEK 62.2 billion as of 31 March 2022).

Mortgage loans

New lending has, during the first quarter, been affected by the continuing general rise of interest rates in society but is displaying a stable growth where the total mortgage portfolio amounted to SEK 7.1 billion as of 31 March 2023 (5.6 billion as of 31 March 2022). Also compared against the first quarter of 2022, the portfolio growth was negatively affected by a weakening Norwegian krona.

Equity release mortgages

The portfolio has steadily continued to develop well and shows stable new lending. The total volume of equity release mortgages amounted to SEK 9.0 billion as of 31 March 2023 (SEK 7.9 billion as of 31 March 2022).

Capital and liquidity

As of March 31, 2023 Common Equity Tier 1 Capital Ratio amounted to 14,57% (15,29%), the Tier 1 capital ratio amounted to 16,47% (17,85%) and the total capital ratio was 18,13% (19,85%).

The CET1-capital ratio requirement for the period was 8,88% (12,96%), Tier 1 requirement was 10,61% (14,54%) and the total capital ratio requirement was 12,92% (16,66 %). The lower capital ratios were mainly because the increase in CET1 capital, as a result of earnings, was lower than the growth in risk exposure amount.

The decrease in the capital requirements was mainly due to a consequence of the legal merger of Bank Norwegian. This decreased Nordax' Pillar 2 requirements as well as the Norwegian systemic risk buffer, which 31 March 2022 for Nordax amounted to 1.84%, after the legal merger is no longer applicable to Nordax. The lower Pillar 2 requirements is due to the internal capital adequacy assessment process, which was carried out during the first quarter of 2023, where Finansinspektionen's assessment methods and requirements have been applied for all risks. This assessment decreased Nordax Pillar 2 requirements from 4,02% to 1.25%. In March 2022, Nordax included Bank Norwegians Pillar 2 requirements for certain risks that was granted from Finanstilsynet.

During the period, the countercyclical buffer requirements in Norway increased from 1% to 2.5%, in Denmark from 0% to 2.5%, in Sweden from 0% to 1% and in Germany from 0% to 0.75%, which increased Nordax countercyclical buffer requirements to 1.17% (0,30%).

Nordax's CET1 capital increased during the year and amounted to SEK 10.9 billion (SEK 9.7 billion) mostly driven by the positive net profit.

The leverage ratio was 10,36% (10,33 %).

Nordax's liquidity reserve amounts to SEK 17.6 billion (SEK 26,9 billion) and consists mainly of covered bonds, treasury bills and deposits with central banks and Nordic credit institutions. The liquidity coverage ratio (LCR) was 223,5 % (183,3 %)[1].

Net stable funding ratio (NSFR) was 119,4 % (132,8 %). Nordax has a diversified funding structure with different sources allocated between credit institutions, the capital market and deposits from the public. Deposits from the public is the largest funding source and amounts to SEK 80.1 billion for the period (70,3 billion).

For additional information on capital and liquidity, see Note 5 Capital adequacy analysis.

OTHER EVENTS

The uncertainty on the financial markets and in the real economy remained also during the first quarter. Both the effects from the war in the Ukraine and the high inflationary numbers, with the corresponding central bank interest rate hikes, continued to pressure both households and corporations. However, there were signs of decreasing inflation, among other things driven by falling energy prices. In addition, the markets were also worried by the turbulence that arose among certain American niche-banks following upon large and swift outflows of corporate deposits. All in all, these effects have had an impact on Nordax' customers and other stakeholders and this is something that Nordax continuously monitors. As a result of the generally rising interest rate levels during the first quarter, Nordax continued to, in line with previous quarters, make additional interest rate hikes.

On March 8, 2023, Nordax initiated a process to change the name of the company to NOBA Bank Group AB (publ). The name change is part of a process seeking to establish a new group name that brings all three existing brands – Bank Norwegian, Nordax Bank and Svensk Hypotekspension – under the single name of NOBA. The brands, including Nordax Bank, will continue to operate separately as previously, and customers will not be affected by the change of the Group's name. The name change requires approval from the Swedish Financial Supervisory Authority prior to being registered with the Swedish Companies Registration Office.

In early 2023, Anna Storåkers stepped down from Nordax' Board of Directors and Ragnhild Wiborg was elected to replace her. In the beginning of the year it was announced that Klara-Lise Aasen would leave her position as branch manager. In February, Tore Andresen, COO of Nordax Bank's Norwegian branch Bank Norwegian, became a member of the Group management team.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

During April, Nordax concluded the sale of an NPL portfolio in Finland with a gross lending volume of SEK 545 million. The sale resulted in a positive impact on operating profit.

The process, initiated during Q1, of changing Nordax' company name to NOBA Bank Group AB (publ) continued. The Swedish FSA has granted the necessary approval in order to make the change in the articles of association and the Swedish Companies Registration Office is expected to register the change of name during June of 2023.
This change of name also comprises Nordax Holding AB (publ) and its subsidiary Nordax Group AB which then will change its respective names to NOBA Holding AB (publ) and NOBA Group AB.

The Norwegian Ministry of Finance announced 14 April that it had requested the European Systemic Risk Board, ESRB, to lower their recommended materiality threshold for application of the Norwegian Systemic Risk Buffer from NOK 32 billion in REA to NOK 5 bn, relating to Norwegian exposures, applicable as of 31 December 2023. The request was sent to the ESRB in December 2022 and in March 2023 ESRB followed the Ministry's request, thus recommending national authorities to reciprocate the new threshold within three months of its publication in the Official Journal of the EU. If the Swedish FSA reciprocates the recommendation, Nordax will thus be required to hold a Systemic Risk Buffer for Norwegian exposures. The Buffer would for Nordax amount to approximately 1% of total Risk Exposure Amount and would come in force 31 December 2023.

On 1 April 2023 Merete Gillund, previously part of the Group management team and head of Innovation and Strategic Projects, replaced Klara-Lise Aasen as branch manager.

During April SHP, through the subsidiary Svensk Hypotekspension 5 AB (publ), obtained a new bilateral secured financing of MSEK 250 with an international bank.

Events relating to cooperation with the Norwegian Air Shuttle group

Nordax Norwegian branch, Bank Norwegian, has, as a precautionary measure to protect its intellectual property, on the 23rd of May filed a lawsuit requesting a declaratory judgement with the Oslo District Court against companies within the Norwegian Air Shuttle group to confirm our right to use the Bank Norwegian brand.

Bank Norwegian was established in 2007 and today delivers a wide range of innovative and popular products and services to about 1,55 million unique customers across the Nordics. In 2022, Bank Norwegian became part of Nordax

[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 liquidity exceeding 100% of Bank Norwegian's net outflow can be freely used by the Consolidated Situation. If Bank Norwegian's surplus liquidity was included in the Consolidated Situation, the LCR would have been 476.5% as of 31 March 2022.

Bank. Consequently, according to Norwegian law, Bank Norwegian is required to clearly communicate that it is a part of Nordax Bank. The airline Norwegian Air Shuttle disagrees with our right to market our own name, Bank Norwegian, and objects to us fulfilling our legal requirements to clearly communicate that Bank Norwegian is a part of Nordax Bank. In order to confirm our ability to continue to deliver and develop industry-leading services to our customers under our own brand name, and doing so in continued compliance with Norwegian law, we have initiated the above-mentioned lawsuit. Our brand name is an integral and foundational part of our relationship with our customers, and we are committed to protecting it.

The group has during May also decided to initiate a graphical re-design of the Bank Norwegian brand, across all markets. The new design is planned to be implemented during the second half of 2023 and is expected to result in one-off costs of circa 100 MNOK mainly related to impairment of certain, by Bank Norwegian, pre-paid intangible rights relating to licensing of the current design. The impairment of the intangible rights will not have any impact on the capital base, as they are already deducted.

Given the initiated legal proceedings and the planned graphical re-design, the bank also plans, during the second half of 2023, to initiate a strategic review of the cooperation with the Norwegian Air Shuttle group relating to credit cards. As the Nordic region's largest specialist bank with a continuous growth agenda, we value predictability and flexibility that enable us to offer the best possible products and services to our customers.

Result January–March 2023

THE GROUP RESULT COMPARED TO THE FOURTH QUARTER 2022

Operating profit amounted to MSEK 390 MSEK (48). The increase is explained by a continued solid growth and increased net interest income, decreased sales costs and by the fourth quarter being substantially negatively affected by transformation costs and impairment of intangible assets relating to Lilienthal Finance Ltd.

Net interest income amounted to MSEK 1 802 (1 753). Net interest income primarily increased by growing lending.

Commission income amounted to MSEK 101 MSEK (117). The decrease was in line with expectations as the fourth quarter typically is seasonally strong.

