

Nordax Holding AB (publ)

INTERIM REPORT JANUARY-DECEMBER 2022

About the Group, Nordax Holding AB (publ)

ABOUT THE GROUP

Nordax Holding AB (publ) (corporate identification 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, is approximately 19 percent owned by Sampo Oyj based in Finland, approximately 41 percent by Cidron Xingu Sarl based in Luxembourg and approximately 33 percent by Cidron Humber Sarl based in Luxembourg. The remaining shares are owned by a few minority owners through NDX stakeholders Invest II AB and NDX stakeholders 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.

A cross-border legal merger has been implemented between Nordax and Bank Norwegian ASA. Bank Norwegian ASA's operation will hereafter be carried on through a Norwegian branch to Nordax Bank, who's name of the legal entity is Bank Norwegian, a branch to Nordax Bank AB (publ). Thereafter the Nordax Bank Group consists of Nordax Bank AB (publ) and its subsidiary Svensk Hypotekspension AB (hereinafter "SHP") and its subsidiaries. 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). Furthermore Nordax Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgage 1 AB (publ) and Lilienthal Finance Ltd are also part of the Group.

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

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

Using a centralized business model and an organization based in Stockholm 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's main business consists of lending to the general public in the Nordic countries, Germany and Spain. Although Nordax previously operated in Germany to a small extent, it was in 2021, through its nowadays legal 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.

In January 2019, Nordax finalized the acquisition of Svensk Hypotekspension AB (SHP). SHP offers secured loans against residential property to Swedes aged 60 and older through the product equity release mortgage. Since November 2021, Nordax also offers credit cards in the Nordic countries, Germany, and Spain through its 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's diversified financing platform, which also consists of asset-backed securities, financing against collateral from international banks, bonds, equity, and subordinated liabilities.

DEVELOPMENT JANUARY – DECEMBER

Portfolio development

Total lending as of 31 December 2022 amounted to SEK 89.4 billion (SEK 71.4 billion as of 31 December 2021), during 2022 approximately 85 per cent was driven by increased volumes and approximately 15 per cent by currency effects. All products contributed to the increase in volume.

Personal loans and credit cards

During 2022 Nordax's portfolios of both private loans and credit cards continued to show good growth. As of 31 December, the total volume of personal loans and credit cards amounted to SEK 73.7 billion (SEK 58.7 billion as of 31 December 2021), during 2022 approximately 80 per cent was driven by higher volumes and approximately 20 per cent due to currency effects.

Mortgage loans

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

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

New lending has continued to develop well in both Sweden and Norway and the total mortgage portfolio amounted to SEK 6.9 billion as of 31 December 2022 (5.1 billion as of 31 December 2021).

Equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during 2022 and shows stable new lending. The market for equity release mortgages has good development potential and SHP has a strong brand within the customer group with continued great customer interest. The total portfolio of equity release mortgages amounted to SEK 8.8 billion as of 31 December 2022 (SEK 7.6 billion as

of 31 December 2021).

Capital and liquidity

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

The CET1-capital ratio for the period is 15.07% (15.22% as of 30 September 2022), the Tier 1 capital ratio is 17.08% (17.32% as of 30 September 2022) and the total capital ratio is 18.90% (19.01% as of 30 September 2022).

The CET1-capital ratio requirement for the period is 10.36% (12.25% as of 30 September 2022), Tier 1 requirement is 12.15% (14.09 % as of 30 September 2022) and the total capital ratio requirement is 15.01% (17.07% as of 30 September 2022). During the quarter, the development of Nordax's net profit corresponds to the increase in risk-weighted assets contributing to small changes in the capital ratio. The capital requirements decreased during the period mainly due to the systemic risk buffer, that at the end of the third period of 2022 amounted to 1.79%, after the legal merger of Bank Norwegian is no longer applicable for Nordax. During the period the countercyclical capital buffer in Denmark and Norway has increased to 2%, which increases Nordax's countercyclical capital buffer requirements to 1.04% (0.85% as of 30 September 2022).

Nordax's CET1 capital increased during the fourth quarter amounting to SEK 10,724 billion (SEK 10,270 billion as of 30 September 2022) mostly driven by the positive net profit but also by repossessed credit provisions.

The leverage ratio is 10.42% (10.64% as of 30 September 2022).

Nordax's liquidity reserve amounts to SEK 20.3 billion (SEK 18.7 billion as of 30 September 2022) and consists mainly of covered bonds, central banks and interest bearing securities issued by central governments, municipalities and supra nationals. The liquidity coverage ratio (LCR) is 253.2% (135.0%¹ as of 30 September 2022).

Net stable funding ratio (NSFR) is 122.0% (122.8% as of 30 September 2022). 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 77.1 billion for the period (72.0 billion as of 30 September 2022).

For more details on Nordax's capital adequacy and liquidity, see Note 5 Capital adequacy analysis.

Other events

The uncertainty on the financial markets and in the real economy remained during the fourth quarter. The war in Ukraine, soaring energy prices and generally high inflation continued to pressure both households and corporations and during December the already high energy prices reached new all-time high levels. The central banks thereby continued their planned cycles for interest rate hikes, with further upward revisions from the Swedish as well as the Norwegian central bank, as well as from their peers in other countries. The interest rate increase and high energy prices,

together with increased prices, has had an impact on the customers of Nordax, as well as on the society at large, and Nordax has continued to carefully monitor and adapt to the potential effects. Because of the rising interest rate levels, Nordax has continued during the fourth quarter with raised interest rates on lending and deposits in all markets.

Subsequent events during 2022

During December, Nordax completed the sale of two NPL portfolios in Norway, Finland, and Denmark. This resulted in a decrease of MSEK 2.328 in gross loans. Together with the sale of six NPL portfolios earlier during the year the total portfolio sale during 2022 now amounts to MSEK 5.681, which contains a positive impact on results of just below MSEK 50. This has contributed to the decrease in the ratio between Stage 3 gross lending and total gross lending, reaching 10.3% in full year 2022 compared to 16.7% for the full year 2021.

On November 30, 2022, the intra-group legal merger between Nordax and Bank Norwegian ASA was implemented. The legal merger was carried out with Nordax as the acquiring company and Bank Norwegian as the transferring company, and Bank Norwegian activities will thereafter be carried on through a Norwegian branch to Nordax, which legal entity is Bank Norwegian a branch of Nordax Bank AB (publ). The legal merger does not affect the services and products that Nordax and Bank Norwegian offer. In conjunction with the intra-group legal merger, Daniel Bertlin was elected to the Nordax board as an employee representative and Klara-Lise Aasen, Merete Gillund as well as Fredrik Mundal were elected to the Management team.

