

Nordax Bank AB (publ)

INTERIM REPORT January-September 2019

About the Group, Nordax Bank AB (publ)

Nordax Bank AB (publ) (Corporate Identity Number 556647-7286), with its registered office in Stockholm at Box 23124, SE-104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.nordax-group.com, hereinafter "Nordax", is a wholly owned subsidiary of Nordax Group AB (publ) (Corporate Identity Number 556993-2485), with its registered office in Stockholm. The Nordax Group's owner is NDX Intressenter AB, which is controlled by Nordic Capital and Sampo and as of 30 September controlled 100 per cent of the shares in the company. This is Nordax's sixteenth financial year. The Nordax Bank Group consists of Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB, Nordax Norway 5 AB, Nordax Norway 6 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension Fond 3 AB.

Nordax was authorised 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).

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

Nordax's main business is consumer lending in the Nordic region and Germany. Lending consists of unsecured loans up to the equivalent of SEK 600,000, NOK 500,000 and EUR 60,000 in Finland. Since 2018, secured loans against residential property are offered as well in Sweden, and as of the first quarter of 2019 in Norway. In January 2019, Nordax finalised the acquisition of Svensk Hypotekspension AB (SHP). Founded in 2005, SHP offers secured loans against residential property to Swedes aged 60 and older through the Hypotekspension equity release mortgage. Hypotekspension gives an older population an opportunity to free up equity without having to sell their home.

Nordax also offers personal savings accounts in Sweden, Norway, Finland and Germany. Savings deposits are part of Nordax's diversified funding platform, which also consists of asset-backed securities, bank warehouse funding facilities, equity and subordinated debt.

Important events during the period

Personal loans

New lending for personal loans continued to grow strongly in the third quarter. New lending was especially robust in the Swedish market, where a more

attractive offer contributed to growth in all channels. In the second quarter, new personal loan regulations were introduced in Norway, which had a slightly negative effect on the third quarter's new lending. A decision was made in the second quarter to discontinue new lending in Germany and focus on the Nordic markets. Lending in Germany accounted for 4% of Nordax's total lending at the end of the quarter.

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, Nordax also began offering mortgage loans in the Norwegian market through loan brokers, and at the end of the second quarter mortgage applications were being accepted directly through Nordax's website. Lending in the third quarter developed strongly in connection with a diversification of marketing channels.

Equity release mortgages

New lending has grown strongly during the year. One contributing factor has been increased marketing, which has led to greater awareness of Svensk Hypotekspension (SHP) as a brand and equity release mortgages as a product. More applicants also became eligible for an equity release mortgage during the year after the lending limit was changed and the offer was extended to more of the country's municipalities.

Portfolio development

Total lending amounted to SEK 23.8 billion (SEK 15.1 billion as of 31 December 2018). The acquisition of SHP, expansion of the product offering to include mortgage loans, and strong quarterly performance in the Swedish market were the most important reasons for the strong growth. Excluding the SHP acquisition, lending grew by 23%, partly due to positive currency effects. All geographical markets except Germany grew. In the Swedish market, mortgages, personal loans and equity release mortgages all contributed to the strong trend.

Other events

Nordax's savings offer continued to attract many new customers, which led to an increase in total lending to SEK 18.8 billion (SEK 11.3 billion at year-end).

In the second quarter, Nordax established an MTN programme with a SEK 3 billion framework. The programme enables Nordax to issue both senior and subordinated bonds (Tier 2) in the Swedish market.

Other events, cont.

In the quarter, SEK 300 million in senior unsecured bonds with a maturity of 3 years was issued under the programme. Nordax had previously issued SEK 350 million in Tier 2 bonds and SEK 500 million in senior unsecured bonds under the MTN programme.

Result January-September 2019

GROUP

Operating profit amounted to 388 MSEK (375). Increase due to higher net interest income and lower credit losses.

Net interest income amounted to 1 093 MSEK (982). Higher net interest income due to a growing lending portfolio and acquisition of SHP.

Credit losses amounted to -168 MSEK (-276), corresponding 1.2 per cent (2.6) of average lending.

Operating expenses amounted to -589 MSEK (-393). Increased costs as a result of investments in growth initiatives to grow and broaden Nordax's business but also acquisition costs and other costs related to SHP.

PARENT COMPANY

Operating profit amounted to 378 MSEK (388). Decrease due to higher costs.

Net interest income amounted to 596 MSEK (324). Higher net interest income due to a growing lending portfolio.

Credit losses amounted to -168 MSEK (-276), corresponding 1.2 per cent (2.6) of average lending.

Operating expenses amounted to -509 MSEK (-380). Increased costs as a result of investments in growth initiatives to grow and broaden Nordax's business.

Risks and internal control

RISKS AND UNCERTAINTIES

The Group is exposed to both credit risk and to other financial risks such as market risk and liquidity risk. The Group is also exposed to IT and operational risks. The Group's overall risk and capital policy details the risk framework as well as risk management roles and responsibilities within the Group. The Group's risk profile as well as related risk, liquidity and capital management are described in Nordax's Annual Report for 2018 and in the Risk Management and Capital Adequacy Report.

INTERNAL CONTROL

The Group has established independent functions for risk control and compliance 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) and the European Banking Authority's Guidance on Internal Governance (GL 44). The functions report directly to the Board of Directors and the CEO. Internal audit was during the period conducted by PwC Sweden.