Operational expenses amounted to MSEK -393 MSEK (-666). Of the expenses, general administrative expenses made up MSEK -369 (-440) whereof MSEK -315 (-345) related to the underlying business and MSEK -54 (-95) related to transformational expenses mostly connected with the integration of Bank Norwegian and the ongoing change of core banking system within Nordax. Operational expenses also include depreciation and impairment of property, plant and equipment and other intangible assets and amounted to MSEK -24 (-226), where the decrease is primarily explained by the impairment of intangible assets relating to Lilienthal Finance Ltd encompassing MSEK -201 in the fourth quarter.

Other operating expenses is made up of marketing costs and sales costs related to credit cards and amounted to MSEK -266 (-296). The decrease is primarily driven by lower sales costs related to credit cards.

Depreciation and impairment of intangible assets related to transaction surplus values amounted to MSEK -43 (-44) which was according to plan. These costs are purely related to the accounting treatment of allocated surplus values from previous acquisitions and do not affect neither cash flows nor capital adequacy since the asset is already deducted from the capital base. Of the amount, MSEK -34 relates to the acquisition of Bank Norwegian and MSEK -8 to the acquisition of Nordax Bank and the remaining part to the acquisition of Svensk Hypotekspension.

Credit losses amounted to MSEK -824 (-856), corresponding to 3,7 per cent (3,9) of average lending. The quarter was to a large extent affected by further provisions relating to loans in Stage 1 which increased with MSEK -163 (-114) and provisions for Continental Europe of MSEK -79 (-71).

Adjusted operating profit
The quarterly operating profit was negatively affected by the ongoing expansion in Continental Europe (Germany and Spain), especially given high initial credit losses in these markets. The operating profit from Continental Europe amounted to MSEK -80 (-63).

Since the Bank's operating profit currently, to a large extent, is affected by transformational expenses, initial costs related to Continental Europe and accounting effects from intangible assets primarily related to the acquisition of Bank Norwegian, management also monitors the business based on an adjusted operating profit where the effects of these costs, and other non-recurring items, is excluded. The adjusted operating profit amounted to MSEK 567 MSEK (451)[1].

THE GROUP RESULT COMPARED TO THE FIRST QUARTER 2022
Operating profit amounted to MSEK 390 MSEK (240). The increase is explained by a continued solid growth and increased net interest income and through improved net financial income.

Net interest income amounted to MSEK 1 802 (1 596). Net interest income primarily increased by growing lending.

Commission income amounted to MSEK 101 MSEK (69). The increase was among other things driven by an increased credit card usage.

Operational expenses amounted to MSEK -393 MSEK (-349). Of the expenses, general administrative expenses made up MSEK -369 (-321) whereof MSEK -315 (-265) related to the underlying business and MSEK -54 (-56) related to transformational expenses mostly connected with the integration of Bank Norwegian and the ongoing change of core banking system within Nordax. Of the underlying general administrative expenses, depreciation and impairment of property, plant and equipment and other intangible assets amounted to MSEK -24 (-28).

Other operating expenses is made up of marketing costs and sales costs related to credit cards and amounted to MSEK -266 (-312). The decrease is primarily driven by lower costs related to Continental Europe.

Depreciation and impairment of intangible assets related to transaction surplus values amounted to MSEK -43 (-44) which was according to plan.

Credit losses amounted to MSEK -824 (-610), corresponding to 3,7 per cent (3,3) of average lending. The quarter was to a large extent affected by further provisions relating to loans in Stage 1 which increased with MSEK -163 (2) and provisions for Continental Europe of MSEK -79 (-14).

[1]Reported operating profit MSEK 390 MSEK (48) adjusted for transformational expenses MSEK -54 (-95), effect from Continental Europe MSEK -80 (-63), depreciation of surplus values according to plan MSEK -43 (-44) and for the fourth quarter 2022 an adjustment was also made for the impairment of intangible assets relating to Lilienthal Finance Ltd corresponding to MSEK -201.

Adjusted operating profit

The quarterly operating profit was negatively affected by the ongoing expansion in Continental Europe (Germany and Spain), especially given high initial credit losses in these markets. The operating profit from Continental Europe amounted to MSEK -80 (-62).

Since the Bank's operating profit currently, to a large extent, is affected by transformational expenses, initial costs related to Continental Europe and accounting effects from intangible assets primarily related to the acquisition of Bank Norwegian, management also monitors the business based on an adjusted operating profit where the effects of these costs, and other non-recurring items, is excluded. The adjusted operating profit amounted to MSEK 567 MSEK (402)[2].

PARENT COMPANY RESULT COMPARED TO THE FIRST QUARTER 2022

Total net sales for January - March 2023 amounted to MSEK 12 (8).

Operating expenses for January - March 2023 amounted to MSEK -3 (-7).

Result from financial investments for January - March 2023 amounted to MSEK 14 (-7).

[2] Reported operating profit MSEK 390 MSEK (240) adjusted for transformational expenses MSEK -54 (-56), effect from Continental Europe MSEK -80 (-62), depreciation of surplus values according to plan MSEK -43 (-44).

Risks and internal control

RISKS AND UNCERTAINTIES

The first quarter of 2023 has continued to be characterized by high inflation, increased living costs and falling real wages. The pressures on households remain high and the risk of increased credit losses is unchanged despite glimmers of light such as continued strong employment rates. Cyber security remains an area of increased risk from a global perspective where the number of sophisticated cyber-attacks is increasing.

During the first quarter, work related to the further development of the Bank's framework for Governance, Risk Management and Compliance (GRC) has continued within, and between, the legal entities. As a result of worrying developments in the American market as a result of, among other, Silicon Valley Bank as well as Credit Suisse in Europe, Nordax has also reviewed its routines for governance and control of interest rate risk and liquidity risk management. Nordax concludes that the bank continues to have good management, monitoring and control over its financial risks.

The Group's strategy, appetite and limits for each risk and relevant strategy, as well as roles and responsibilities, for managing the risks are established in the Bank's overall policies for governance, risk management and risk appetite framework.

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, regulatory compliance risks, financial crime risks and business risks.

INTERNAL CONTROL

Nordax Group has established independent functions for risk control and regulatory compliance - Group Risk Control and Group Compliance - in accordance with the Financial Supervisory Authority's regulations and general advice regarding governance, risk management and control in credit institutions (FFFS 2014:1) and the European Banking Authority's guidelines for internal governance. Group Risk Control and Group Compliance are led and coordinated by the board appointed Chief Risk Officer (CRO) and Chief Compliance Officer (CCO). Furthermore, during the first quarter, the group has established an independent control function for information security - Information Security Function. The work is led and coordinated by the Chief Information Security Officer (CISO). The independent control functions report directly to the board and CEO. The Group's internal audit function is outsourced to EY.

Key Figures

GROUP	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Common Equity Tier 1 Capital Ratio in %	14.6	15.1	15.3
Return on equity excluding intangible assets in %	10.9	-0.2	6.9
Return on assets in %	1.0	0.0	3.0
Net credit loss level %[1]	3.7	3.9	3.3
Cost to income ratio % total operating expenses excl. depreciation and impairment of intangible assets related to transaction surplus values	34	50	43
Cost to income ratio % operational expenses	21	35	22
Cost to income ratio % operational expenses excl. transformational expenses[2]	18	19	19
Adjusted operating profit MSEK	567	451	402
Operating profit per share SEK	131.9	-2.9	77.0
Number of employees[3]	606	594	525

[1] Including Lilienthal Finance Ltd credit losses of MSEK 79.
[2] For Q4 2022 also adjusted for an impairment of intangible assets related to Lilienthal Finance Ltd of MSEK 201.
[3] Number of employees is recalculated to full time employees.

Consolidated income statement

GROUP All amounts are in MSEK	Note	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Operating income				
Interest income	9	2,408	2,229	1,829
Interest expense	9	-606	-476	-233
Total net interest income		1,802	1,753	1,596
Commission income		101	117	69
Net profit from financial transactions	10	13	40	-110
Other operating income		0	0	0
Total operating income		1,916	1,910	1,555
Operating expenses				
General administrative expenses		-369	-440	-321
Depreciation and impairment of property, plant and equipment and other intangible assets	8	-24	-226	-28
Depreciation and impairment of transaction surplus values		-43	-44	-44
Other operating expenses	11	-266	-296	-312
Total operating expenses		-702	-1,006	-705
Profit before credit losses		1,214	904	850
Net credit losses	12	-824	-856	-610
Operating profit		390	48	240
Tax on profit for the period		-73	-55	-55
NET PROFIT FOR THE PERIOD		317	-7	185

Consolidated statement of comprehensive income

All amounts are in MSEK	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Items to be reclassified in the income statement			
Gains and losses on revaluation during the year	-26	-23	116
Tax on gains and losses on revaluation during the year	5	5	-25
Total cash flow hedges	-21	-18	91
Translation of foreign subsidiaries	-1,245	740	750
Hedge accounting of net investment before tax	742	-511	-893
Tax on hedge accounting	-153	105	182
Tax on translation differences	129	18	-
Total translation differences	-527	352	39
Items not to be reclassified in the income statement			
Changes in value of other shares	0	0	-
Total	0	0	-
Total other comprehensive income	-548	334	130
COMPREHENSIVE INCOME	-231	327	315
Attributable to:			
The Parent Company's shareholders	-234	297	282
Holders of Tier 1 capital	3	30	33

Parent Company income statement

PARENT COMPANY All amounts are in MSEK	Note	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Net sales		12	20	8
Total net sales		12	20	8
Operating expenses				
Employee expenses		-2	-2	-6
Other external expenses		-1	-3	-1
Total operating expenses		-3	-5	-7
Operating profit		9	15	1
Result from financial investments				
Profit from shares in group companies		-	-	-
Interest expenses and similar expenses		-10	-16	-7
Received group contribution		-	11	-
Dividend received		24	22	-
Result from financial investments		14	16	-7
Result after financial items		23	31	-6
Tax on profit for the period		-	-	-
NET PROFIT FOR THE PERIOD		23	31	-6

Parent company statement of comprehensive income

Comprehensive income corresponds to net profit for the period.