On November 14, 2022, Nordic Credit Rating awarded Bank Norwegian a credit rating of BBB with stable outlook and the short term credit rating N3, for the period up to the date of the execution of the legal merger.

On November 11, 2022 S&P Global Ratings recalled at the request of Bank Norwegian, its BBB-/A-3 credit rating for Bank Norwegian. S&P Global Ratings assessed Bank Norwegians forecasts as stable at the time of the withdrawal of the credit rating.

In October, Nordax through its subsidiary Nordax Sweden Mortgages 1 AB (publ), signed a new bilateral secured financing vehicle with a frame of SEK 2.3 billion with an international Bank.

During the fourth quarter two of Nordax unsecured bonds with a total of SEK 1.7 billion matured. The total maturity and repurchases of unsecured bonds during 2022 amounts to SEK 3.7 billion.

During the fourth quarter Nordax Bank AB (publ) terminated a couple of finances. After approval from the Norwegian Finanstilsynet the subsidiary, of that time, Bank Norwegian settled a subordinated loan of MNOK 200 and a Tier 1 capital loan of MNOK 300. In addition to this the subsidiary SHP terminated a bilateral finance of MSEK 500.

In June 2022, Nordax obtained a confirmed credit rating of BBB with stable forecasts from Nordic Credit Rating. This credit rating strengthens Nordax opportunities to seek more market finance to attractive terms as well as attract

new investors within capital markets.

In April 2022 Stabelo, where Nordax owns about 9%, completed a rights issue of MSEK 200. Nordax subscribed its pro rata part of MSEK 19 MSEK in the rights issue.

During the first quarter SHP, via its subsidiary Svensk Hypotekspension 5 AB (publ), received a new bilateral secured financing of SEK 1,75 billion with an international bank. The financing was paid out in April and contributed to further strengthen the Group's liquidity and financial position.

Subsequent events

In the beginning of 2023 Anna Storåkers left the Nordax Board and Ragnhild Wiborg has been elected to the Board.

In the beginning of the year, it was communicated that during the first half year of 2023, Klara-Lise Aasen will resign from the role as Branch Manager and will be replaced by Merete Gillund, who at the moment is a member of the Management team and responsible for Innovation and Strategic Projects. In February Tore Andresen, the COO for Nordax Banks Norwegian branch Bank Norwegian, became a member of the Management team.

Result January–December 2022

GROUP

Operating profit amounted to MSEK 1,197 (–173). The increase is explained by Bank Norwegian operation affects 2022 as a whole in comparison to the corresponding comparison period November–December 2021 and growing lending, together with the comparison periods negative technical accounting effects regarding credit losses in connection with the acquisition of Bank Norwegian. However, the result includes increased costs, among other things driven by the ongoing integration of Bank Norwegian, impairment of intangible assets related to Lilienthal Finance Ltd of MSEK 201 during the fourth quarter as well as increased provisions for expected credit losses.

Net interest income amounted to MSEK 6,637 (2,418). The increase is mainly due to the consolidation of Bank Norwegian. Net interest income also increased through growing lending and by the review carried out during the first quarter regarding estimated effective interest rate.

Depreciation, amortization and impairment of property, plant and equipment and intangible assets amounted to MSEK –482 (–95). The increase is mainly assignable to impairment of intangible assets relating to Lilienthal Finance Ltd of MSEK 201 in the fourth quarter and depreciation according to plan of intangible assets upon acquisition of Bank Norwegian ASA of MSEK 176 and other depreciations of MSEK 105.

Credit losses amounted to MSEK –2,423 (–1,010), corresponding 3.0 per cent (3.1) of average lending. The increase is mainly explained by the consolidation of Bank Norwegian, but also by estimated effective interest rate and increased provisions for expected credit losses. Credit losses were also affected negatively by increased provisions related to a deteriorated macroenvironment which contributed with MSEK –120 credit losses in the fourth quarter and with MSEK –162 during 2022.

Other operating expenses amounted to MSEK –2,770 (–1,604). The increase is mainly explained by the consolidation of Bank Norwegian, but also by investments in operations, among other things connected to the ongoing integration work, impairment of goodwill in Lilienthal Finance Ltd of MSEK 201 during the fourth quarter, increased personnel costs, and sales-related costs.

Tax amounted to MSEK –330 (MSEK 36) for the full year. Depreciation on intangible assets is the main explanation to the deviation to the Group's nominal taxbase.

PARENT COMPANY

Total net sales were MSEK 37 (4).

Total operating expenses were MSEK –17 (–17).

Result from financial investments were MSEK 52 million (150).

Risks and internal control

RISKS AND UNCERTAINTIES

2022 has featured Russia's invasion of Ukraine.

High demand in combination with different interferences in production, transportation and energy supply has pushed up the rate of price increases in the world economy. In order to decrease the inflation, central banks around the world have raised their policy rates during the last year as well as communicated that they will continue to raise for a period of time. Largely rising inflation, higher living costs, increased interest rates and decreased real income implies stress on households and poses a risk to increased credit losses.

On November 30 the last step was taken regarding the acquisition of Bank Norwegian ASA, when there was a legal merger with Nordax as the acquiring company and Bank Norwegian as the transferred company. Bank Norwegian will hereafter be carried out via a Norwegian branch to Nordax.

During 2022 extensive work has been applied on developing a framework for Governance, Risk Management and Compliance (GRC) within and between the legal entities. The overall raise of the GRC-maturity has aimed at meeting the increased complexity and the increased and new demands that meets the Group due to the acquisition and the legal merger. This work has among other things included the establishment of a new group common framework for risk appetite, further development of processes for ongoing risk management and regulatory compliance. In parallel work with further developing the Group's independent governing framework for credit risk, market risk, liquidity risk and

operative risk has been conducted, which has helped to further strengthen the independent control of key risks, an important work not the least given the macroeconomic development.

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

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

INTERNAL CONTROL

The Group has established an organization of independent risk control and compliance functions in accordance with the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control at credit institutions (FFFS 2014:1) as well as the European Banking Authority's Guidelines on internal governance. The risk control and compliance work within the Group is led and coordinated by the Board's appointed Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) respectively. All independent control functions report directly to their respective Board of Directors and CEOs. Since January 2022 the internal audit is performed by EY.

Key Figures

GROUP	Q4 2022	Q3 2022	Q4 2021	JAN-DEC 2022	JAN-DEC 2021
Common Equity Tier 1 Capital Ratio in %	15.1	15.2	16.2	15.1	16.2
Return on equity in %	-0.1	7.2	-11.3	3.7	-0.2
Return on assets in %	0.0	0.4	-0.1	0.7	-0.5
Net credit loss level ¹	3.9	2.4	6.9	3.0	3.1
Credit losses in % excl. initial effect of acquisitions	-	-	2.8	-	1.4
Cost to income ratio %	53	40	85	47	67
C/I ratio in % excl. acquisition costs	-	-	40	-	43
Number of employees ²	594	597	476	594	476

¹ Including new estimated effective interest rate from Q1 2022.