Key Figures

GROUP

	Q3	Q2	Q3	JAN-SEP	JAN-SEP
	2019	2019	2018	2019	2018
Common Equity Tier 1 Capital Ratio in %	14.5	14.3	18.7	14.5	18.7
Return on equity in %	19.8	20.4	15.6	15.7	16.8
Net credit loss level in %	0.8	0.4	2.7	1.2	2.6
Cost to Income ratio in %	46	51	37	51	38
Number of employees	254	247	218	254	218

PARENT COMPANY

	Q3	Q2	Q3	JAN-SEP	JAN-SEP
	2019	2019	2018	2019	2018
Common Equity Tier 1 Capital Ratio in %	15.44	15.1	17.5	15.44	17.5
Return on equity in %	19.4	20.7	18.3	16.7	19.6
Net credit loss level in %	1.1	0.5	2.7	1.3	2.6
Cost to Income ratio in %	43	51	36	48	36
Number of employees	241	235	218	241	218

Consolidated income statement

GROUP		Q3	Q2	Q3	JAN-SEP	JAN-SEP
All amounts in MSEK	Note	2019	2019	2018	2019	2018
Operating income						
Interest income*		495	481	407	1 427	1 181
Interest expense		-126	-109	-72	-334	-199
Total net interest income		369	372	335	1 093	982
Commission income*		18	19	3	51	14
Net profit from financial transactions		-8	0	15	1	48
Total operating income		379	391	353	1 145	1 044
Operating expenses						
General administrative expenses		-120	-148	-91	-425	-278
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-9	-8	-6	-25	-18
Other operating expenses		-44	-45	-33	-139	-97
Total operating expenses		-173	-201	-130	-589	-393
Profit before credit losses		206	190	223	556	651
Net credit losses	3	-46	-22	-102	-168	-276
Operating profit		160	168	121	388	375
Tax on profit for the period		-31	-38	-26	-83	-75
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		129	130	95	305	300
Attributable to:						
The Parent Company's shareholders		129	130	94	305	300

* During the period January-September of 2019, administration fees of 33 MSEK included in net interest income have been reclassified as commission income in accordance with IFRS 15.

Consolidated statement of comprehensive income

Total profit corresponds to profit for the period

Parent Company income statement

PARENT COMPANY		Q3	Q2	Q3	JAN-SEP	JAN-SEP
All amounts in MSEK	Note	2019	2019	2018	2019	2018
Operating income						
Interest income*		444	433	417	1 285	1 210
Interest expense*		-224	-229	-299	-689	-886
Total net interest income		220	204	118	596	324
Commission income*		13	11	1	29	7
Net profit from financial transactions		-9	-1	-5	-1	50
Other operating income ¹		115	150	239	431	663
Total operating income		339	364	353	1 055	1 044
Operating expenses						
General administrative expenses		-103	-143	-90	-379	-274
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-3	-3	-3	-8	-9
Other operating expenses		-39	-39	-33	-122	-97
Total operating expenses		-145	-185	-126	-509	-380
Profit before credit losses		194	179	227	546	664
Net credit losses	3	-46	-22	-102	-168	-276
Operating profit		148	157	125	378	388
Tax on profit for the period		-34	-38	-27	-87	-78
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		114	119	98	291	310

¹ Operating income for the Parent Company refers to income from securitised loans.

* During the period January-SEPTEMBER, administration fees of 17 MSEK included in net interest income have been reclassified as commission income in accordance with IFRS 15.

Parent company statement of comprehensive income

Total profit corresponds to profit for the period

Consolidated statement of financial position

		GROUP		PARENT COMPANY	
		30 September	31 December	30 September	31 December
All amounts are in MSEK	Note	2019	2018	2019	2018
ASSETS					
Lending to credit institutions	5,6,7,9	2,757	2,681	2,357	2,167
Lending to the general public	3-9	23,801	15,140	18,595	15,137
Bonds and other fixed-income securities	5,6,7	2,793	1,187	2,793	1,187
Shares in subsidiaries		-	-	930	1
Intangible assets		1,014	287	19	25
Tangible assets		33	4	5	4
Current tax assets		93	4	87	4
Other assets	5,6	81	228	1 152	226
Prepaid expenses and accrued income		33	33	28	32
TOTAL ASSETS		30,605	19,564	25,966	18,783
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	5,6,7	3,225	2,831	-	-
Deposits from the general public	5,6,7	18,850	11,278	18 850	11,278
Issued securities	5,6,7	5,004	2,581	799	487
Liabilities to securitisation firms ¹		-	-	3,090	4,380
Deferred tax liability		28	3	-	-
Other liabilities	5,6	81	114	98	149
Accrued expenses and deferred income		80	68	64	63
Subordinated liabilities	5,6,7	597	249	597	249
Total liabilities		27,865	17,124	23,498	16,606
Equity					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	17	22
Retained earnings, incl. profit for the year		2,683	2,383	2,394	2,098
Total equity		2,740	2,440	2,468	2,177
TOTAL LIABILITIES, PROVISIONS AND EQUITY					
		30,605	19,564	25,966	18,783

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

Statement of cash flows

GROUP	JAN-SEP	JAN-SEP
All amounts are in MSEK	2019	2018
Operating activities		
Operating profit ¹	388	375
Adjustment for non-cash items		
Exchange rate effects ²	97	48
Depreciation, amortisation and impairment of property, plant & equipment	25	18
Amortisation of financing costs	12	32
Depreciation of surplus value related to the lending portfolio	7	-
Unrealised changes in value of bonds and other fixed income securities	7	4
Unrealised credit losses incl. IFRS 9 adjustment	434	-
Income tax paid	-172	-75
Group contribution	-	-
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-8,655	-1 403
Decrease/Increase in other assets	149	-181
Decrease/Increase in deposits from the general public	7,214	3 154
Decrease/Increase in other liabilities	4	-10
Cash flow from operating activities	-489	1 962
Investing activities		
Purchase of equipment & intangible assets	-781	-9
Investment in bonds and other interest bearing securities	-5,248	-2 560
Sale/disposal of bonds and other fixed income securities	3,633	2 060
Cash flow from investing activities	-2,396	-509
Financing activities		
Change to liability to credit institutions	302	142
Change issued bonds	2,659	-684
Cash flow from financing activities	2,961	-543
Cash flow for the period	76	910
Cash and cash equivalents at beginning of year	2,681	1,795
Cash and cash equivalents at end of year	2,757	2,705

¹ Whereof received interest 1 284 MSEK (1 152 MSEK) and paid interest 288 MSEK (118 MSEK).

² Unrealized changes in value were recognised in earlier periods as exchange rate effects and have now been reclassified as changes in operating assets and liabilities.

Cash and cash equivalents are defined as lending to credit institutions. Pledged cash and cash equivalents according to Note 9 are available to Nordax in connection with monthly settlement under financing arrangements and are thus defined as cash and cash equivalents because they are pledged for not more than 30 days and therefore are current.