Consolidated statement of financial position

Group

All amounts are in MSEK	Note	31 March 2023	31 December 2022
ASSETS			
Lending to central banks	6,7	1,402	3,723
Lending to credit institutions	6,7,9	2,905	3,376
Lending to the general public	4,6-9	94,321	89,382
Bonds and other fixed-income securities	6,7	13,771	13,608
Derivatives	6,7	920	419
Other shares	6,7	169	168
Intangible assets		11,815	12,364
Tangible assets		72	77
Current tax assets		3	2
Deferred tax assets		9	-
Other assets	6,7	401	286
Prepaid expenses and accrued income		66	68
TOTAL ASSETS		125,854	123,473
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	6,7	9,741	9,739
Deposits from the general public	6,7	80,054	77,104
Issued securities	6,7	7,930	8,416
Derivatives	6,7	525	307
Current tax liabilities		37	179
Deferred tax liability		935	973
Other liabilities	6,7	1,072	972
Accrued expenses and deferred income		492	461
Subordinated liabilities	6,7	1,523	1,519
Total liabilities		102,309	99,670
Equity			
Share capital		2	2
Other reserves		20,917	20,917
Fair value reserve		39	39
Cash flow hedges		140	161
Tier 1 capital instruments		1,465	1,470
Translation of foreign operations, net		-552	-43
Retained earnings		1,217	1,346
Profit for the year		317	-89
Total equity		23,545	23,803
TOTAL LIABILITIES, PROVISIONS AND EQUITY		125,854	123,473

Consolidated statement of financial position

Parent Company

All amounts in MSEK	Note	31 March 2023	31 December 2022
Financial assets			
Shares in group companies		22,216	22,216
Total financial assets		22,216	22,216
Total fixed assets		22,216	22,216
Short-term assets			
Receivables group companies		661	745
Other assets		18	14
Prepaid expenses and accrued income		1	1
Total short-term assets		680	760
Cash and bank balances		116	29
Total current assets		796	789
Total assets		23,012	23,005
Liabilities, provisions, and equity			
Equity			
Share capital		2	2
Other reserves		20,917	20,917
Tier 1 capital instruments		1,341	1,338
Retained earnings		90	45
Profit for the year		23	72
Total equity		22,373	22,374
Liabilities			
Current liabilities			
Current tax liabilities		0	1
Accrued expenses and prepaid income		1	1
Liabilities to group companies		7	7
Other liabilities		0	2
Subordinated liabilities		631	620
Total current liabilities		639	631
Total liabilities		639	631
Total liabilities, provisions, and equity		23,012	23,005

Statement of cash flows

Group All amounts are in MSEK	JAN-MAR 2023	JAN-DEC 2022
Operating activities		
Operating profit [1]	390	240
Adjustment for non-cash items		
Exchange rate effects	-204	31
Depreciation, amortization and impairment of property, plant & equipment	61	70
Amortization of financing costs	6	5
Unrealized changes in value of bonds and other fixed income securities	-5	-779
Credit losses	937	759
Value change of shares FVOCI	-	-
Reversal of acquired surplus value in lending to the general public	80	85
Income tax paid	-201	-303
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-11,776	-4,141
Decrease/Increase in other assets	-1,636	-1,187
Decrease/Increase in deposits from the general public	7,416	1,890
Decrease/Increase in other liabilities	2,954	-236
Cash flow from operating activities	**-1,978**	**-3,566**
Investing activities		
Purchase of shares	-	-1
Purchase of equipment and intangible assets	-17	-6
Investment in bonds and other interest-bearing securities	-10,824	-10,792
Sale/disposal of bonds and other fixed income securities	10,271	13,932
Cash flow from investing activities	**-570**	**3,133**
Financing activities		
Change to liability to credit institutions	-1	167
Change issued securities	-234	3,610
Change subordinated liabilities	55	-19
Tier 1 capital dividend[2]	-27	-7
Cash flow from financing activities	**-207**	**502**
Cash flow for the period	**-2,755**	**69**
Cash and cash equivalents at the beginning of the period	**7,099**	**5,182**
Exchange rate differences and cash equivalents	**-37**	**95**
Cash and cash equivalents at the end of the period	**4,307**	**5,346**

[1] Whereof received interest 2,353 MSEK (1,584 MSEK) and paid interest 461 MSEK (419 MSEK).
[2] 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 earnings incl. Profit for the year	Sum	Tier 1 capital instruments	TOTAL
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	–	–	–	–	–	848	848	19	867
Other comprehensive income	–	–	-152	4	158	–	10	28	38
Total comprehensive income	–	–	-152	4	158	848	858	47	905
Paid interest Tier 1 capital instruments	–	–	–	–	–	-81	-81	–	-81
Repayment of Tier 1 capital instruments	–	–	–	–	–	–	–	-311	-311
Change in Tier 1 capital instruments	–	–	–	–	–	14	14	-23	-9
CLOSING BALANCE 31 DECEMBER 2022	2	20,917	-43	39	161	1,257	22,333	1,470	23,803
OPENING BALANCE 1 JANUARY 2023	2	20,917	-43	39	161	1,257	22,333	1,470	23,803
Comprehensive income									
Net profit/loss for the year	–	–	–	–	–	296	296	21	317
Other comprehensive income	–	–	-509	0	-21	–	-530	-18	-548
Total comprehensive income	–	–	-509	0	-21	296	-234	3	-231
Paid interest Tier 1 capital instruments	–	–	–	–	–	-27	-27	–	-27
Change in Tier 1 capital instruments	–	–	–	–	–	8	8	-8	-
CLOSING BALANCE 31 MARCH 2023	2	20,917	-552	39	140	1,534	22,080	1,465	23,545

Statement of changes in equity

Parent Company

All amounts are in MSEK	Restricted equity: Share capital	Restricted equity: Other Funds	Non-restricted equity: Retained Earnings incl. Profit for the year	Sum	Tier1 capital instruments	TOTAL
OPENING BALANCE 1 JANUARY 2022	2	20,917	125	21,044	1,320	22,364
Comprehensive income						
Net profit/loss for the year	-	-	56	56	16	72
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income			56	56	16	72
Tier 1 capital instruments issued[1]	-	-	-	-	-	-
Change in Tier 1 capital instruments[1]	-	-	-2	-2	2	0
Paid interest Tier 1 capital instruments	-	-	-62	-62	-	-62
CLOSING BALANCE 31 DECEMBER 2022	2	20,917	117	21,036	1,338	22,374
OPENING BALANCE 1 JANUARY 2023	2	20,917	117	21,036	1,338	22,374
Comprehensive income						
Net profit/loss for the year	-	-	5	5	18	23
Total comprehensive income	-	-	5	5	18	23
Reclassification	-	-	-	-	-	-
Change in Tier 1 capital instruments	-	-	15	15	-15	0
Paid interest Tier 1 capital instruments	-	-	-24	-24	-	-24
CLOSING BALANCE 31 MARCH 2023	2	20,917	113	21,032	1,341	22,373

Share capital consists of 2,403,815 shares av the same category with a quota value of SEK 1.
[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 of 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.

Notes

Amounts stated in the notes are in MSEK unless otherwise stated. The information on pages 1-7 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, address Box 23124, 104 35 Stockholm, telephone number +46 8 508 808 00, www.nordaxgroup.com, is the parent company to Nordax Group AB (publ) (Corporate Identity Number 556993-2485), registered office in Stockholm, which owns Nordax Bank AB (publ) (Corporate Identity Number 556647-7286), registered office in Stockholm.

The Group's operating subsidiaries are Nordax Bank AB (publ), which since 2014 has been licensed to conduct banking operations 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

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 2023
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.

As from Q1 2023 the Group presents all costs related to the distribution of credit cards and marketing costs to the Norwegian Air Shuttle Group within Other operating expenses. Previous the majority was included in General administrative expenses.