² Number of employees is recalculated to full time employees.

Consolidated income statement

GROUP		Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts are in MSEK	Note	2022	2022	2021	2022	2021
Operating income						
Interest income	8	2,229	2,000	1,341	7,913	2,896
Interest expense	8	-476	-309	-189	-1,276	-478
Total net interest income		1,753	1,691	1,152	6,637	2,418
Commission income	8	117	120	107	414	166
Net profit from financial transactions	8	40	-50	-54	-179	-48
Other operating income		0	0	0	0	0
Total operating income		1,910	1,761	1,205	6,872	2,536
Operating expenses						
General administrative expenses	8	-541	-462	-824	-1,894	-1,335
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	8	-270	-70	-51	-482	-95
Other operating expenses	8	-195	-179	-148	-876	-269
Total operating expenses		-1,006	-711	-1,023	-3,252	-1,699
Profit before credit losses		904	1,050	182	3,620	837
Net credit losses	3, 8	-856	-492	-361	-2,423	-473
Credit losses, initial effect of acquisitions		-	-	-537	-	-537
Operating profit		48	558	-716	1,197	-173
Tax on profit for the period		-55	-134	163	-330	36
NET PROFIT FOR THE PERIOD		-7	423	-553	867	-137

Consolidated statement of comprehensive income

	Note	Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts are in MSEK		2022	2022	2021	2022	2021
Items to be reclassified in the income statement						
Gains and losses on revaluation during the year		-23	23	3	203	3
Tax on gains and losses on revaluation during the year		5	-5	0	-46	0
Total cash flow hedges		-18	18	3	157	3
Translation of foreign subsidiaries		740	-374	402	582	402
Hedge accounting of net investment before tax		-511	212	-369	-912	-369
Tax		123	-43	76	206	76
Total translation differences		352	-205	109	-124	109
Items not to be reclassified in the income statement						
Changes in value of other shares		0	0	-	4	-
Total		0	0	-	4	-
Total other comprehensive income		334	-187	112	37	112
COMPREHENSIVE INCOME		327	236	-441	904	-25
Attributable to:						
The Parent Company's shareholders		297	236	-458	857	-42
Holders of Tier 1 capital		30	0	17	47	17

Parent Company income statement

PARENT COMPANY		Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts are in MSEK		2022	2022	2021	2022	2021
	Note					
Net sales		20	7	3	37	4
Total net sales		20	7	3	37	4
Operating expenses						
Employee expenses		-2	-2	-4	-11	-5
Other external expenses		-3	0	-10	-6	-12
Total operating expenses		-5	-2	-14	-17	-17
Operating profit		15	5	-11	20	-13
Result from financial investments						
Profit from shares in group companies		-	-	-	-	-
Interest expenses and similar expenses		-16	-7	-5	-32	-5
Received group contribution		11	-	5	11	5
Dividend received		22	18	-	73	150
Result from financial investments		16	11	0	52	150
Result after financial items		31	16	-11	72	137
Tax on profit for the period		-	-	-1	-	-1
NET PROFIT FOR THE PERIOD		31	16	-12	72	136

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 December 2022	31 December 2021
ASSETS			
Lending to central banks	6,7	3,723	1,924
Lending to credit institutions	6,7,9	3,376	3,258
Lending to the general public	4,6-9	89,382	71,391
Bonds and other fixed-income securities	6,7	13,608	23,318
Derivatives	6,7	419	140
Other shares	6,7	168	154
Intangible assets		12,364	12,549
Tangible assets		9	11
Right-of-use assets		68	82
Current tax assets		2	2
Deferred tax assets		-	-
Other assets	6,7	286	76
Prepaid expenses and accrued income		68	64
TOTAL ASSETS		123,473	112,969
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	6,7	9,739	6,609
Deposits from the general public	6,7	77,104	67,424
Issued securities	6,7	8,416	10,866
Derivatives	6,7	307	437
Current tax liabilities		179	479
Deferred tax liability		973	1,083
Other liabilities	6,7	972	570
Accrued expenses and deferred income		461	481
Subordinated liabilities	6,7	1,519	1,721
Total liabilities		99,670	89,670
Equity			
Share capital		2	2
Other reserves		20,917	20,917
Fair value reserve		39	35
Cash flow hedges		161	3
Tier 1 capital instruments		1,470	1,757
Translation of foreign operations, net		-43	109
Retained earnings, incl. profit for the year		1,257	476
Total equity		23,803	23,299
TOTAL LIABILITIES, PROVISIONS AND EQUITY		123,473	112,969

Consolidated statement of financial position

Parent Company

All amounts in MSEK	Not	31 December 2022	31 December 2021
Financial assets			
Shares in group companies		22,216	22,014
Total financial assets		22,216	22,014
Total fixed assets		22,216	22,014
Short-term assets			
Receivables group companies		745	821
Other assets		14	0
Prepaid expenses and accrued income		1	1
Total short-term assets		760	822
Cash and bank balances		29	157
Total current assets		789	979
Total assets		23,005	22,993
Liabilities, provisions, and equity			
Equity			
Share capital		2	2
Other reserves		20,917	20,917
Tier 1 capital instruments		1,338	1,320
Retained earnings, incl. profit for the year		117	125
Total equity		22,374	22,364
Liabilities			
Current liabilities			
Current tax liabilities		1	1
Accrued expenses and prepaid income		1	1
Other liabilities		9	13
Subordinated liabilities		620	614
Total current liabilities		631	629
Total liabilities		631	629
Total liabilities, provisions, and equity		23,005	22,993