Statement of changes in equity

GROUP

All amounts are in MSEK	Share capital	Other Reser- ves	Retained Ear- ning	TOTAL
OPENING BALANCE 1 January 2018	50	7	2,238	2,295
Comprehensive income				
Net profit/loss for the year			300	300
Total comprehensive income			300	300
Effect in equity attributable to transition to IFRS 9				
Initial effect in Equity attributable to transition to IFRS 9			-168	-168
Tax effect in Equity attributable to transition to IFRS 9			30	30
Total effect in equity attributable to the transition to IFRS 9			-138	-138
CLOSING BALANCE 30 September 2018	50	7	2,377	2,457
OPENING BALANCE 1 January 2018	50	7	2,238	2,295
Comprehensive income				
Net profit/loss for the year			326	326
Total comprehensive income			326	326
Effect in equity attributable to transition to IFRS 9				
Initial effect in Equity attributable to transition to IFRS 9			-177	-177
Tax effect in Equity attributable to transition to IFRS 9			39	39
Total effect in equity attributable to the transition to IFRS 9			-138	-138
Transactions with shareholders				
Capital contributions			-55	-55
Tax effect on capital contribution			12	12
Total transactions with shareholders			-43	-43
CLOSING BALANCE 31 December 2018	50	7	2,382	2,439
OPENING BALANCE 1 January 2019	50	7	2,382	2,439
Comprehensive income				
Net profit/loss for the year			305	305
Total comprehensive income			305	305
Effect in equity attributable to transition to IFRS 9 - SHP				
Initial effect in Equity attributable to transition to IFRS 9 - SHP			-5	-5
Tax effect in Equity attributable to transition to IFRS 9 - SHP			1	1
Total effect in equity attributable to the transition to IFRS 9 - SHP			-4	-4
CLOSING BALANCE 30 September 2019	50	7	2,683	2,740

Statement of changes in equity

PARENT COMPANY		Restricted equity			Non-restricted equity	
	Share capital	Other Reserves	Other Funds	Earnings	Retained	TOTAL
All amounts are in MSEK						
OPENING BALANCE 1 January 2018	50	7	19	1,943		2,019
Comprehensive income						
Net profit/loss for the year				310		310
Total comprehensive income				310		310
Other reserves						
Capitalization			6	-6		-
Depreciation			-2	2		-
Total other reserves			4	-4		-
Effect in equity attributable to transition to IFRS 9						
Initial effect in Equity attributable to transition to IFRS 9				-168		-168
Tax effect in Equity attributable to transition to IFRS 9				30		30
Total effect in equity attributable to the transition to IFRS 9				-138		-138
CLOSING BALANCE 30 June 2018	50	7	25	2,111		2,191
OPENING BALANCE 1 January 2018	50	7	19	1,943		2,019
Comprehensive income						
Net profit/loss for the year				338		338
Total comprehensive income				338		338
Other reserves						
Capitalization			8	-8		-
Depreciation			-5	5		-
Total other reserves			3	-3		-
Effect in equity attributable to transition to IFRS 9						
Initial effect in Equity attributable to transition to IFRS 9				-177		-177
Tax effect in Equity attributable to transition to IFRS 9				39		39
Total effect in equity attributable to the transition to IFRS 9				-138		-138
Transactions with shareholders						
Capital contributions				-55		-55
Tax effect on capital contribution				12		12
Total transactions with shareholders				-43		-43
CLOSING BALANCE 31 December 2018	50	7	22	2,098		2,177
OPENING BALANCE 1 January 2019	50	7	22	2,098		2,177
Comprehensive income						
Net profit/loss for the year				291		291
Total comprehensive income				291		291
Other reserves						
Capitalization			-	-		-
Depreciation			-5	5		-
Total other reserves			-5	5		-
CLOSING BALANCE 30 September 2019	50	7	17	2,394		2,468

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 Bank AB (publ) (Corporate Identity Number 556647-7286), with its registered office in Stockholm, is a wholly owned subsidiary to Nordax Group AB (publ) (Corporate Identity Number 556993-2485), registered office in Stockholm. Nordax Group's owner, NDX Intressenter AB, which is controlled by Nordic Capital and Sampo, controlled 100 per cent of the

shares in the company as of 30 September. Nordax Bank AB owns companies whose business includes owning companies and managing shares in companies whose main operations consist of consumer lending in the Nordic region.

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. In all material aspects, the Group's and the Parent Company's accounting policies, basis for calculations and presentations are unchanged in comparison with the Annual Report 2018, aside from the transition to IFRS 16. For more information, see below.

New and amended accounting policies due to IFRS 16

The Group has applied IFRS 16 Leases retroactively as of 1 January 2019, but has not restated comparative figures for 2018, in accordance with the exemptions in the standard's transition rules. Reclassifications and adjustments that have arisen through first-time adoption of the standard have therefore been recognised in the opening balance as of 1 January 2019.

Adjustments in the transition to IFRS 16

After the transition to IFRS 16, the Group recognises lease liabilities attributable to leasing contracts that were previously classified as operating leases under IAS 17 Leases. These liabilities have been measured as the present value of future lease payments discounted by Nordax's incremental borrowing rate as of 1 January 2019. Nordax's weighted average incremental borrowing rate applied to these lease liabilities was 2.63% as of 1 January 2019.

Right-of-use assets consisted upon transition of leases of premises, parking spaces and vehicles. All right-of-use assets have been measured as the value of the lease liability adjusted for prepaid or accrued leasing fees as of 31 December 2018. There were no onerous contracts which would have resulted in adjustments to right-of-use assets in connection with first-time adoption. The recognised right-of-use assets are attributa-

ble to the following asset types:

Right-of-use assets (SEK million)	2019-09-30	2019-01-01
Premises and parking spaces	27	32
Vehicles	1	0
Total right-of-use assets	28	32

The amended accounting policy affected the following lines in the balance sheet as of 1 January 2019:

Effect on opening balance (SEK million)	2019-01-01
Tangible assets	32
Prepaid expenses and accrued income	-2
Lease liabilities	-30
of which short-term portion	-7
of which long-term portion	-23
Effect recognised in equity	0

Practical expedients applied

When IFRS 16 was applied for the first time, the Group used the following practical expedients allowed in the standard:

- Operating leases with a remaining term of less than 12 months as of 1 January 2018 have been recognised as short-term leases
- Direct costs for right-of-use assets have been excluded at transition, and
- Low value leases are expensed on a straight-line basis through profit or loss.