General administrative expenses
General administrative expenses refer to employee benefit expenses and other administrative expenses, such as IT expenses, external services (audit, other services), costs of premises, telephone and postage, and other expenses.

As from Q1 2023 the Group presents Depreciation and impairment of transaction surplus values on a separate row in Income Statement and historic figures are reclassified.

The report has otherwise been prepared in accordance with the same accounting principles and calculation methods that were applied in the annual report for 2022.

Note 3 Significant accounting estimates

Presentation of consolidated financial statements in conformity with IFRS requires the executive management to make judgments and estimates that affect the recognized amounts of assets, liabilities and disclosures of contingent assets and liabilities as of the reporting date as well as the recognized income and expenses during the reporting period. The executive management continuously evaluates these judgments and estimates, including assessing control over investment funds, the fair value of financial instruments, provisions for credit impairment, impairment testing of goodwill and deferred taxes.

Post-model expert credit adjustments to the credit impairment provisions continue to be necessary, given the geopolitical and economic uncertainties. Details of these are found in Note 12.

Beyond that, there have been no significant changes to the basis upon which the critical accounting judgments and estimates have been determined compared with 31 December 2022.

Note 4 Financial risk management

GROUP

MSEK	2023-03-31	2022-12-31
Credit risk exposures relate to the balance sheet as follows:		
Lending to central banks	1,402	3,723
Lending to credit institutions	2,905	3,376
Lending to the general public	94,321	89,382
Bonds and other fixed-income securities	13,771	13,608
Total	112,399	110,089

Assets above are listed at their recognized value as per the balance sheet. Lending to central banks, lending to credit institutions and bonds and other interest-bearing securities relates to exposures to, among others, Swedish and Norwegian counterparties. The geographical risk concentrations for lending to the general public are set out in the table below.

GROUP

MSEK	Gross			Provisions			
31 March 2023	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Sweden	27,558	2,541	2,702	-504	-341	-1,233	30,723
SHP	8,985	37	0	-57	0	0	8,965
Norway	18,838	1,527	2,852	-107	-112	-1,140	21,858
Finland	21,104	1,687	3,956	-320	-270	-1,595	24,562
Germany & Spain	1,531	139	477	-45	-32	-352	1,718
Denmark	6,079	254	628	-92	-37	-337	6,495
Total	84,095	6,185	10,615	-1,125	-792	-4,657	94,321

MSEK	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Sweden	26,264	1,833	2,201	-420	-325	-997	28,556
SHP	8,787	38	3	-30	0	0	8,798
Norway	19,140	1,424	3,035	-106	-111	-1,217	22,165
Finland	18,682	1,686	3,540	-248	-263	-1,395	22,002
Germany & Spain	1,583	129	427	-40	-29	-310	1,760
Denmark	5,749	242	522	-93	-40	-279	6,101
Total	80,205	5,352	9,728	-937	-768	-4,198	89,382

Assets above are listed at their recognized value as per the balance sheet. Lending to credit institutions and bonds and other interest-bearing securities relates to exposures to Swedish counterparties. The risk concentrations per product are presented below.

LENDING TO THE GENERAL PER PRODUCT

GROUP

MSEK	Gross			Provisions			
31 March 2023	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Personal loans	58,325	4,683	9,521	-960	-728	-4,261	66,580
Credit Cards	10,824	503	898	-106	-59	-375	11,685
Mortgage loans	5,961	962	196	-2	-5	-21	7,091
SHP	8,985	37	0	-57	0	0	8,965
Total	84,095	6,185	10,615	-1,125	-792	-4,657	94,321

MSEK 31 December 2022	Gross Stage 1	 Stage 2	 Stage 3	Provisions Stage 1	 Stage 2	 Stage 3	 NET
Lending to the general public							
Personal loans	54,117	4,466	8,779	-805	-710	-3,863	61,984
Credit Cards	10,882	467	797	-98	-55	-320	11,673
Mortgage loans	6,419	381	149	-4	-3	-15	6,927
SHP	8,787	38	3	-30	0	0	8,798
Total	80,205	5,352	9,728	-937	-768	-4,198	89,382

Note 5 Capital adequacy analysis

The information in this note is disclosed in accordance with Chapter 8, Section 4 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports at credit institutions and securities companies (FFFS 2008:25), 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). Information in Article 447 of Regulation (EU) No 575/2013 and Article 473a point 6 (transitional arrangement of IFRS9 for own funds) in accordance with (EBA/ GL/2018/01) as well as the disclosure requirements of the same regulation). 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).

Merger with Bank Norwegian

The acquisition of Bank Norwegian ASA was financed by Nordax Holding AB (publ) via new share issue of SEK 9.7 billion, new issuance of SEK 1.4 billion in Additional Tier 1 capital SEK 650 million Tier 2 capital, which was invested by external investors. Nordax Group AB issued corresponding instruments and amounts which was invested by Nordax Holding AB (publ). Nordax Bank AB issued the corresponding amount and instrument was invested by Nordax Group AB. Nordax Bank also financed the acquisition via non-cash issuance of Bank Norwegian shares with a value of SEK 4.4 billion, unconditional shareholder contribution of SEK 1 billion, conditional shareholder contribution of SEK 8.4 billion and a loan from Nordax Holding AB of SEK 200 MSEK. At the time of the legal merger, the conditional shareholder contribution was converted to unconditional shareholder contribution. In December 2022 the loan from Nordax Holding, including accrued interest, was also converted to unconditional shareholder contributions of SEK 203 million.

The consolidated situation's own funds include the abovementioned capital instruments as well as Additional Tier 1 capital of SEK 76 million and Tier 2 capital of SEK 602 million issued by Nordax Bank AB.

On 30 November 2022, the merger between Nordax Bank AB and Bank Norwegian ASA has been completed. The merger was implemented with Nordax as the surviving company and Bank Norwegian as the transferring company, with the operations of Bank Norwegian being continued through Nordax's Norwegian branch, the legal name of which is Bank Norwegian, a branch of Nordax Bank AB (publ) (the "Branch"). The capital requirements for the consolidated situation did not change as result of merger, however, the capital requirement for Nordax Bank AB has increased due to replacing Nordax Bank AB shares in Bank Norwegian by the assets of Bank Norwegian, as well as the excess value of lending portfolio that arose in connection with the acquisition.

Information on the consolidated situation

The top 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), Noba Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgages 1 AB, Svensk Hypotekspension AB and affiliated subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ), in addition to Lilienthal Finance Ltd.

IFRS9 transitional arrangement

Nordax has notified the Swedish FSA that the bank has decided to use the transitional arrangement regarding IFRS 9 which entail a gradual phasing-in of credit provisions that arise during the transition to IFRS 9 and credit provisions for stages 1 and 2 until December 31, 2019. In 2022, 25% of the effects was added back to Tier 1 capital, from 2023, the effects have been phased in completely and there will be no transitional arrangements applied for these credit provisions.

Nordax also applies the transitional rules for credit provisions for stages 1 and 2 that arose after December 31, 2019. In 2022, 75% of the negative effects of these credit provisions was added back to CET1 capital. In 2023, the add-back decreased to 50%. Due to the lower add-back arrangements in 2023, the amount decreased to SEK 232 million (358).

Combined buffer requirement

The combined buffer requirement for the Consolidated Situation consists of the capital conservation buffer requirement and the countercyclical capital buffer requirement. The capital conservation buffer requirements amounts to 2.5 percent of the risk-weighted exposure amount. The countercyclical capital buffer is weighted based on geographical requirements. For Finland and Spain the requirement amounted to 0%, for Germany the requirement increased from 0% to 0,75%, for Norway and Denmark the requirement increased from 2% to 2,5% while the requirement was 1% for Sweden.

Due to the acquisition of Bank Norwegian in November 2021, a systemic risk buffer was added. However, as a result of merger through absorption, the requirement for systemic risk buffer was abolished because the Norwegian systemic risk buffer only applies to foreign institutions with Norwegian risk exposure amount of NOK 32 billion, Nordax's Norwegian risk exposure amount falls below that threshold.

The Norwegian Ministry of Finance has requested to the European systemic risk board, ESRB, to lower threshold NOK 32 billion to NOK 5 billion as of December 31 2023. The request was sent to the ESRB in December 2022 which, in March 2023, the ESRB recommends that national regulatory authorities to recognize and reciprocate the new threshold within three months from the recommendation has been published in the EU's official journal. If the Swedish Financial Supervisory Authority would reciprocate the recommendation the Norwegian systemic risk buffer requirements would be applicable for Nordax Norwegian exposures from and including 31 December 2023. The Systemic risk buffer requirement amounts to 4.5% of the risk exposure amount in Norway, which for Nordax corresponds to approximately 1% of the total risk exposure amount.