Statement of cash flows

Group	JAN-DEC 2022	JAN-DEC 2021
All amounts are in MSEK		
Operating activities		
Operating profit ¹	1,197	-173
Adjustment for non-cash items		
Exchange rate effects	-280	4
Depreciation, amortization and impairment of property, plant & equipment	482	94
Amortization of financing costs	22	8
Unrealized changes in value of bonds and other fixed income securities	-10	-2
Credit losses	3,632	1,580
Net changes in hedged items in hedge accounting	34	-290
Value change of shares	4	-
Reclassification in connection with business combinations	-	-5
Reversal of acquired surplus value in lending to the general public	296	183
Income tax paid	-704	-209
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-21,936	-6,641
Decrease/Increase in other assets	-246	173
Decrease/Increase in deposits from the general public	9,537	4,254
Decrease/Increase in other liabilities	107	1,436
Cash flow from operating activities	-7,865	412
Investing activities		
Purchase of shares	-19	10
Business combinations	-	-13,651
Unconditional shareholder contribution	-202	-
Purchase of equipment and intangible assets	-43	-10
Investment in bonds and other interest-bearing securities	-32,024	-47,426
Sale/disposal of bonds and other fixed income securities	41,823	46,971
Cash flow from investing activities	9,535	-14,106
Financing activities		
Change to liability to credit institutions	3,124	4,002
Change issued securities	-2,390	1,369
Change subordinated liabilities	-218	607
Tier 1 capital instruments issued, net ²	-	1,310
New share issue	-	9,650
Tier 1 capital dividend ²	-81	-
Paid interest Tier 1 capital	-311	-
Cash flow from financing activities	124	16,938
Cash flow for the period	1,794	3,244
Cash and cash equivalents at the beginning of the period	5,182	1,872
Exchange rate differences and cash equivalents	123	66
Cash and cash equivalents at the end of the period	7,099	5,182

¹ Whereof received interest 6,913 MSEK (2,590 MSEK) and paid interest 1,121 MSEK (464 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 earning	Sum	Tier 1 capital instruments	TOTAL
OPENING BALANCE 1 JANUARY 2021	1	6,777	-	35	-	645	7,458	-	7,458
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	-154	-154	17	-137
Other comprehensive income	-	-	109	-	3	-	112	-	112
Total comprehensive income	-	-	109	-	3	-154	-42	17	-25
Reclassification	-	-	-	0	-	-5	-5	-	-5
Tier 1 capital instruments acquired ¹	-	-	-	-	-	-	-	428	428
Tier 1 capital instruments issued ²	-	-	-	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments	-	-	-	-	-	-10	-10	-4	-14
Transactions with shareholders									
Non-cash issue ³	0	4,491	-	-	-	-	4,491	-	4,491
New share issue ⁴	1	9,649	-	-	-	-	9,650	-	9,650
Total transactions with shareholders	1	14,140	-	-	-	-	14,141	-	14,141
CLOSING BALANCE 31 DECEMBER 2021	2	20,917	109	35	3	476	21,542	1,757	23,299
OPENING BALANCE 1 JANUARY 2022	2	20,917	109	35	3	476	21,542	1,757	23,299
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	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 ⁵	-	-	-	-	-	-	-	-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

¹Instruments 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.

²Tier 1 capital instruments issued amounting to MSEK 1,316 are deemed to meet the conditions of equity instrument.

³A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian. The contingent shareholder contribution amounts to MSEK 8,449 and an inter-company loan of MSEK 202 has in December 2022 converted to unconditional shareholder contribution.

⁴New share issue and shareholder contributions have been received as part of the financing of the acquisition of Bank Norwegian.

⁵Bank Norwegian has repaid MNOK 300 of Tier 1 capital in June 2022.

Statement of changes in equity

Parent Company

	Restricted equity		Non-res- tricted equity		Tier1 capital instru- ments	
	Share capital	Other Funds	Retained Earnings	Sum		TOTAL
All amounts are in MSEK						
OPENING BALANCE 1 JANUARY 2021	1	6,777	-2	6,776	-	6,776
Comprehensive income						
Net profit/loss for the year	-	-	125	125	11	136
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income			125	125	11	136
Tier 1 capital instruments issued¹	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments¹	-	-	-	-	-7	-7
Transactions with shareholders						
Non-cash issue²	0	4,491	-	4,491	-	4,491
New share issue³	1	9,649	-	9,650	-	9,650
Other	-	-	2	2	-	2
Total transactions with shareholders	1	14,140	2	14,143	-	14,143
CLOSING BALANCE 31 DECEMBER 2021	2	20,917	125	21,044	1,320	22,364
OPENING BALANCE 1 JANUARY 2022	2	20,917	125	21,044	1,320	22,364
Comprehensive income						
Net profit/loss for the year	-	-	56	56	16	72
Total comprehensive income	-	-	56	56	16	72
Reclassification	-	-	-	-	-	-
Change in Tier 1 capital instruments	-	-	-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

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

¹Instruments 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.

³New 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 1-3 is an integrated part of this interim report.

Note 1 General information

Nordax Holding AB (publ) (Corporate Identity Number 559097-5743), with its registered office in Stockholm, 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, Bank Norwegian ASA, which has been licensed as a bank under Norwegian law since 2007, and Svensk Hypotekspension AB, which since 2018 has been licensed to conduct mortgage lending under the Mortgage Credit Act.

Note 2 Accounting and valuation Principles

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

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

Changed accounting policies that have applied as of 2022

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

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

Note 3 Credit risk

GROUP	Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts are in MSEK	2022	2022	2021	2022	2021
Credit losses, net - lending to the general public					
Stage 1	-114	-37	-304	-207	-344
<i>of which initial effects of acquisitions</i>	-	-	-304	-	-304
Stage 2	-167	-67	-253	-295	-142
<i>of which initial effects of acquisitions</i>	-	-	-233	-	-233
Stage 3	-575	-388	-341	-1,921	-524
Total credit losses, net	-856	-492	-898	-2,423	-1,010
Total of which initial effects of acquisitions	-	-	-537	-	-537

Note 4 Lending to the general public

GROUP

31 December 2022	Sweden	SHP	Norway	Finland	Germany and Spain	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	26,264	8,787	19,140	18,682	1,583	5,749	80,205	-937	1%
Stage 2	1,833	38	1,424	1,686	129	242	5,352	-768	14%
Stage 3	2,201	3	3,035	3,540	427	522	9,728	-4,198	43%
Total	30,298	8,828	23,599	23,908	2,139	6,513	95,285	-5,903	6%
Reserve	-1,742	-30	-1,434	-1,906	-379	-412	-5,903		
Total	28,556	8,798	22,165	22,002	1,760	6,101	89,382		

GROUP

31 December 2021	Sweden	SHP	Norway	Finland	Germany and Spain	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	19,273	7,612	16,615	12,853	4,466	508	61,327	-686	1%
Stage 2	1,278	18	1,103	1,266	134	30	3,829	-444	12%
Stage 3	3,031	3	4,604	4,638	452	242	12,970	-5,605	43%
Total	23,582	7,633	22,322	18,757	5,052	780	78,126	-6,735	9%
Reserve	-1,851	-8	-1,987	-2,237	-446	-206	-6,735		
Total	21,731	7,625	20,335	16,520	4,606	574	71,391		

The acquisition of Bank Norwegian included Stage 3 lending of MSEK 7,903 gross and MSEK 4,912 net. The lending acquired has reduced, but as a result of a strengthening in NOK since the acquisition, the Stage 3 lending acquired amounts to MSEK 8,018 gross and MSEK 4,966 net as of 31 December 2021. As of 31 December 2022 the lending acquired in Stage 3 has decreased, partly due to sales of NPL portfolios, and amounts to gross MSEK 2,314 and net MSEK 1,330. These have been reported gross in the table above.