The Group's leasing activities and their recognition

The Group leases offices, parking spaces and vehicles.

Until 31 December 2018, leases on properties and other tangible assets were classified as operating leases. Payments for operating leases were recognised in profit or loss on a straight-line basis over the lease term. As of 1 January 2019, the leases are recognised as right-of-use assets and are included in tangible fixed assets with a corresponding lease liability included in other liabilities, from the date on which the leased asset is available for use by the Group.

Right-of-use assets are initially measured at cost and include the following:

- The amount that the lease liability was originally measured at
- Leasing fees paid on or before the initial date, after deducting any economic benefits received when the lease was signed
- Initial direct costs
- Costs to restore the asset to the condition stipulated in the lease terms.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful lifetime and the lease term. The carrying value is reduced by any impairment and adjusted for remeasurements of the lease liability (see below).

The lease liability is initially recognised at the present value of future payments. The lease payments are discounted by the lease's implicit rate if this interest rate can easily be determined. Nordax otherwise uses its incremental borrowing rate, i.e. the interest rate that the Group would have to pay for financing through loans for a corresponding period, and with corresponding collateral, for the right to use an asset in a similar economic environment.

The following lease payments are included in the calculation of the lease liability:

- Fixed fees (including in substance fixed fees), after deducting any economic benefits that will be received when the lease is signed
- Variable leasing fees that depend on an index or a price
- Amount expected to be paid by the lessee according to residual value guarantees
- The exercise price of an option to buy if the lessee is reasonably certain to exercise such an option
- Termination penalties if the lease term reflects that the lessee will exercise an option to terminate the lease.

The lease liability is measured at amortised cost applying the effective interest method. Each lease payment is divided between amortisation of the liability and financial cost. The financial cost is divided over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. The lease liability is remeasured when there is a change to future lease payments that are based on an index or interest rate, or when management's assessment has changed whether options will be exercised to buy, extend or terminate the lease. When the lease liability is remeasured as a result of such changes, a corresponding adjustment is made to the carrying value of the right-of-use asset.

Payments for short-term leases and low-value leases are expensed on a straight-line basis through profit or loss. Short-term leases have a term of 12 months or less.

Options to extend are included in a number of the Group's office leases. Such options can only be exercised by Nordax, not the lessor. When setting the lease term, management considers all available information that gives an economic incentive to exercise an extension option, or not to exercise an extension option. An option to extend a lease is included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

See also note 11 - Transition effects IFRS 16 Leases.

Note 3 Credit risk

GROUP

All amounts in MSEK

	Q3 2019	Q2 2019	Q3 2018	JAN-SEP 2019	JAN-SEP 2018
Credit losses, net - lending to the general public					
Stage 1	-6	-6	-17	-26	-55
Stage 2	-8	14	-23	-11	-26
Stage 3	-32	-29	-62	-131	-195
Total credit losses	-46	-22	-102	-168	-276

PARENT COMPANY

All amounts in MSEK

	Q3 2019	Q2 2019	Q3 2018	JAN-SEP 2019	JAN-SEP 2018
Credit losses, net - lending to the general public					
Stage 1	-6	-6	-17	-26	-55
Stage 2	-8	14	-23	-11	-26
Stage 3	-32	-29	-62	-131	-195
Total credit losses	-46	-22	-102	-168	-276

Note 4 Lending to the general public

GROUP

30 September 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	Allocation of provision past due receivables	
Stage 1	6,906	4,876	9	3,646	842	5,198	21,478	-242	1%
Stage 2	300	353	0	258	45	10	967	-168	17%
Stage 3	1,045	1,508	331	844	203	4	3,936	-2,168	55%
Total	8,252	6,737	340	4,748	1,091	5,212	26,380	-2,579	10%
Reserve	-657	-907	-305	-502	-201	-6	-2,578		
Total lending to the general public	7,594	5,830	34	4,246	890	5,206	23,801		

GROUP

31 December 2018	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables	
Stage 1	4,847	4,241	30	3,236	981	13,336	-205	2%
Stage 2	268	299	1	257	41	866	-151	17%
Stage 3	931	1,203	327	541	162	3,164	-1,870	59%
Total	6,045	5,744	359	4,034	1,184	17,365	-2,225	13%
Reserve	-657	-792	-303	-331	-174	-2,225		
Total lending to the general public	5,422	4,951	56	3,702	1,009	15,140		

PARENT COMPANY

30 September 2019	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables	
Stage 1	6,906	4,876	9	3,646	842	16,279	-237	1%
Stage 2	300	353	0	258	45	957	-167	17%
Stage 3	1,045	1,508	331	844	203	3,932	-2,169	55%
Total	8,252	6,737	340	4,748	1,091	21,168	-2,574	12%
Reserve	-657	-907	-305	-502	-201	-2,573		
Total lending to the general public	7,594	5,830	34	4,246	890	18,595		

PARENT COMPANY

31 December 2018	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables	
Stage 1	4,846	4,240	30	3,235	981	13,333	-205	2%
Stage 2	268	299	1	257	41	866	-151	17%
Stage 3	931	1,203	327	541	162	3,164	-1,870	59%
Total	6,045	5,742	359	4,033	1,183	17,362	-2,225	13%
Reserve	-625	-792	-303	-331	-174	-2,225		
Total lending to the general public	5,420	4,950	56	3,701	1,009	15,137		

Note 5 Capital adequacy analysis

Capital adequacy information in this document refers to information whose disclosure is provided for in Chapter 6, Sections 3-4 of the Regulations and general recommendations (FFFS 2008:25) on the annual accounts of credit institutions and securities companies (investment firms) and to information in the General recommendations on capital adequacy and risk management (FFFS 2014:12) of the Swedish Financial Supervisory Authority. Other information required under FFFS 2014:12 is provided on the website, www.nordaxgroup.com.