All amounts are in MSEK	CONSOLIDATED SITUATION 31 Mar 2023	31 Dec 2022
OWN FUNDS		
Common Equity Tier 1 (CET1) capital before deduction of regulatory adjustments	22,607	23,254
Total deduction of regulatory adjustment to CET1 capital	-11,746	-12,544
Common Equity Tier 1 (CET1) capital after deduction of regulatory adjustments	**10,861**	**10,710**
Additional Tier 1 capital[4]	1,418	1,428
Sum Tier 1 Capital	**12,279**	**12,138**
Tier 2 Capital[3]	1,233	1,296
Total capital	**13,512**	**13,434**
Risk exposure amount, credit risk	68,644	65,183
Risk exposure amount, market risk	-	0
Risk exposure amount, operational risk	5,782	5,782
Risk exposure amount, credit value adjustment (CVA)	110	183
Total risk exposure amount (risk weighted assets)	**74,536**	**71,148**
Capital ratios and buffers		
Common Equity Tier 1 capital ratio	14.57%	15.05%
Tier 1 capital ratio	16.47%	17.06%
Total capital ratio	18.13%	18.88%
Total Common Equity Tier 1 capital requirement including buffer requirement	8.17%	8.04%
- of which, capital conservation buffer requirement	2.50%	2.50%
- of which, countercyclical capital buffers	1.17%	1.04%
-of which systemic risk buffer	-	-
Common Equity Tier 1 capital available as buffer[1]	7.57%	8.05%
Specification own funds		
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	20,917
-of which other funds	-	-
Retained earnings	1,216	389
Accumulated other comprehensive income	-	-
Deferred tax liabilities attributable to other intangible assets	527	564
Minority interest	-	-
Independently audited interim results after deductions of foreseeable dividends	-55	1,024
Common Equity Tier 1 capital before regulatory adj.	**22,607**	**22,896**
Regulatory adjustments:		
Other transition adj. of common equity Tier 1 capital[4]	232	358
(-) Intangible assets	-11,815	-12,364
Additional value adjustments	-162	-180
Total regulatory adjustment to Common Equity Tier 1 capital	**-11,746**	**-12,186**
Common Equity Tier 1 capital	**10,861**	**10,710**
Additional Tier 1 capital		
-AT1 capital instrument, directly issued	1,341	1,338
-AT1 capital instrument, issued by subsidiaries that are given recognition in AT1 Capital	76	90
Tier 1 capital, total	**12,279**	**12,138**
Tier 2 capital instrument		
Tier 2 capital instrument, directly issued	631	620
Tier 2 capital instrument, issued by subsidiaries that are given recognition in T2 Capital	602	676
Total capital	**13,512**	**13,434**
Total risk exposure amount	**74,536**	**71,148**
Specification of risk exposure amount[2]		
Exposures to national governments and central banks	22	0
Exposures to regional governments and local authorities	195	179
Exposures to institutions	722	868
Exposures in the form of covered bonds	761	708
Retail exposures	54,118	50,909
Exposures secured by mortgages on immovable property	5,611	5,535
Equity exposures	169	168
Exposures in default	6,518	6,169
Exposures to corporates	-	-
Other items	528	647
Total risk exposure amount for credit risk, Standardized Approach	**68,644**	**65,183**

All amounts are in MSEK	CONSOLIDATED SITUATION 31 Mar 2023	31 Dec 2022
Foreign exchange risk	0	0
Total risk exposure amount for foreign exchange risk	0	0
Operational risk according to Alternative Standardized Approach	5,782	5,782
Total risk exposure amount for operational risks	5,782	5,782
Credit valuation adjustment risk (CVA)	110	183
Total risk exposure amount for credit valuation adjustment risk	110	183
Total risk exposure amount	74,536	71,148
Specification Own funds requirement[2]		
Credit risk		
Exposures to national governments and central banks	2	0
Exposures to regional governments and local authorities	16	14
Exposures to institutions	58	69
Exposures in the form of covered bonds	61	57
Retail exposures	4,329	4,073
Exposures secured by mortgages on immovable property	449	443
Equity exposures	14	13
Exposures in default	521	494
Exposures to corporates	-	0
Other items	42	52
Total capital requirement for credit risk	5,492	5,215
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	463	463
Total risk exposure amount for operational risk	463	463
Credit valuation adjustment risk (CVA)		
Credit valuation adjustment risk (CVA)	9	15
Total capital requirement for CVA risk	9	15
Total Capital Requirement	5,964	5,693
Capital Requirement, percent of REA		
Pillar 1	8.00%	8.00%
Pillar 2	1.25%	3.48%
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical buffer	1.17%	1.04%
Systemic risk buffer - Norway	-	-
Total Capital Requirement	12.92%	15.02%
Capital Requirement, MSEK		
Pillar 1	5,964	5,692
Pillar 2	928	2,475
Capital conservation buffer	1,863	1,779
Institution-specific countercyclical buffer	875	738
Systemic risk buffer - Norway	-	-
Capital Requirement	9,630	10,683
LEVERAGE RATIO		
Total exposure measure for calculating leverage ratio, MSEK	118,493	116,650
Tier 1 capital, MSEK	12,279	12,138
Leverage ratio	10.36%	10.41%
Overall leverage ratio requirements, MSEK	3,555	3,500
Overall leverage ratio requirements, percentage	3%	3%

[1] In November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued Additional Tier 1 capital instrument amounting MSEK 1,400. At the time of the merger the bank has taken over Bank Norwegian's Additional Tier 1 capital previously issued on solo-level amounting NOK 125 million. During the period, SEK 76 million of these were qualified to be included the capital base of the Consolidated Situation.

[2]Nordax Bank has previously issued Tier 2 capital, however, during the merger the bank has taken over Bank Norwegian's subordinated loan. These could only be included in the capital base of the Consolidated Situation with the part required to cover the bank's capital requirements. As of 31 March 2023, the eligible amount of Tier 2 capital to be included has amounted to SEK 602 million. During October and November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB has issued additional amount of Tier 2 capital of SEK 650 million.

[3]Available CET1 capital that can be used as buffer after deducting CET1 capital required to fulfill the requirements under Pillar 1 and the capital conservation buffer requirement given as a percentage of REA.

[4]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. Template "Final report on the guidelines on uniform disclosure of IFRS 9 transitional arrange-ments", EBA/GL/2018/01 can be read at the end of the report.

[5] The capital requirement amounts to 8% of the risk exposure amount in accordance with Regulation (EU) No 575/2013.

Template EU KM1 - Key metrics template

CONSOLIDATED SITUATION All amounts are in MSEK		a 20230331	b 20221231	c 20220930	d 20220630	e 20220331
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	10,861	10,710	10,270	9,844	9,659
2	Tier 1 capital	12,279	12,138	11,691	11,262	11,276
3	Total capital	13,512	13,434	12,827	12,397	12,536
Risk-weighted exposure amounts						
4	Total risk exposure amounts	74,536	71,148	67,485	65,162	63,161
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	14.57%	15.05%	15.22%	15.11%	15.29%
6	Tier 1 ratio (%)	16.47%	17.06%	17.32%	17.28%	17.85%
7	Total capital ratio (%)	18.13%	18.88%	19.01%	19.03%	19.85%
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 (%)	0.00%	3.48%	3.46%	3.46%	3.56%
EU 7b	of which: to be made up of CET1 capital (%)	0.00%	2.33%	2.35%	2.35%	3.56%
EU 7c	of which: to be made up of Tier 1 capital (%)	0.00%	2.61%	2.59%	2.59%	-
EU 7d	Total SREP own funds requirements (%)	8.00%	11.48%	11.46%	11.46%	11.56%
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 (%)	1.17%	1.04%	0.85%	0.42%	0.30%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%	1.79%	1.79%	1.84%
11	Combined buffer requirement (%)	3.67%	3.54%	5.14%	4.71%	4.64%
EU 11a	Overall capital requirements (%)	12.92%	15.02%	17.07%	16.75%	16.66%
12	CET1 available after meeting the total SREP own funds requirements (%)	10.07%	8.23%	8.37%	8.26%	7.23%
Leverage ratio						
13	Leverage ratio total exposure measure (amounts)	118,493	116,650	109,848	109,165	109,173
14	Leverage ratio (%)	10.36%	10.41%	10.64%	10.32%	10.33%
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[1]						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	11,123	9,532	8,060	7,830	7,236
EU 16a	Cash outflows - Total weighted value	10,155	10,216	9,451	7,622	5,738
EU 16b	Cash inflows - Total weighted value	4,351	4,550	4,514	4,029	3,461
16	Total net cash outflows (adjusted value)	5,804	5,666	4,937	3,593	2,277
17	Liquidity coverage ratio (%)	191.63%	168.24%	163.26%	217.94%	317.73%
Net Stable Funding Ratio						
18	Total available stable funding	111,786	108,873	104,763	104,949	105,445
19	Total required stable funding	93,571	89,268	85,342	81,800	79,357
20	NSFR ratio (%)	119.47%	121.96%	122.76%	128.30%	132.87%