No lending to the general public in the Parent Company.

Note 5 Capital adequacy analysis

The 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), information in Article 447 of Regulation (EU) No 575/2013 and Article 473a Section 2 (information that is required in accordance with EBA/ GL/2018/01) as well as Chapter 8, Section 1 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding prudential requirements and capital buffers (FFFS 2014:12). The liquidity and funding information is disclosed in accordance with Chapter 5, Section 2 of the Swedish Financial Supervisory Authority's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7).

Merger with Bank Norwegian

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.

Exemption as per article 352.2

On 18 March 2022 the Swedish FSA granted Nordax an exemption for the Consolidation Situation according to article 352.2 in Regulation (EU) No 575/2013 to include an amount of MNOK 7,459 in goodwill and intangible assets resulting from the acquisition of Bank Norwegian when calculating the open FX position. With this exemption, the corresponding FX swap position has been closed, in line with current risk management strategy.

On 30 December 2022, a similar exemption has been granted for Nordax Bank AB for including MNOK 7,129 in goodwill and intangible assets which, after the merger with Bank Norwegian, has become part of Nordax Bank's balance sheet. The Swedish FSA decision means a corresponding reduction in Nordax Bank's risk exposure amount for the market risk.

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. For the calculation of own funds this means that reduction in shareholder equity is amortized during the period 2018-2022 as follows:

-2018 95% reversal of the initial negative effect on equity

-2019 85% reversal of the initial negative effect on equity
-2020 70% reversal of the initial negative effect on equity
-2021 50% reversal of the initial negative effect on equity
-2022 25% reversal of the initial negative effect on equity

Nordax also applies the transitional rules for credit provisions for stages 1 and 2 that arose after December 31, 2019. The calculation of own funds in capital adequacy incorporates the scale below for reversal during the period 2020-2024:

-2020 100% reversal of the initial negative effect on equity
-2021 100% reversal of the initial negative effect on equity
-2022 70% reversal of the initial negative effect on equity
-2023 50% reversal of the initial negative effect on equity
-2024 25% reversal of the initial negative effect on equity

Combined buffer requirement

The combined buffer requirement for the Consolidated Situation consists of a capital conservation buffer and a countercyclical capital buffer. Since November 2021, a system risk buffer requirement has been also added following the acquisition of Bank Norwegian, however, as a result of merger through absorption, the requirement for systemic risk buffer disappeared. The required capital conservation buffer amounts to 2.5 percent of the risk-weighted exposure sum. The countercyclical capital buffer is weighted based on geographical requirements.

For Finland, Spain, and Germany, the requirement amounted 0%, for Norway and Denmark the requirement amounted 2% while the requirement was 1% for Sweden.

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), Nordax 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.

In addition to the change resulting from the merger with Bank Norwegian, the consolidated situation has changed during the period as a result of adding Nordax Sweden Mortgages 1 AB, as well as the addition of Nordax Nordic 2 AB, Nordax Nordic 4 AB and Nordax Sverige 4 AB which has been liquidated in a short time during December.

The acquisition of Bank Norwegian ASA was financed via a new share issue by Nordax Holding AB (publ) amounting SEK 9.7 billion. In addition to this, the Company has also issued SEK 1.4 billion of additional Tier 1 capital and SEK 650 million of Tier 2 capital which were subscribed to by external investors. Nordax Group AB subsequently issued corresponding instruments and amounts which were subscribed to by Nordax Holding AB (publ). Nordax Bank AB then issued corresponding amounts and instruments which were subscribed to by Nordax Group AB.

Nordax Bank also financed the acquisition via an issue for noncash consideration of Bank Norwegian shares amounting SEK 4.4 billion, unconditional shareholder contributions in an amount of SEK 1 billion and conditional shareholder contributions amounting to SEK 8.4 billion and a loan from Nordax Holding AB amounting SEK 200 million. As a result of the merger, the conditional shareholder contribution has been changed to unconditional. On 20 December 2022, the loan from Nordax Holding AB including accrued interest

of the loan has been converted to unconditional shareholder contribution amounting SEK 203 million.

The capital base of the Consolidated Situation includes, in addition to the capital instruments issued above, the additional Tier 1 capital amounting SEK 90 million and supplementary capital amounting SEK 681 million issued by Nordax Bank AB.

All amounts are in MSEK	CONSOLIDATED SITUATION	
	31 Dec 2022	31 Dec 2021
OWN FUNDS		
Common Equity Tier 1 (CET1) capital before deduction of regulatory adjustments	23,268	22,409
Total deduction of regulatory adjustment to CET1 capital	-12,544	-12,573
Common Equity Tier 1 (CET1) capital after deduction of regulatory adjustments	10,724	9,836
Additional Tier 1 capital ⁴	1,428	1,545
Sum Tier 1 Capital	12,152	11,381
Tier 2 Capital ³	1,299	1,261
Total capital	13,451	12,642
Risk exposure amount, credit risk	65,196	54,965
Risk exposure amount, market risk	0	0
Risk exposure amount, operational risk	5,782	5,526
Risk exposure amount, credit value adjustment (CVA)	183	200
Total risk exposure amount (risk weighted assets)	71,161	60,691
Capital ratios and buffers		
Common Equity Tier 1 capital ratio	15.07%	16.21%
Tier 1 capital ratio	17.08%	18.75%
Total capital ratio	18.90%	20.83%
Total Common Equity Tier 1 capital requirement including buffer requirement	8.04%	9.22%
- of which, capital conservation buffer requirement	2.50%	2.50%
- of which, countercyclical capital buffers	1.04%	0.31%
- of which systemic risk buffer	-	1.91%
Common Equity Tier 1 capital available as buffer ¹	8.07%	9.21%
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	20,918
- of which other funds	-	-
Retained earnings	389	612
Accumulated other comprehensive income	-	-
Deferred tax liabilities attributable to other intangible assets	564	593
Other transition adj. of common equity Tier 1 capital ⁵	371	275
Minority interest	-	-
Independently audited interim results after deductions of foreseeable dividends	1,024	9
Common Equity Tier 1 capital before regulatory adj.	23,268	22,409
Regulatory adjustments:		
(-) Intangible assets	-12,364	-12,550
Additional value adjustments	-180	-23
Total regulatory adjustment to Common Equity Tier 1 capital	-12,544	-12,573
Common Equity Tier 1 capital	10,724	9,836
Additional Tier 1 capital		
-AT1 capital instrument, directly issued	1,338	1,332
-AT1 capital instrument, issued by subsidiaries that are given recognition in AT1 Capital	90	213
Tier 1 capital, total	12,152	11,381
Tier 2 capital instrument		
Tier 2 capital instrument, directly issued	620	634
Tier 2 capital instrument, issued by subsidiaries that are given recognition in T2 Capital	679	627
Total capital	13,450	12,642
Total risk exposure amount	71,161	60,691
Specification of risk exposure amount²		
Exposures to national governments and central banks	0	187
Exposures to regional governments and local authorities	179	1,159
Exposures to institutions	868	772
Exposures in the form of covered bonds	708	1,191
Retail exposures	50,909	38,205
Exposures secured by mortgages on immovable property	5,535	4,479
Equity exposures	168	154
Exposures in default	6,169	8,310
Exposures to corporates	-	-
Other items	660	507
Total risk exposure amount for credit risk, Standardized Approach	65,196	54,964