Information on the Group structure

The top company in the consolidated situation is NDX Intressenter AB. The following companies are in the consolidated situation when calculating capital requirements: Nordax Group AB, Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB, Nordax Norway 5 AB, Nordax Norway 6 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension Fond 3 AB.

Changes were made in the consolidated situation as of March 2019 as NDX Intressenter AB became parent company in the consolidated situation. NDX Intressenter's holding as of 31 March 2019 amounted to 100 percent of the shares. The change implies that there is no longer any minority interests in the consolidated situation, however the third party interest remains through the subordinated loan in Nordax Bank.

Since January 2019, Svensk Hypotekspension AB has been included in Nordax Bank AB (publ)'s consolidated situation. This resulted in an increased capital requirement for credit risk for the parent company, through the shareholding. For the consolidated situation, the capital requirement increased through SHP's mortgage portfolio.

During the second quarter a Tier 2 of 350 MSEK was issued, with a term of 10 years with first possible call date in 5 years.

	Consolidated situation		Parent Company	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
All amounts in MSEK				
OWN FUNDS				
Common Equity Tier 1 capital	7,156	6,229	2,586	2,308
Deduction from own funds	-4,399	-3712	-22	-26
Total Common Equity Tier 1 capital	2,757	2,518	2,564	2,282
Tier 1 Capital, minority	-	81	-	-
Sum Tier 1 Capital	2,757	2,599	2,564	2,282
Tier 2 Capital ³	398	216	597	249
Net own funds	3,155	2,814	3,161	2,531
Risk exposure amount for credit risk	17,570	13,320	15,615	12,362
Risk exposure amount for market risk	515	565	100	71
Risk exposure amount for operational risks	912	912	882	882
Total risk exposure amount (risk weighted assets)	18,997	14,797	16,597	13,315
Common Equity Tier 1 capital ratio	14,52%	17,02%	15,45%	17,14%
Tier 1 capital ratio	14,52%	17,56%	15,45%	17,14%
Total capital ratio	16,61%	19,02%	19,04%	19,01%
Total Common Equity Tier 1 capital requirement including buffer requirement	8,72%	8,40%	8,69%	8,40%
- of which, capital conservation buffer requirement	2,50%	2,50%	2,50%	2,50%
- of which, countercyclical capital buffers	1,72%	1,40%	1,69%	1,40%
Common Equity Tier 1 capital available for use as buffer ¹	8,52%	11,02%	9,45%	11,14%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	4,324	74	78
- of which share capital	1	43	50,1	50
- of which other contributed capital	6,777	4,280	7	7
- of which other funds	1	-	19	22
Balanserade vinstmedel	23	5	2,157	1,760
- Other transition adj. of common equity Tier 1 capital ⁵	117	131	117	131
- Minority interest	0	1,749	55	-
Independently reviewed interim profits	239	20	291	338
Common Equity Tier 1 capital before regulatory adj.	7,156	6,229	2,586	2,308

	Consolidated situation		Parent Company	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Alla amounts in MSEK				
Regulatory adjustments:				
- Intangible assets	-4,396	-3,710	-19	-25
- Own shares	-	0	-	0
- Prudent valuation	-3	-1	-3	-1
Total regulatory adjustments to Common Equity Tier 1	-4,399	-3,712	-22	-26
Common Equity Tier 1	2,757	2,518	2,564	2,282
Tier 1 capital				
Tier 1, minority	-	81	-	-
Tier 1 capital, total	2,757	2,599	2,564	2,282
Tier 2 capital:				
Tier 2 capital instrument	398	216	597	249
Tier 2 capital	398	216	597	249
Total capital	3,155	2,814	3,161	2,531
Specification of risk exposure amount³				
Institutional exposures	566	563	472	435
Covered bonds	124	51	124	51
Household exposures	12,604	11,095	11,925	10,375
Exposures secured by mortgages on immovable property	2,255	80	430	80
Equity exposures	0	-	930	-
Past due items	1,784	1,331	1,679	1,221
Other items	237	200	55	200
Total risk exposure amount for credit risk, Standardised Approach	17,570	13,320	15,615	12,362
Exchange rate risk	515	565	100	71
Total risk exposure amount for market risk	515	565	100	71
Operative risk according to alternative Standardized Method	912	912	882	882
Total risk exposure amount for operational risks	912	912	882	882
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	1.21%	1.15%	1.26%	1.20%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	1.73%	1.40%	1.69%	1.40%
Total Capital Requirement	13.43%	13.05%	13.44%	13.10%
Capital Requirement, MSEK				
Pillar 1	1,519	1,184	1,328	1,065
Pillar 2	229	170	208	160
Capital conservation buffer	475	370	415	333
Institute-specific countercyclical buffer	328	207	280	186
Capital Requirement	2,550	1,930	2,231	1,744
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	30,532	16,906	24,785	18,873
Tier 1 capital	2,757	2,599	2,564	2,282
Leverage ratio	9.03%	15.37%	10.34%	12.09%

¹ Common Equity Tier 1 capital available for use as a buffer refers to Common Equity Tier 1 capital after deducting own funds used to meet the capital adequacy requirement according to Pillar 1. Expressed as a percentage of total risk exposure amount.

² The capital requirement is 8% of the risk exposure amount pursuant to Regulation (EU) No 575/2013 (CRR).

³ Nordax Bank's subordinated loans of 597 MSEK can only be included in the consolidated situation's capital base proportionate to the amount required to cover Nordax Bank's capital requirements. Consequently, eligible Tier 2 capital amounts to 398 MSEK.

⁴ Nordax has notified the SFSA that the bank, at the consolidated and parent company level, will apply the transition rules according to article 473a in 2017/2395/EU, paragraphs 2 and 4. Table according to "Final report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA, 12 January 2018 is included in the information published according to del 8 in 575/2013/EU on the bank's website www.nordaxgroup.com.

Internal capital requirement

As of 30 September 2019, the internal capital assessed capital requirement amounted to 208 MSEK (170 as of 31 December 2018). The total capital requirement for the period amounts to 2,231 MSEK and are solely covered by CET 1. The internal capital requirement is estimated using Nordax's internal models for economic capital.