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

The table 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 20230331	T-1 20221231	T-2 20220930	T-3 20220630	T-4 20220331
1	Common Equity Tier 1 (CET1) capital	10,861	10,710	10,270	9,844	9,659
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,629	10,352	10,096	9,706	9,522
3	Tier 1 capital	12,279	12,138	11,691	11,262	11,276
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,047	11,780	11,517	11,124	11,139
5	Total capital	13,512	13,434	12,827	12,397	12,536
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,280	13,076	12,653	12,260	12,398
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	74,536	71,148	67,485	65,162	63,161
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	74,304	70,790	67,311	65,025	63,023
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	14.57%	15.05%	15.22%	15.11%	15.29%
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	14.30%	14.62%	15.00%	14.93%	15.11%
11	Tier 1 (as a percentage of risk exposure amount)	16.47%	17.06%	17.32%	17.28%	17.85%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.21%	16.64%	17.11%	17.11%	17.67%
13	Total capital (as a percentage of risk exposure amount)	18.13%	18.88%	19.01%	19.03%	19.85%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17.87%	18.47%	18.80%	18.85%	19.67%
	Leverage ratio					
15	Leverage ratio total exposure measure	118,493	116,650	109,848	109,165	109,173
16	Leverage ratio	10.36%	10.41%	10.64%	10.32%	10.33%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.17%	10.10%	10.48%	10.19%	10.20%

Internal capital requirement

As of 31 March 2023, the internally assessed capital requirement for Consolidated Situation amounted to SEK 928 million (2,475 million). The decrease in the capital requirements was mainly due to a consequence of the internal capital adequacy assessment process which was carried out during the first quarter of 2023 where Finansinspektionen's assessment methods and requirements have been applied for all risks. As a result of the assessment process, Nordax does not include the Pillar 2 requirement that Bank Norwegian received from the Norwegian FSA in 2020. As of 31 December 2022, the Pillar 2 requirement attributable to the Norwegian FSA's decision amounted to SEK 1,646 million.
Nordax Bank's internal capital adequacy requirements are assessed using internal models for economic capital. The Bank has not received a Pillar 2 guidance as Swedish FSA has not yet conducted its Supervisory Review and Evaluation process.

Total capital requirement

The total capital requirement for the period amounts to SEK 9,630 million (SEK 10,683 million) and is entirely covered by CET1 capital. The total capital requirement has decreased primarily due to the decrease of Pillar 2 requirements. Pillar 1 requirements and buffer requirements has increased during period.

Leverage ratio

Leverage ratio is a non-risk-based capital measure where Tier 1 capital is set in relation to the total assets with adjusted derivatives as well as off-balance sheet commitments recalculated with conversion factors. As of 31 March 2023, the Consolidated Situation's leverage ratio was 10,36% (10,41%), which is well in excess of the 3% requirement.

Information on liquidity risk

Nordax defines liquidity risk as the risk of failing to fulfill payment obligations at maturity without a significant increase in the cost of obtaining means of payment. Nordax uses asset-backed borrowing in which parts of the asset portfolios are pledged as collateral for the loans. The long-term strategy is to match lending assets with the maturities of liabilities. The strategy strives to achieve a diversified funding platform comprising equity, subordinated debt, securitizations ("ABS"), credit facilities provided by banks, deposits from the public and senior uncovered bonds.
The goal is to use funding sources that meet the following criteria:

- Provide a high degree of matching of currencies and interest periods as well as maturities between assets and liabilities.
- Offer diversification in terms of markets, investors, instruments, maturities, currencies, counterparties, and geography.
- Give a low liquidity risk and offer a strong possibility of refinancing at maturity, as evidenced by price stability, regularity of issuance and a broad investor base.
- Provide access to relatively large volumes, to meet the funding requirements of a growing balance sheet.

The Group has an independent function for liquidity risk control. The function reports directly to the Board of Directors and CEO. Liquidity risk is reported at each meeting of the Board of Directors. Cash flows that are expected to arise from the liquidation of all assets, liabilities and off-balance sheet items are calculated. Key ratios from the Balance Sheet (such as liquidity coverage ratio, net stable funding ratio and survival horizon) are calculated and monitored over time to illustrate the financial structure and the Group's liquidity risk. Liquidity risk is measured monthly under various scenarios and events (such as changes in market interests and changed cash flows) and specified separately and collectively. Measurement and reporting of liquidity risk is also performed by the Treasury function on a daily basis, which reports to the Company's management.

The contingency plan contains a clear division of responsibilities and instructions on how the Group should respond in a liquidity crisis. The plan specifies appropriate actions to manage the consequences of various types of crises and contains definitions of events that trigger and escalate the contingency plan.

The consolidated situation's liquidity reserves as of 31 March 2023 amounts to SEK 17,6 billion (SEK 20,3 billion). Of these investments, 43,3% (34,8%) are invested in covered bonds, 13,9% (14,6%) in Nordic credit institutions and 8,0 % (18,3 %) invested with central banks. The remaining balances are invested in interest bearing securities issued by central governments, municipalities and supra nationals. The credit assessment of these investments is generally high and therefore have high credit rating, between AAA and AA, from leading credit rating agencies. As a rule, Norwegian municipalities do not have a credit rating, but are considered from risk management and risk measurement view as AA assets in line with the Norwegian FSA recommendation, which corresponds to a credit rating lower than the Norwegian government. The average maturity of the liquidity reserve amounts to 478 (391) days.

As of 31 March 2023, Nordax consolidated situation's Liquidity Coverage Ratio (LCR) was 223,5% (253,2%). The net stable funding ratio (NSFR) was 119,4% (122,0%), calculated in accordance with the definition in Regulation (EU) No. 575/2013.

As of 31 March 2023, Nordax's consolidation situation funding sources comprises of SEK 2,197 million (2,250 million) financing via the asset backed securities market (securitized), SEK 5,733 million (6,166 million) in corporate bonds, SEK 9,741 million (9,739 million) financing against pledges with international banks, and SEK 80,054 million (77,104 million) of retail deposits.

Note 6 Classification of financial assets and liabilities

GROUP

31 March 2023	Fair value through profit and loss	Financial assets valued at amortized cost	Financial assets at fair value via other comprehensive income	TOTAL
Assets				
Lending to central banks	–	1,402	–	1,402
Lending to credit institutions	–	2,905	–	2,905
Lending to the general public	–	94,321	–	94,321
Bonds and other fixed-income securities	13,771	–	–	13,771
Other shares	19	–	150	169
Derivatives	920	–	–	920
Other assets	–	256	–	256
Total assets	14,710	98,884	150	113,744
Liabilities				
Liabilities to credit institutions	–	9,741	–	9,741
Deposits from the general public	–	80,054	–	80,054
Issued securities	–	7,930	–	7,930
Derivatives	525	–	–	525
Other liabilities	–	778	–	778
Subordinated liabilities	–	1,523	–	1,523
Total liabilities	525	100,026	–	100,551

31 December 2022	Fair value through profit and loss	Financial assets valued at amortized cost	Financial assets at fair value via other comprehensive income	TOTAL
Assets				
Lending to central banks	–	3,723	–	3,723
Lending to credit institutions	–	3,376	–	3,376
Lending to the general public	–	89,382	–	89,382
Bonds and other fixed-income securities	13,608	–	–	13,608
Other shares	18	–	150	168
Derivatives	419	–	–	419
Other assets	–	142	–	142
Total assets	14,045	96,623	150	110,818
Liabilities				
Liabilities to credit institutions	–	9,739	–	9,739
Deposits from the general public	–	77,104	–	77,104
Issued securities	–	8,416	–	8,416
Subordinated liabilities	–	1,519	–	1,519
Derivatives	307	–	–	307
Other liabilities	–	431	–	434
Total liabilities	307	97,212	–	97,519

Note 7 Fair value of financial assets and liabilities

GROUP

31 December 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	1,402	1,402	–
Lending to creditinstitutions[1]	2,905	2,905	–
Lending to the general public[2]	94,321	103,506	9,185
Bonds and other fixed-income securities	13,771	13,771	–
Other shares	169	169	–
Derivatives	920	920	–
Other assets	256	256	–
Total assets	**113,744**	**122,929**	**9,185**
Liabilities			
Liabilities to credit institutions[1]	9,741	9,741	–
Deposits from general public[1]	80,054	80,054	–
Issued securities[3]	7,930	7,829	-101
Derivatives	525	525	–
Other liabilities	778	778	–
Subordinated liabilities[3]	1,523	1,474	-49
Total liabilities	**100,551**	**100,401**	**-150**

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	3,723	3,723	–
Lending to creditinstitutions[1]	3,376	3,376	–
Lending to the general public[2]	89,382	97,955	8,613
Bonds and other fixed-income securities	13,608	13,608	–
Other shares	168	168	–
Derivatives	419	419	
Other assets	142	142	–
Total assets	**110,818**	**119,431**	**8,613**
Liabilities			
Liabilities to credit institutions[1]	9,739	9,739	–
Deposits from general public[1]	77,104	77,104	–
Issued securities[3]	8,416	8,301	-115
Derivatives	307	307	–
Other liabilities	434	434	–
Subordinated liabilities[3]	1,519	1,443	-76
Total liabilities	**97,519**	**97,328**	**-191**

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

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

- Fair value for bonds is 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.