All amounts are in MSEK	CONSOLIDATED SITUATION	
	31 Dec 2022	31 Dec 2021
Foreign exchange risk	0	0
Total risk exposure amount for foreign exchange risk	0	0
Operational risk according to Alternative Standardized Approach	5,782	5,526
Total risk exposure amount for operational risks	5,782	5,526
Credit valuation adjustment risk (CVA)	183	200
Total risk exposure amount for credit valuation adjustment risk	183	200
Total risk exposure amount	71,161	60,691
Specification Own funds requirement ²		
Credit risk		
Exposures to national governments and central banks	0	15
Exposures to regional governments and local authorities	14	93
Exposures to institutions	69	62
Exposures in the form of covered bonds	57	95
Retail exposures	4,073	3,057
Exposures secured by mortgages on immovable property	443	357
Equity exposures	13	12
Exposures in default	494	665
Exposures to corporates	-	0
Other items	53	41
Total capital requirement for credit risk	5,216	4,397
Market risk		
Foreign exchange risk	0	0
Total risk exposure amount for market risk	0	0
Operational risk		
Operational risk according to Alternative standardized Approach	463	442
Total risk exposure amount for operational risk	463	442
Credit valuation adjustment risk (CVA)		
Credit valuation adjustment risk (CVA)	15	16
Total capital requirement for CVA risk	15	16
Total Capital Requirement	5,694	4,855
Capital Requirement, percent of REA		
Pillar 1	8.00%	8.00%
Pillar 2	3.48%	4.76%
Capital conservation buffer	2.50%	2.50%
Institution-specific countercyclical buffer	1.04%	0.31%
Systemic risk buffer - Norway	-	1.91%
Total Capital Requirement	15.01%	17.48%
Capital Requirement, MSEK		
Pillar 1	5,694	4,855
Pillar 2	2,475	2,892
Capital conservation buffer	1,779	1,517
Institution-specific countercyclical buffer	738	185
Systemic risk buffer - Norway	-	1,159
Capital Requirement	10,686	10,608
LEVERAGE RATIO		
Total exposure measure for calculating leverage ratio, MSEK	116,664	105,585
Tier 1 capital, MSEK	12,152	11,381
Leverage ratio	10.42%	10.78%
Overall leverage ratio requirements, MSEK	3,500	3,168
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 90 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 December 2022, the eligible amount of Tier 2 capital to be included has amounted to SEK 679 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 arrangements", EBA/GL/2018/01 can be read at the end of the report.

CONSOLIDATED SITUATION		a	b	c	d	e
All amounts are in MSEK		20221231	20220930	20220630	20220331	20211231
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	10,724	10,270	9,844	9,659	9,836
2	Tier 1 capital	12,152	11,691	11,262	11,276	11,381
3	Total capital	13,451	12,827	12,397	12,536	12,642
Risk-weighted exposure amounts						
4	Total risk exposure amounts	71,161	67,485	65,162	63,161	60,691
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.07%	15.22%	15.11%	15.29%	16.21%
6	Tier 1 ratio (%)	17.08%	17.32%	17.28%	17.85%	18.75%
7	Total capital ratio (%)	18.90%	19.01%	19.03%	19.85%	20.83%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.50%	3.46%	3.46%	3.56%	3.69%
EU 7b	of which: to be made up of CET1 capital (%)	2.33%	2.35%	2.35%	3.56%	3.69%
EU 7c	of which: to be made up of Tier 1 capital (%)	2.61%	2.59%	2.59%	-	-
EU 7d	Total SREP own funds requirements (%)	11.50%	11.46%	11.46%	11.56%	11.69%
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 (%)	1.04%	0.85%	0.42%	0.30%	0.31%
EU 9a	Systemic risk buffer (%)	-	-	-	-	-
10	Global Systemically Important Institution buffer (%)	-	-	-	-	-
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	1.79%	1.79%	1.84%	1.91%
11	Combined buffer requirement (%)	3.54%	5.14%	4.71%	4.64%	4.72%
EU 11a	Overall capital requirements (%)	15.01%	17.07%	16.75%	16.66%	17.48%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.24%	8.37%	8.26%	7.23%	8.02%
Leverage ratio						
13	Leverage ratio total exposure measure (amounts)	116,664	109,848	109,165	109,173	105,585
14	Leverage ratio (%)	10.42%	10.64%	10.32%	10.33%	10.78%
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)	9,532	8,060	7,830	7,236	6,008
EU 16a	Cash outflows – Total weighted value	10,216	9,451	7,622	5,738	3,857
EU 16b	Cash inflows – Total weighted value	4,550	4,514	4,029	3,461	3,154
16	Total net cash outflows (adjusted value)	5,666	4,937	3,593	2,277	964
17	Liquidity coverage ratio (%)	168.24%	163.26%	217.94%	317.73%	623.03%
Net Stable Funding Ratio						
18	Total available stable funding	108,873	104,763	104,949	105,445	102,580
19	Total required stable funding	89,268	85,342	81,800	79,357	76,258
20	NSFR ratio (%)	121.96%	122.76%	128.30%	132.87%	134.52%

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	T-1	T-2	T-3	T-4
		20221231	20220930	20220630	20220331	20211231
1	Common Equity Tier 1 (CET1) capital	10,724	10,270	9,844	9,659	9,837
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,353	10,096	9,706	9,522	9,562
3	Tier 1 capital	12,152	11,691	11,262	11,276	11,382
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,781	11,517	11,124	11,139	11,107
5	Total capital	13,451	12,827	12,397	12,536	12,643
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,079	12,653	12,260	12,398	12,368
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	71,161	67,485	65,162	63,161	60,690
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	70,790	67,311	65,025	63,023	60,416
Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.07%	15.22%	15.11%	15.29%	16.21%
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	14.62%	15.00%	14.93%	15.11%	15.83%
11	Tier 1 (as a percentage of risk exposure amount)	17.08%	17.32%	17.28%	17.85%	18.75%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.64%	17.11%	17.11%	17.67%	18.38%
13	Total capital (as a percentage of risk exposure amount)	18.90%	19.01%	19.03%	19.85%	20.83%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.48%	18.80%	18.85%	19.67%	20.47%
Leverage ratio						
15	Leverage ratio total exposure measure	116,664	109,848	109,165	109,173	105,310
16	Leverage ratio	10.42%	10.64%	10.32%	10.33%	10.81%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.10%	10.48%	10.19%	10.20%	10.55%

Internal capital requirement

As of 31 December 2022, the internal capital assessed capital requirement in Consolidated Situation amounted to SEK 2,475 million (2,655 million as of 30 September 2022). The reduction is mainly explained by changes associated with the merger as described below.