Information on liquidity risk

The Group defines liquidity risk as the risk of failing to fulfil payment obligations at maturity without a significant increase in the cost of obtaining means of payment. 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 is aimed at achieving a diversified funding platform comprising equity, subordinated debt, asset backed securities ("ABS"), bank warehouse funding facilities, deposits from the general public and senior unsecured bonds.

The goal is to use funding sources which:

- 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 and CEO.

Liquidity risk is measured on a daily basis and reported to the Company's management. Liquidity risk is reported at each board meeting. 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 sta-

ble 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 favourable advance rates and changed cash flows) and specified separately and collectively.

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 30 September Nordax had a liquidity coverage ratio (LCR) of 433 per cent (194). At the same date, the net stable funding ratio (NSFR) was 117 per cent (117), calculated in accordance with the Basel Committee's definition and Regulation (EU) No 575/2013, which may be modified when introduced by the EU.

Nordax had a liquidity reserve at 30 September 2019 of 5,276 MSEK (3,521). Of these investments 47 per cent (63) was in Nordic banks, 24 per cent (15) in Swedish covered bonds and, 12 per cent (22) in Swedish municipal paper and 18 per cent (0) in Swedish municipal bonds. All investments had a credit rating ranging from AAA to A+ from Standard & Poor's, with an average rating of AA (except 26 MSEK in exposure to Avanza Bank AB). The average maturity was 572 days (211). All bank holdings are highly liquid and all securities are repoable with central banks.

At 30 September 2019 Nordax's funding sources comprised 4,212 MSEK (2,107) through the asset-backed securities market (securitized), 800 MSEK (487) in senior unsecured bonds, 3,227 MSEK (2,836) in warehouse funding facilities provided by international banks and 18,850 (11,278) MSEK in deposits from the general public. The figures refer to the nominal amounts.

Note 6 Classification of financial assets and liabilities

GROUP

	Fair value through profit and loss	Financial assets valued at amor- tised cost	Financial liabi- ties valued at amortised cost	Total
30 September 2019				
Assets				
Lending to credit institutions	-	2,757	-	2,757
Lending to the general public	-	23,801	-	23,801
Bonds and other fixed-income securities	2,793	-	-	2,793
Other assets	-	61	-	61
Total assets	2,793	26,619	-	29,412
Liabilities				
Liabilities to credit institutions	-	-	3,225	3,225
Deposits from the general public	-	-	18,850	18,850
Issued securities	-	-	5,004	5,004
Subordinated liabilities	-	-	597	597
Derivatives	0	-	-	0
Other liabilities	-	-	49	49
Total liabilities	0	-	27,725	27,725

GROUP

	Fair value through profit and loss	Financial assets valued at amor- tised cost	Financial liabi- ties valued at amortised cost	Total
31 December 2018				
Assets				
Lending to credit institutions	-	2,681	-	2,681
Lending to the general public	-	15,140	-	15,140
Derivatives	2	-	-	2
Bonds and other fixed-income securities	1,187	-	-	1,187
Other assets	-	181	-	181
Total assets	1,189	18,002	-	19,191
Liabilities				
Liabilities to credit institutions	-	-	2,831	2,831
Deposits from the general public	-	-	11,278	11,278
Issued securities	-	-	2,581	2,581
Subordinated liabilities	-	-	249	249
Other liabilities	-	-	47	47
Total liabilities	-	-	16,986	16,986

PARENT COMPANY

30 September 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Total
Assets				
Lending to credit institutions	-	2,357	-	2,357
Lending to the general public	-	18,595	-	18,595
Bonds and other fixed-income securities	2,793	-	-	2,793
Other assets	-	61	-	61
Total assets	2,793	21,013	-	23,806
Liabilities				
Liabilities to credit institutions	-	-	18,850	18,850
Deposits from the general public	-	-	3,090	3,090
Subordinated liabilities	-	-	597	597
Derivatives	0	-	-	0
Other liabilities	-	-	43	43
Total liabilities	0	-	22,580	22,580

PARENT COMPANY

31 December 2018	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Total
Assets				
Lending to credit institutions	-	2,167	-	2,167
Lending to the general public	-	15,137	-	15,137
Derivatives	2	-	-	2
Bonds and other fixed-income securities	1,187	-	-	1,187
Other assets	-	181	-	181
Total assets	1,189	17,485	-	18,674
Liabilities				
Deposits from the general public	-	-	11,278	11,278
Issued securities	-	-	487	487
Liabilities to securitisation firms ¹	-	-	4,380	4,380
Subordinated liabilities	-	-	249	249
Other liabilities	-	-	45	45
Total liabilities	-	-	16,439	16,439

Note 7 Fair values of financial assets and liabilities

GROUP

30 September 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,757	2,757	-
Lending to the general public ^{2,4}	23,801	26,620	2,819
Bonds and other fixed-income securities	2,793	2,793	-
Total Assets	29,351	32,170	2,819
Liabilities			
Liabilities to credit institutions ¹	3,225	3,225	-
Deposits from general public ¹	18,850	18,850	-
Issued securities ³	5,004	5,016	12
Derivatives	0	0	-
Subordinated liabilities ³	597	600	3
Total Liabilities	27,676	27,691	15

GROUP

31 December 2018	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,681	2,681	-
Lending to the general public ^{2,4}	15,140	19,669	4,529
Derivatives	2	2	-
Bonds and other fixed-income securities	1,187	1,187	-
Total Assets	19,010	23,539	4,529
Liabilities			
Liabilities to credit institutions ¹	2,831	2,831	-
Deposits from the general public ¹	11,278	11,278	-
Issued securities ³	2,581	2,583	2
Subordinated liabilities ³	249	254	5
Total Liabilities	16,939	16,946	7

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 non-observable inputs.

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

⁴ Fair value data for lending to the general public is calculated after tax.