In those cases, one or more essential inputs are not based on observable market information the instrument is classified as level 3. The table below shows the financial instruments valued at fair value, regarding how the classification has been constructed by the fair value hierarchy.

Nordax has a holding of unlisted shares in Stabelo AB, Vipps AS and VN Norge AS, that is valued at fair value based on unobservable inputs.
As of 31 March 2023, 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. Fair value on shares in VN Norge AS has as per 2023-03-31 been calculated based on the shares price for Visa Inc, foreign exchange USD/NOK, a liquidity discount as well as a conversion rate.

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

Unlisted shares	MSEK
Opening balance 1 January 2022	**154**
Transfers from level 2	-
Acquistions	19
Currency change	1
Recognized in income statement	-10
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	4
Closing balance 31 December 2022	**168**
Opening balance 1 January 2023	**168**
Acquisitions	-
Currency change	-1
Recognized in income statement	2
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	-
Closing balance 31 March 2023	**169**

- 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.

GROUP

31 December 2022	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed income securities[1]	11,928	1,843	–	13,771
Other shares	–	–	169	169
Derivatives	–	920	–	920
Total assets	11,928	2,763	169	14,860
Liabilities				
Derivatives	–	525	–	525
Total liabilities	–	525	–	525

GROUP

31 December 2021	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed income securities	11,356	2,252	–	13,608
Other shares	–	–	168	168
Derivatives	–	419	–	419
Total assets	11,356	2,671	168	14,195
Liabilities				
Derivatives	–	307	–	307
Total liabilities	–	307	–	307

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 decisionmaker. 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 are to conduct cross-border banking activities in Sweden, Norway, Denmark, Finland, Germany, and Spain. Bank Norwegian is included in each country segment. Activities are also conducted in the form of SHP's lending of equity release mortgages.

Q1 2023	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	733	163	596	676	45	195	2,408
Interest expenses	-229	-75	-135	-127	-9	-31	-606
Total net interest income	504	88	461	549	36	164	1,802
Commission income	34	0	44	16	0	7	101
Net profit from financial transactions[1]	2	0	-11	13	0	2	13
Total operating income	540	88	494	578	36	173	1,916
General administrative expenses	-135	-7	-131	-64	-18	-14	-369
Depreciation and impairment of property, plant and equipment and other intangible assets	-4	-1	-15	-2	-1	-1	-24
Depreciation and impairment of transaction surplus values	-11	0	-9	-12	-	-11	-43
Other operating expenses	-52	-10	-91	-63	-18	-33	-266
Total operating expenses	-202	-18	-246	-141	-37	-59	-702
Profit before credit losses	338	70	248	437	-1	114	1,214
Net credit losses	-346	-27	-69	-266	-79	-37	-824
Operating profit	-8	43	-179	171	-80	77	390
Balance sheet							
Lending to the general public	30,723	8,965	21,858	24,562	1,718	6,495	94,321

[1]FX effects amount to MSEK 70 for Q4 2022 (MSEK -45) and is not allocated to segments.

Q4 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	643	143	630	589	45	179	2,229
Interest expenses	-178	-58	-129	-74	-9	-28	-476
Total net interest income	465	85	501	515	36	151	1,753
Commission income	44	2	48	15	0	8	117
Net profit from financial transactions[1]	1	0	4	-35	0	0	40
Total operating income	510	87	553	495	36	159	1,910
General administrative expenses	-158	-9	-174	-68	-19	-11	-440
Depreciation and impairment of property, plant and equipment and other intangible assets	-4	0	-217	-2	-2	-1	-226
Depreciation and impairment of transaction surplus values	-12	-1	-1	-15	-	-15	-44
Other operating expenses	-59	-11	-123	-60	-8	-35	-296
Total operating expenses	-234	-21	-515	-146	-28	-62	-1,006
Profit before credit losses	276	66	38	349	8	97	904
Net credit losses	-351	-6	-138	-234	-71	-56	-856
Operating profit	-75	60	-100	115	-63	41	48
Balance sheet							
Lending to the general public	28,556	8,798	22,165	22,002	1,760	6,101	89,382

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	-121	-8	-121	-45	-14	-12	-321
Depreciation and impairment of property, plant and equipment and other intangible assets	-6	0	-16	-3	-1	-2	-28
Depreciation and impairment of transaction surplus values	-11	-1	-11	-10	-	-11	-44
Other operating expenses	-59	-13	-93	-73	-37	-37	-312
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

[1]FX effects amount to MSEK -10 for full year 2022 (MSEK -43) and is not allocated to segments.

Note 9 Net interest income

GROUP MSEK	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Interest income from the general public	2,302	2,138	1,768
Interest income from credit institutions	22	22	2
Interest income from fixed-income securities	84	69	59
Total interest income	2,408	2,229	1,829
Interest expenses to the general public	-512	-382	-166
Interest expenses to credit institutions	-2	5	-2
Interest expenses from fixed income securities	-66	-76	-47
Interest expenses from subordinated debts	-26	-23	-18
Interest expenses group liabilities	0	0	0
Interest expenses leasing	0	0	0
Total income expenses	-606	-476	-233
Net interest income	1,802	1,753	1,596

PARENT COMPANT MSEK	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Interest income from the general public	9	17	4
Interest income from credit institutions	-	-	-
Interest income from fixed-income securities	-	-	-
Total interest income	9	17	4
Interest expenses to the general public	-9	-15	0
Interest expenses to credit institutions	-	-	-
Interest expenses from fixed income securities	-	-	-
Interest expenses from subordinated debts	-	-	-
Interest expenses debenture loans	-2	-2	-2
Interest expenses group liabilities	-	-	-
Interest expenses leasing	-	-	-
Total income expenses	-11	-17	-2
Net interest income	-2	0	2

Note 10 Net profit from financial transactions

GROUP MSEK	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Fx effect	-1	35	-64
Fair value through profit or loss	14	5	-46
-of which interest bearing securities	*12*	*-7*	*-46*
-of which shares	*2*	*12*	*0*
Net profit from financial transactions	13	40	-110

Note 11 Other operating expenses

GROUP MSEK	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Marketing	-191	-181	-219
Sales cost	-75	-115	-93
Other services	-	-	-
Total	-266	-296	-312

Note 12 Credit losses, net

GROUP MSEK	JAN-MAR 2023	OCT-DEC 2022	JAN-MAR 2022
Credit losses – lending to the general public			
Stage 1	-163	-114	2
Stage 2	-28	-167	-12
Stage 3	-633	-575	-600
Credit losses for the period, net	-824	-856	-610

Collateral received
Part of Nordax's loan portfolio includes mortgages and equity release mortgages (via the subsidiary SHP), and this lending is secured by mortgages on real property or rights in co-op apartments. The valuation of collateral is part of Nordax's credit origination process and collateral values are continuously monitored through updated valuations.

Nordax's policies for received collateral have not significantly changed during the period and there has been no significant change in the quality of collateral. As at March 31, 2023, Nordax had 109 (85 per December 31, 2022) mortgages with a total volume of SEK 186 million (149) and 1 (3) equity release mortgages with a total volume of SEK 0 million (3) that were classified as being in Stage 3.

Sensitivity analysis
As a general rule, deteriorating macroeconomic development in society leads to higher customer losses. Similarly, improvements in the developments result is lower customer losses.

In calculating the future need for customer loss reserves, an assessment is made of the probability of various future scenarios occurring. This probability-weighted outcome is the amount recognized as the customer loss reserve. The table below shows how the loan loss reserves would be affected if it was based respectively on a negative and a positive scenario.

The sensitivity analysis is based on analysis of the combined sensitivity of the ECL models applied within the group. For Nordax loans the Negative scenario entails increasing the likelihood of the Negative macro scenario from a base assumption of 5% to 30% (Currently 25% is applied which is unchanged since 2022-12-31). For Bank Norwegian loans the Negative scenario is based on applying 100% weighting of the pessimistic scenario (currently weighting is 32.5% Base, 30% optimistic and 37.5% pessimistic which is the same as 22-12-31). For Nordax loans the Positive scenario entails reducing the likelihood of the negative macro scenario to 1% and for Bank Norwegian applying 100% weighting of the optimistic scenario. Out of the ECL impact from the negative scenario of 215 MSEK (192), 109 MSEK (91) relate to Nordax loans and 104 MSEK (101) to Bank Norwegian loans.