Nordax Bank's internal capital requirements are assessed using internal models for economic capital. The Bank has not received any Pillar 2 guidance as Swedish FSA has not yet conducted its Review and Evaluation process. Bank Norwegian has been required by the Norwegian FSA to keep Pillar 2 requirement of 5.8% of total risk weighted exposure amount. This requirement has been taken into consideration after the acquisition and was included in the capital requirement for the Consolidated Situation.

The Norwegian FSA Pillar 2 requirements are connected to specific risks. For the risks where the Norwegian FSA has established methods for measuring capital requirements, the FSA requirement for Pillar 2 was replaced with these methods in connection with the merger. The remaining Pillar 2 requirement from the Norwegian FSA decision amounted to 4.3% of the total risk-weighted exposure amount originating from the branch.

Total capital requirement

The total capital requirement for the period amounts to SEK 10,686 million (SEK 11,522 million as of 30 September 2022) and this is entirely covered by CET1 capital. The total capital requirement has decreased primarily due to the buffer requirement for others systemically important institutions of 3% of Bank Norwegian's total risk-weighted exposure amounts which was no longer applicable due to merger through absorption.

Leverage ratio

Following amendments to the Prudential Regulation, a minimum leverage ratio of 3.0 percent has been implemented effective June 28, 2021. As of 31 December 2022, the Consolidated Situation has a leverage ratio amounting to 10.42%, which is well in excess of the 3% requirement.

Information on liquidity risk

The Group 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. The Group uses asset-backed borrowing in which parts of the Group's asset portfolios are pledged as collateral for the loans. The Group's 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.

-Carry 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 the cash ratio, loan-to-deposit ratio, liquidity coverage ratio, net stable funding ratio and deposit usage) 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 less favorable advance rates 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 contingency plan has been tested and updated.

As of 31 December 2022, Nordax consolidated situation's Liquidity Coverage Ratio (LCR) is 253.2%¹ (135.0%² as of 30 September 2022). The net stable funding ratio (NSFR) is 122.0% (122.8% as of 30 September 2022), calculated in accordance with the definition in Regulation (EU) No. 575/2013.

The consolidated situation's liquidity reserves as of 31 December 2022 amounts to SEK 20.3 billion (SEK 18.7 billion per 30 September 2022). Of these investments, 34.8% (36.1% as of 30 September 2022) are invested in covered bonds, 18.3% (18.8% as of 30 September 2022) invested with central banks, 14.6% (8.4% as of 30 September 2022) in Nordic credit institutions. The remaining balance is 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 391 (412 as of 30 September 2022) days.

As of 31 December 2022, Nordax's consolidation situation funding sources comprises of SEK 2,250 million (2,250 million as of 30 September 2022) financing via the asset-backed securities market (securitized), SEK 6,166 million (7,613 million as of 30 September) in corporate bonds, SEK 9,739 million (7,872 million as of 30 September 2022) financing against pledges with international banks, and SEK 77,104 million (71,985 million as of 30 September 2022) of retail deposits.

¹When calculating the consolidated situation's LCR before the merger, Nordax choose to only include the liquidity buffer required to cover Bank Norwegian's net outflow, as Nordax does not consider the liquidity in excess of 100% of Bank Norwegian's net outflow can be freely used by the consolidated situation. If Bank Norwegian's excess liquidity included in the consolidated situation, the LCR would be 224.9%.

Note 6 Classification of financial assets and liabilities

GROUP

31 December 2022	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	TOTAL
Assets					
Lending to central banks	-	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	-	-	434	-	434
Total liabilities	307	-	97,212	-	97,519

GROUP

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

Note 7 Fair value of financial assets and liabilities

GROUP

31 December 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	3,723	3,723	-
Lending to credit institutions ¹	3,376	3,376	-
Lending to the general public ²	89,382	97,705	8,323
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	119,141	8,323
Liabilities			
Liabilities to credit institutions ¹	9,739	9,739	-
Deposits from general public ¹	71,104	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

GROUP

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

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

² The measurement includes significant observable and non-observable inputs.

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

Calculation of fair value

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 that is valued at fair value based on unobservable inputs. As of 30 September 2022, the value has been determined based on the issue price at the latest new issue which was in May 2022. Nordax subscribed for its pro rata share in the new issue, the value of which has been determined based on the issue price at the latest new issue. Fair value on shares in VN Norge AS has as per 2022-12-31 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 2021	127
Transfers from level 2	-
Acquisitions	27
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	-
Closing balance 31 December 2021	154
Opening balance 1 January 2022	154
Acquisitions	19
Currency change	1
Sales	-10
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	4
Closing balance 31 December 2022	168

- 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	11,356	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

GROUP

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

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

Note 8 Operating segments

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

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	-171	-9	-246	-77	-19	-19	-541
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-16	-1	-218	-18	-1	-16	-270
Other operating expenses	-47	-11	-51	-51	-8	-27	-195
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

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

Q3 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	554	110	608	520	40	168	2,000
Interest expenses	-122	-39	-96	-40	-5	-7	-309
Total net interest income	432	71	512	480	35	161	1,691
Commission income	35	0	59	19	0	7	120
Net profit from financial transactions ¹	-8	-1	-21	-10	0	-4	-50
Total operating income	459	70	550	489	35	164	1,761
General administrative expenses	-143	-8	-209	-63	-18	-21	-462
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-14	-1	-28	-14	-1	-13	-71
Other operating expenses	-36	-9	-52	-47	-18	-16	-178
Total operating expenses	-193	-18	-289	-124	-37	-50	-711
Profit before credit losses	266	52	261	365	-2	114	1,050
Net credit losses	-199	-5	-85	-104	-68	-31	-493
Operating profit	66	47	176	261	-70	83	557
Balance sheet							
Lending to the general public	26,597	8,544	21,748	20,062	1,769	5,805	84,525