PARENT COMPANY

30 September 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,357	2,357	-
Lending to the general public ^{2,4}	18,595	21,414	2,819
Bonds and other fixed-income securities	2,793	2,793	-
Total Assets	23,745	26,564	2,819
Liabilities			
Deposits from the general public ¹	18,850	18,850	-
Liabilities to securitisation firms ¹	3,090	3,090	-
Derivatives	0	0	-
Subordinated liabilities ³	597	600	3
Total Liabilities	22,537	22,540	3

PARENT COMPANY

31 December 2018	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,167	2,167	-
Lending to the general public ^{2,4}	15,137	19,669	4,532
Derivatives	2	2	-
Bonds and other fixed-income securities	1,187	1,187	-
Total Assets	18,493	23,025	4,532
Liabilities			
Deposits from the general public ¹	11,278	11,278	-
Issued securities ³	487	487	0
Liabilities to securitisation firms ¹	4,380	4,380	-
Subordinated liabilities ³	249	254	5
Total Liabilities	16,394	16,399	5

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 non-observable inputs.

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

⁴ Fair value data for lending to the general public is calculated after tax.

Calculation of fair value

The fair values of financial instruments traded in an active market are based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices from an exchange, broker, industry group, pricing service or regulatory authority are easily and regularly available, and these prices represent actual and regularly occurring arm's length market transactions. The quoted market price used for the Group's financial assets is the current bid price. These instruments fall into Level 1.

The fair values of financial instruments not traded in an active market are determined with the help of valuation techniques. Market data is used as far as possible when such data is available. If all significant inputs required for the fair value measurement of an instrument are observable, the instrument falls into Level 2.

In cases where one or several significant inputs are not based on observable market information, the instrument is classified as Level 3.

The table below shows financial instruments at fair value based on the classification in the fair value hierarchy. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly in the form of quoted prices or indirectly, i.e. derived from quoted prices (Level 2).
- Inputs for the asset or liability which are not based on observable market data (non-observable inputs) (Level 3).

In 2019 there have not been any transfers between the levels.

GROUP

30 September 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	26,620	-	26,620
Bonds and other fixed-income securities	1,243	1,550	-	2,793
Derivatives	-	0	-	0
Total Assets	1,243	28,170	-	29,413
Liabilities				
Issued securities	-	5,016	-	5,016
Derivatives	-	0	-	0
Subordinated liabilities	-	600	-	600
Total Liabilities	-	5,616	-	5,616

GROUP

31 December 2018	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	19,669	-	19,669
Bonds and other fixed-income securities	562	625	-	1,187
Derivatives	-	2	-	2
Total Assets	562	20,296	-	20,858
Liabilities				
Issued securities	-	2,583	-	2,583
Subordinated liabilities	-	254	-	254
Total Liabilities	-	2,837	-	2,837

PARENT COMPANY

30 September 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	21,414	-	21,414
Bonds and other fixed-income securities	1,243	1,550	-	2,793
Derivatives	-	2	-	2
Total Assets	1,243	22,966	-	24,209
Liabilities				
Derivatives	-	0	-	0
Subordinated liabilities	-	600	-	600
Total Liabilities	-	600	-	600

PARENT COMPANY

31 December 2018	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	19,669	-	19,669
Bonds and other fixed-income securities	510	677	-	1,187
Derivatives	-	2	-	2
Total Assets	510	20,348	-	20,858
Liabilities				
Derivatives	-	487	-	487
Subordinated liabilities	-	254	-	254
Total Liabilities	-	741	-	741

Note 8 Operating segments

Segment information is presented based on the chief operating decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief operating decision-maker. Nordax has the following operating segments: Sweden, Norway, Finland, Denmark,

Germany and SHP, which reflects Nordax's lending portfolio. 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.

Q3 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	162	152	1	104	23	53	495
Interest expenses	-33	-51	0	-16	-3	-23	-126
Total net interest income	129	101	1	88	20	30	369
Commission income	5	7	0	6	0	0	18
Net profit from financial transactions ²	-3	-4	0	-2	0	0	-8
Total operating income	131	104	1	92	20	30	379
General administrative expenses	-50	-36	0	-24	-4	-6	-120
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-3	0	-2	0	0	-9
Other operating expenses	-20	-13	0	-8	0	-3	-44
Total operating expenses	-74	-52	0	-34	-4	-9	-173
Profit before credit losses	57	52	1	58	16	21	206
Net credit losses	-7	-22	2	-15	-5	1	-46
Operating profit	50	30	3	43	11	22	160
Balance sheet							
Lending to the general public	7,594	5,830	34	4,246	890	5,206	23,801

Q2 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	152	149	0	106	25	49	481
Interest expenses	-25	-43	0	-15	-4	-22	-109
Total net interest income	127	106	0	91	21	27	372
Commission income	6	7	0	6	0	0	19
Net profit from financial transactions ²	-1	-2	0	0	0	0	0
Total operating income	132	111	0	97	21	27	391
General administrative expenses	-57	-44	-1	-30	-8	-8	-148
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	-2	-1	0	-8
Other operating expenses	-19	-10	0	-9	-1	-6	-45
Total operating expenses	-79	-56	-1	-41	-10	-14	-201
Profit before credit losses	53	55	-1	56	11	13	190
Net credit losses	1	-9	2	-7	-8	-1	-22
Operating profit	54	46	1	49	3	12	168
Balance sheet							
Lending to the general public	6,917	5,553	40	4,043	956	4,905	22,414