SENSITIVITY ANALYSIS

31 MARCH 2023	Loans loss reserves			Difference compared with probability-weighted in %	
MSEK					
	Probability-weighted	Negative scenario	Positive scenario	Negative scenario	Positive scenario
GROUP	6,574	192	-98	2.9%	-1.5%

31 December 2022	Loans loss reserves			Difference compared with probability-weighted in %	
MSEK					
	Probability-weighted	Negative scenario	Positive scenario	Negative scenario	Positive scenario
GROUP	5,903	192	-115	3.2%	-1.9%

31 March 2022	Loans loss reserves			Difference compared with probability-weighted in %	
MSEK					
	Probability-weighted	Negative scenario	Positive scenario	Negative scenario	Positive scenario
GROUP	6,986	176	-116	2.5%	-1.7%

GROUP

MSEK 31 March 2023	Gross Stage 1	Stage 2	Stage 3	Provisions Stage 1	Stage 2	Stage 3	NET
Closing provision 31 December 2022	80,205	5,352	9,728	-937	-768	-4,198	89,382
Stage transfers							
Transfer to/from Stage 1	-2,137	0	0	23	0	0	-2,113
Transfer to/from Stage 2	0	929	0	0	-1	0	928
Transfer to/from Stage 3	0	0	1,208	0	0	-419	789
Origination of new loans*	9,618	320	17	-109	-24	-1	9,820
Derecognition	-2,661	-128	-423	24	11	47	-3,130
Changes in risk components	0	0	0	-149	7	-142	-285
Changes in model methodologies and assumptions	0	0	0	0	0	0	0
FX effects	-738	-34	-118	1	2	48	-839
Others	-192	-254	203	22	-19	9	-230
Closing provision 31 March 2023	84,095	6,185	10,615	-1,125	-792	-4,657	94,321

MSEK 31 December 2022	Gross Stage 1	Stage 2	Stage 3	Provisions Stage 1	Stage 2	Stage 3	NET
Closing provision 31 December 2021	61,327	3,829	12,970	-686	-444	-5,605	71,391
Stage transfers							
Transfer to/from Stage 1	-2,431	–	–	67	–	–	-2,364
Transfer to/from Stage 2	–	272	–	–	-158	–	114
Transfer to/from Stage 3	–	–	2,159	–	–	-839	1,320
Origination of new loans*	29,115	1,268	403	-316	-206	-269	29,995
Derecognition	-8,537	-679	-5,837	104	97	2,668	-12,184
Changes in risk components	–	–	–	-92	-14	-263	-369
Changes in model methodologies and assumptions	–	–	–	32	-10	-36	-14
FX effects	806	67	236	-8	-6	-90	1,005
Others	-75	595	-206	-38	-27	236	488
Closing provision 31 December 2022	80,205	5,352	9,728	-937	-768	-4,198	89,382

Note 13 Pledged assets and contingent liabilities

	GROUP	
MSEK	2023-03-31	2022-12-31
Pledged assets for own liabilities		
Lending to the general public	13,522	13,455
Lending to credit institutions	455	581
Cash collateral for derivatives	256	142
Total	**14,233**	**14,178**

	GROUP	
MSEK	2023-03-31	2022-12-31
Other commitments		
Granted but unpaid loans	182	140
Granted but unutilized card credits	50,010	50,196
Total	**50,192**	**50,336**

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

Note 14 Transactions with related parties

	ASSETS		LIABILITIES		INCOME		COSTS	
All amounts are in MSEK	23-03-31	22-12-31	23-03-31	22-12-31	23-03-31	22-12-31	23-03-31	22-12-31
Nordax Bank AB	16	16	-5	-5	–	2	–	–
Nordax Group AB	616	711	-2	-2	12	36	–	–
Svensk Hypotekspension AB	–	1	–	–	–	0	–	–
Total	**632**	**728**	**-7**	**-7**	**12**	**38**	**–**	**–**

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

Note 15 Important events after the balance sheet date

During April, Nordax concluded the sale of an NPL portfolio in Finland with a gross lending volume of SEK 545 million. The sale resulted in a positive impact on operating profit.

The process, initiated during Q1, of changing Nordax' company name to NOBA Bank Group AB (publ) continued. The Swedish FSA has granted the necessary approval in order to make the change in the articles of association and the Swedish Companies Registration Office is expected to register the change of name during June of 2023.

The Norwegian Ministry of Finance announced 14 April that it had requested the European Systemic Risk Board, ESRB, to lower their recommended materiality threshold for application of the Norwegian Systemic Risk Buffer from NOK 32 billion in REA to NOK 5 bn, relating to Norwegian exposures, applicable as of 31 December 2023. The request was sent to the ESRB in December 2022 and in March 2023 ESRB followed the Ministry's request, thus recommending national authorities to reciprocate the new threshold within three months of its publication in the Official Journal of the EU. If the Swedish FSA reciprocates the recommendation, Nordax will thus be required to hold a Systemic Risk Buffer for Norwegian exposures. The Buffer would for Nordax amount to approximately 1% of total Risk Exposure Amount and would come in force 31 December 2023.

On 1 April 2023 Merete Gillund, previously part of the Group management team and head of Innovation and Strategic Projects, replaced Klara-Lise Aasen as branch manager.

During April SHP, through the subsidiary Svensk Hypotekspension 5 AB (publ), obtained a new bilateral secured financing of MSEK 250 with an international bank.

Events relating to cooperation with the Norwegian Air Shuttle group

Nordax Norwegian branch, Bank Norwegian, has, as a precautionary measure to protect its intellectual property, on the 23rd of May filed a lawsuit requesting a declaratory judgement with the Oslo District Court against companies within the Norwegian Air Shuttle group to confirm our right to use the Bank Norwegian brand.

Bank Norwegian was established in 2007 and today delivers a wide range of innovative and popular products and services to about 1,55 million unique customers across the Nordics. In 2022, Bank Norwegian became part of Nordax Bank. Consequently, according to Norwegian law, Bank Norwegian is required to clearly communicate that it is a part of Nordax Bank. The airline Norwegian Air Shuttle disagrees with our right to market our own name, Bank Norwegian, and objects to us fulfilling our legal requirements to clearly communicate that Bank Norwegian is a part of Nordax Bank. In order to confirm our ability to continue to deliver and develop industry-leading services to our customers under our own brand name, and doing so in continued compliance with Norwegian law, we have initiated the above-mentioned lawsuit. Our brand name is an integral and foundational part of our relationship with our customers, and we are committed to protecting it.

The group has during May also decided to initiate a graphical re-design of the Bank Norwegian brand, across all markets. The new design is planned to be implemented during the second half of 2023 and is expected to result in one-off costs of circa 100 MNOK mainly related to impairment of certain, by Bank Norwegian, pre-paid intangible rights relating to licensing of the current design. The impairment of the intangible rights will not have any impact on the capital base, as they are already deducted.

Given the initiated legal proceedings and the planned graphical re-design, the bank also plans, during the second half of 2023, to initiate a strategic review of the cooperation with the Norwegian Air Shuttle group relating to credit cards. As the Nordic region's largest specialist bank with a continuous growth agenda, we value predictability and flexibility that enable us to offer the best possible products and services to our customers.

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.

Adjusted operating profit
Reported operating profit adjusted for transformational expenses mostly connected with the integration of Bank Norwegian and the ongoing change of core banking system within Nordax, initial effects from the expansion in Continental Europe and depreciation of intangible assets related to the accounting treatment of allocated surplus values from previous acquisitions.

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

Cost to income ratio % total operating expenses excl. depreciation and impairment of intangible assets related to transaction surplus values
Total operating expenses excluding depreciation of intangible assets related to the accounting treatment of allocated surplus values from previous acquisitions in relation to total operating income.

Cost to income ratio % operational expenses
General administrative expenses plus depreciation and impairment of property, plant and equipment and other intangible assets in relation to total operating income.

Cost to income ratio % operational expenses excl. transformational expenses
General administrative expenses plus depreciation and impairment of property, plant and equipment and other intangible assets excluding transformational expenses mostly connected with the integration of Bank Norwegian and the ongoing change of core banking system within Nordax in relation to total operating income.

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

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.

Interest Rate Margin
Net interest income for the period calculated for the full year, in relation to average total assets.

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).

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.

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

Operating profit per share
The operating profit for the year divided by the average number of outstanding shares.

Operational expenses
General administrative expenses plus depreciation and impairment of property, plant and equipment and other intangible assets

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.

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

Return on assets
Net profit for the period in relation to total assets.

Return on equity excl. intangible assets
Net profit for the period in relation to total equity after deduction of intangible assets.

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.

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

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

Tier 2 capital[1]
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.

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

Signature of the Chief Executive Officer

The Chief Executive Officer declares that this financial report for the period 1 January 2023 through 31 March 2023 provides a fair overview of the parent company's and the group's operations, their financial position and results and describes material risks and uncertainties facing the parent company and the group.

Stockholm May 23, 2023

Jacob Lundblad
Chief Executive Officer