Q4 2021	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	402	82	428	341	1	87	1 341
Interest expenses	-69	-28	-63	-27	-1	-1	-189
Total net interest income	332	54	365	314	0	86	1 152
Commission income	38	2	42	17	0	8	107
Net profit from financial transactions ¹	18	0	-21	-6	0	0	-54
Total operating income	389	56	386	325	0	94	1 205
General administrative expenses	-290	-9	-382	-109	-15	-19	-824
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-13	-1	-17	-10	-1	-9	-51
Other operating expenses	-31	-10	-39	-36	-14	-18	-148
Total operating expenses	-334	-20	-438	-155	-30	-48	-1,023
Profit before credit losses	55	36	-52	170	-30	48	182
Net credit losses	-296	4	-141	-375	-2	-88	-898
<i>of which initial effect of acquisitions</i>	<i>-132</i>	<i>-</i>	<i>-104</i>	<i>-229</i>	<i>-</i>	<i>-72</i>	<i>-537</i>
Operating profit	-242	40	-193	-205	-32	-40	-716
Balance sheet							
Lending to the general public	21,731	7,625	20,335	4,606	16,520	574	71,391

Full year 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	2,200	426	2,456	2,070	131	630	7,913
Interest expenses	-465	-154	-402	-182	-21	-52	-1,276
Total net interest income	1,735	272	2,054	1,888	110	578	6,637
Commission income	149	2	180	58	-1	26	414
Net profit from financial transactions ¹	-32	0	-71	-55	0	-11	-179
Total operating income	1,852	274	2,163	1,891	109	593	6,872
General administrative expenses	-623	-32	-805	-287	-67	-80	-1,894
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-61	-4	-298	-60	-4	-55	-482
Other operating expenses	-168	-41	-224	-210	-126	-107	-876
Total operating expenses	-852	-77	-1,327	-557	-197	-242	-3,252
Profit before credit losses	1,000	197	836	1,334	-88	351	3,620
Net credit losses	-926	-22	-539	-607	-193	-136	-2,423
Operating profit	74	175	297	727	-281	215	1,197
Balance sheet							
Lending to the general public	28,556	8,798	22,165	22,002	1,760	6,101	89,382

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

Full year 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	1,064	308	809	425	177	113	2,896
Interest expenses	-188	-104	-128	-36	-19	-3	-478
Total net interest income	876	204	681	389	158	110	2,418
Commission income	67	2	57	22	10	8	166
Net profit from financial transactions ¹	15	1	-17	-6	2	0	-48
Total operating income	958	207	721	405	170	118	2,536
General administrative expenses	-553	-32	-518	-135	-71	-26	-1,335
Depreciation, amortization and impairment of property, plant and equipment and intangible assets ²	-47	-3	-22	-11	-3	-9	-95
Other operating expenses	-86	-36	-74	-38	-17	-18	-269
Total operating expenses	-686	-71	-614	-184	-91	-53	-1,699
Profit before credit losses	272	136	107	221	79	65	837
Net credit losses	-470	-1	-50	-377	-28	-84	-1,010
<i>of which initial effect of acquisitions</i>	-132	-	-104	-229	-	-72	-537
Operating profit	-198	135	57	-156	51	-19	-173
Balance sheet							
Lending to the general public	21,731	7,625	20,335	4,606	16,520	574	71,391

Note 9 Pledged assets, contingent liabilities and commitments

All amounts are in MSEK	GROUP	
	2022-12-31	2021-12-31
Pledged assets for own liabilities		
Lending to the general public	13,455	10,007
Lending to credit institutions	581	412
Cash collateral for derivatives	142	309
Total	14,178	10,728

All amounts are in MSEK	GROUP	
	2022-12-31	2021-12-31
Other commitments		
Granted but unpaid loans	140	215
Granted but unutilized card credits	50,196	47,721
Total	50,336	47,936

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

Note 10 Transactions with related parties

All amounts are in MSEK	ASSETS		LIABILITIES		INCOME		COSTS	
	22-12-31	21-12-31	22-12-31	21-12-31	22-12-31	21-12-31	22-12-31	21-12-31
Nordax Bank AB	16	205	-5	-4	2	0	-	-
Nordax Group AB	711	8	-2	-1	27	4	-	0
Svensk Hypotekspension AB	1	1	-	-	-	0	-	-
Total	728	214	-7	-5	29	4	-	0

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

Note 11 Important events after the balance sheet date

In the beginning of 2023 Anna Storåkers left the Nordax Board of Directors and at the same time Ragnhild Wiborg was elected.

In the beginning of the year it was communicated that during the first half year of 2023, Klara-Lise Aasen will resign from the role as Branch Manager and will be replaced by Merete Gillund, who at the moment is a member of the Management team and responsible for Innovation and Strategic Projects. In February Tore Andresen, the COO for Nordax Banks Norwegian branch Bank Norwegian, became a member of the Management team.

Definitions

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

Return on equity

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

Leverage ratio¹

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

Average loan portfolio

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

C/I ratio

Operating expenses as a percentage of operating income.

C/I ratio excl. acquisition costs

Operating expenses, excluding acquisition costs for Bank Norwegian, as a percentage of operating income.

Credit loss level

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

Credit loss in % excl. initial effect of acquisitions

Net credit losses, excl. initial ECL effect of the acquisition of Bank Norwegian ASA, as a percentage of the average loan portfolio.

Common Equity Tier 1 capital¹

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 ratio¹

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

Liquidity reserve

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

Liquidity Coverage Ratio (LCR)¹

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

Own funds¹

The sum of Tier 1 and Tier 2 capital.

Tier 1 capital ratio¹

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

Risk exposure amount¹

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

Net Stable Funding Ratio (NSFR)

Measures and monitors the relationship between available stable funding and required stable funding over a one-year period.

Tier 1 capital¹

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

Tier 2 capital¹

Subordinated loans that do not qualify as Tier 1 capital.

Total capital ratio¹

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

Other Tier 1 capital¹

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

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

Board of Directors' affirmation

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

Stockholm February 21, 2023

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Non-Executive Director

Christian Frick
Non-Executive Director

Henrik Källén
Non-Executive Director

Ragnhild Wiborg
Non-Executive Director

Ville Talasmäki
Non-Executive Director

Ricard Wennerklint
Non-Executive Director

The Swedish interim report has been reviewed by the company's auditors.

Auditors' review report

Introduction

We have reviewed the year-end report for Nordax Holding AB (publ) for the period 1 January to 31 December 2022. The Board of Directors and the CEO are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this year-end report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information performed by the company's auditors. A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end report is not, in all material aspects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies, and for the Parent Company in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 21 February, 2023

Deloitte AB

Signature on Swedish original

Malin Lüning

Authorised Public Accountant