Q3 2018	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	122	152	1	104	28		407
Interest expenses	-20	-32	-1	-15	-4		-72
Total net interest income	102	120	0	89	24		335
Commission income	1	1	0	1	0		3
Net profit from financial transactions ²	-1	14	1	-30	31		15
Total operating income	102	135	1	60	55		353
General administrative expenses	-37	-29	-1	-16	-8		-91
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-1	0	-1	0		-6
Other operating expenses	-13	-11	0	-7	-2		-33
Total operating expenses	-55	-41	-1	-24	-10		-131
Profit before credit losses	47	94	0	36	45		222
Net credit losses	-27	-33	1	-24	-19		-102
Operating profit	20	61	1	12	26		120
Balance sheet							
Lending to the general public	4,965	5,265	66	3,596	1,062		14,954
Q1-Q3 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	451	443	2	312	73	146	1 427
Interest expenses	-81	-132	0	-46	-10	-65	-334
Total net interest income	370	311	2	266	63	81	1 093
Commission income	15	20	0	16	0	0	51
Net profit from financial transactions ²	-5	-6	0	-2	0	0	1
Total operating income	380	325	2	288	63	81	1 145
General administrative expenses	-157	-125	-1	-82	-19	-41	-425
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-10	-8	0	-6	-1	0	-25
Other operating expenses	-57	-35	0	-27	-4	-16	-139
Total operating expenses	-224	-168	-1	-115	-24	-57	-589
Profit before credit losses	156	157	1	165	39	24	556
Net credit losses	-33	-73	5	-45	-22	0	-168
Operating profit	123	84	6	120	17	24	388
Balance sheet							
Lending to the general public	7,594	5,830	34	4,246	890	5,206	23,801
Q1-Q3 2018	Sweden	Norway	Denmark	Finland	Germany		TOTAL
Income statement							
Interest income ¹	358	447	3	290	83		1,181
Interest expenses	-52	-95	-1	-39	-12		-199
Total net interest income	306	352	2	251	71		982
Commission income	7	3	0	4	0		14
Net profit from financial transactions ²	-1	36	1	49	-37		48
Total operating income	312	391	3	304	34		1,044
General administrative expenses	-101	-93	-2	-59	-23		-278
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-9	-5	0	-3	-1		-18
Other operating expenses	-27	-31	0	-23	-16		-97
Total operating expenses	-137	-129	-2	-85	-40		-393
Profit before credit losses	175	262	1	219	-6		651
Net credit losses	-61	-102	2	-55	-60		-276
Operating profit	114	160	3	164	-66		375
Balance sheet							
Lending to the general public	4,965	5,265	66	3,596	1,062		14,954

¹ Interest income refers to revenues from external customers.

² FX effects amount to 1 MSEK Q1-Q3 2019 and is not allocated.

Note 9 Pledged assets

	GROUP		PARENT COMPANY	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
All amounts are in MSEK				
Pledged assets for own liabilities				
Lending to the general public	9,399	7,350	-	-
Lending to credit institutions	375	501	-	-
Total	9,774	7,851	-	-

Pledged assets relate to subsidiary securitisation.
The Group has no contingent liabilities or commitments.

Note 10 Transactions with related parties

The Group did not have any transactions with related parties during the period.

Note 11 Transition effects IFRS 16 Leases

GROUP	Prior transition to IFRS 16		Recalculated items
	2019-01-01	Transition effect - IFRS 16	2019-01-01
All amounts in MSEK			
ASSETS			
Lending to credit institutions	2,681		2,681
Lending to the general public	15,140		15,140
Bonds and other fixed-income securities	1,187		1,187
Intangible assets	287		287
Tangible assets	4	32	36
Current tax assets	4		4
Other assets	228		228
Prepaid expenses and accrued income	33	-2	31
TOTAL ASSETS	19,564	30	19,594
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	2,831		2,831
Deposits from the general public	11,278		11,278
Issued securities	2,581		2,581
Deferred tax liability	3		3
Other liabilities	114	30	144
Accrued expenses and deferred income	68		68
Subordinated liabilities	249		249
Total liabilities	17,124	30	17,154
Equity			
Share capital	50		50
Other reserves	7		7
Retained earnings, incl. profit for the year	2,383	0	2,361
Total equity	2,440	0	2,440
TOTAL LIABILITIES, PROVISIONS AND EQUITY	19,564	30	19,594

Note 12 Aquisition of Svensk Hypotekspension

On 15 January 2019, Nordax Bank AB (publ) acquired all the shares in Svensk Hypotekspension AB ("SHP") for SEK 912 million. Svensk Hypotekspension offers Hypotekspension®, an equity release mortgage for people age 60 and over who own a first or second home or condominium. Operations are organised in three companies. New loans to new customers are paid out and funded through Svensk Hypotekspension Fond 2 AB. The other subsidiary, Svensk Hypotek-

sension Fond 3 AB, is a special purpose vehicle for issuance of bond loans. Through the acquisition of Svensk Hypotekspension, Nordax strengthens its position as a leading specialist bank serving consumers in Northern Europe and a challenger in the mortgage market. Nordax also strengthens its expertise in mortgage lending and sees opportunities for business synergies between Svensk Hypotekspension and Nordax.

Purchase price

Fixed purchase price	912
Conditional purchase price	-
Total purchase price	912

Purchase price and fair value for acquired net assets:

Provisionally reported amount (fair value) of identifiable acquired assets and liabilities in Svensk Hypotekspension as of the acquisition date:

All amounts are in MSEK	2019-01-15
Lending to credit institutions	38
Lending to the general public	4,323
Tangible assets	1
Intangible assets	57
Other assets	0
Prepaid expenses and accrued income	10
Liabilities to credit institutions	-2,156
Issued securities	-2,000
Deferred tax liability	-29
Account payables	-2
Other liabilities	-3
Accrued expenses and deferred income	-13
Total aquired net assets	226
Goodwill and other acquired intangible assets	686

Goodwill arising from the acquisition relates to Svensk Hypotekspensions AB and the synergy effects that are expected through the merger of Nordax and Svensk Hypotekspension's operations. The goodwill that arises is not expected to be tax deductible.

Net cashflow when aquiring SHP

Cash paid price	912
Deducting: Aquired cash and cash equivalentls	-38
Net cash flow	874

Of the group's revenues, 146 MSEK is attributable to SHP, which has contributed 24 MSEK to the groups earnings, of which 19 MSEK relates to acquisition costs.

Note 13 Important events after the balance sheet date

No important events after the balance sheet date has been identified.

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.

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.

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 (CRR).

Common Equity Tier 1 capital ratio¹

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

Credit loss level

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

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 (CRR).

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.

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.

Own funds¹

The sum of Tier 1 and Tier 2 capital.

Return on equity

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

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.

Tier 1 capital ratio¹

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

Tier 1 capital¹

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

Tier 2 capital¹

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

Total capital ratio¹

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 4, capital adequacy analysis.

Board of Directors' affirmation

The Board of Directors declares that the interim report for January-September 2019 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 October 31 2019

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Non-Executive Director

Christian Frick
Non-Executive Director

Heikki Kapanen
Non-Executive Director

Henrik Källén
Non-Executive Director

Anna Storåkers
Non-Executive Director

Ville Talasmäki
Non-Executive Director