

Nordax Bank AB (publ)

INTERIM REPORT JANUARY-MARCH 2020

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. On 31 December, Nordax Group AB (publ) controlled 100 per cent of the shares in the Company. This is Nordax's seventeenth financial year. The Nordax Bank Group consists of Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 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, Svensk Hypotekspension Fond 3 AB and Svensk Hypotekspension Fond 4 AB (publ).

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.

Development during the quarter

Personal loans

New lending for personal loans continued to grow

strongly in the first quarter. Since the end of March, however, new lending has decreased significantly in all of Nordax's markets, as Nordax, due to the Covid-19 pandemic, has taken a more cautious approach and Nordax's expectation is that new lending in the second quarter will fall below new lending in the first quarter. The volume of personal loans in Norway decreased in the quarter as a result of the significant depreciation in the value of the Norwegian krone. Adjusted for exchange rate movements, the Norwegian portfolio volume was stable in the first 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 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 1.9 billion as of 31 March 2020.

Equity release mortgages

New lending has grown strongly during the first quarter. The portfolio continued to develop strongly in the first quarter with continued strength in new lending. The market for equity release mortgages continues to have good potential and SHP has a strong brand with the customer group and is seeing continued interest from them.

Portfolio development

Total lending amounted to SEK 26.3 billion (SEK 25.3 billion as of 31 December 2019). Growth was negatively affected by the significant depreciation in the value of the Norwegian krone in the quarter.

Other events

Nordax's savings offer continued to attract many new customers, which led to an increase in total deposits to SEK 20.5 billion (SEK 19.2 billion at year-end).

In January, Nordax issued SEK 200 million of senior unsecured bonds with a maturity date in January 2023. The bonds were issued as part of Nordax Bank's MTN programme, which has a total framework of SEK 3 billion.

In March, Nordax redeemed the subordinated Tier 2 bond issued in 2015. The bond, which had a contractual maturity of 10 years, was redeemed on the first call date, five years after issuance, after approval was received from the Swedish Financial Supervisory Authority.

Result January-March 2020

GROUP

Operating profit amounted to 137 MSEK (60), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 436 MSEK (352). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -123 MSEK (-100), corresponding 2.1 per cent (2.2) of average lending. The credit losses were affected by a management overlay of SEK 24 million for increased expected credit losses in IFRS 9 in light of the expected deterioration in the macro environment as a result of Covid-19. While Nordax also acknowledges that its existing customers' ability to pay could be negatively affected by the Covid-19 pandemic, it has not to date seen a significant change in customer behaviour.

Operating expenses amounted to -182 MSEK (-215). The decrease was in line with the company's expectations, as expenses in 2019 were affected by extensive investments in operations.

PARENT COMPANY

Operating profit amounted to 116 MSEK (73), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 322 MSEK (172). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -122 MSEK (-1000), corresponding 2.7 per cent (2.5) of average lending. The credit losses were affected by a management overlay of SEK 24 million for increased expected credit losses in IFRS 9 in light of the expected deterioration in the macro environment as a result of Covid-19. While Nordax also acknowledges that its existing customers' ability to pay could be negatively affected by the Covid-19 pandemic, it has not to date seen a significant change in customer behaviour.

Operating expenses amounted to -169 MSEK (-179). The decrease was in line with the company's expectations, as expenses in 2019 were affected by extensive investments in operations.

Risks and internal control

RISKS AND UNCERTAINTIES FACTORS

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, as well as compliance risks and business risks. The Group's overall risk management policy sets the bank's appetite for risks, strategies for risk management as well as roles and responsibilities for risk management within the Group. The risk composition for the Group, as well as related risk, liquidity and capital management, is described in Nordax's Annual Report for 2019 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	Q1	Q4	Q1
	2020	2019	2019
Common Equity Tier 1 Capital Ratio in %	13.9	14.0	14.7
Return on equity in %	15.1	7.2	7.5
Net credit loss level in %	2.1	2.0	2.2
Cost to Income ratio in %	41	55	57
Number of employees	291	279	238

PARENT COMPANY	Q1	Q4	Q1
	2020	2019	2019
Common Equity Tier 1 Capital Ratio in %	14.8	14.9	17.1
Return on equity in %	13.3	8.9	10.5
Net credit loss level in %	2.4	2.6	2.8
Cost to Income ratio in %	42	53	52
Number of employees	276	264	217

Consolidated income statement

GROUP	Note	Q1	Q4	Q1
		2020	2019	2019
All amounts in MSEK				
Operating income				
Interest income		549	528	451
Interest expense		-113	-114	-99
Total net interest income		436	414	352
Commission income		17	23	14
Net profit from financial transactions		-11	-12	9
Total operating income		442	425	375
Operating expenses				
General administrative expenses		-130	-176	-157
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-6	-8	-8
Other operating expenses		-46	-48	-50
Total operating expenses		-182	-232	-215
Profit before credit losses		260	193	160
Net credit losses	3	-123	-118	-100
Operating profit		137	75	60
Tax on profit for the period		-30	-28	-14
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		107	47	46
Attributable to:				
The Parent Company's shareholders		107	47	46

Consolidated statement of comprehensive income

Total profit corresponds to profit for the period

Parent Company income statement

PARENT COMPANY		Q1	Q4	Q1
All amounts in MSEK		2020	2019	2019
	Note			
Operating income				
Interest income		497	483	408
Interest expense		-175	-179	-236
Total net interest income		322	304	172
Commission income		13	18	5
Net profit from financial transactions		3	-11	9
Other operating income ¹		69	88	166
Total operating income		407	399	352
Operating expenses				
General administrative expenses		-124	-168	-133
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-3	-2	-2
Other operating expenses		-42	-42	-44
Total operating expenses		-169	-212	-179
Profit before credit losses		238	187	173
Net credit losses	3	-122	-118	-100
Operating profit		116	69	73
Tax on profit for the period		-31	-16	-15
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		85	53	58

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

Parent company statement of comprehensive income

Total profit corresponds to profit for the period

Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP		PARENT COMPANY	
		31 March 2020	31 December 2019	31 March 2020	31 December 2019
ASSETS					
Lending to credit institutions	5,6,7,9	2,092	1,252	1,828	832
Lending to the general public	3-9	26,335	25,271	20,475	19,763
Bonds and other fixed-income securities	5,6,7	2,018	3,120	2,018	3,120
Shares in subsidiaries		-	-	1,030	1,030
Other shares		80	80	80	80
Intangible assets		1,007	1,009	15	17
Tangible assets		31	31	7	5
Current tax assets		50	45	53	45
Other assets	5,6	25	129	1,757	1,467
Prepaid expenses and accrued income		47	51	26	33
TOTAL ASSETS		31,685	30,988	27,289	26,392
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	5,6,7	2,895	3,068	-	-
Deposits from the general public	5,6,7	20,526	19,222	20,526	19,222
Issued securities	5,6,7	4,837	5,105	1,100	1,000
Liabilities to securitisation firms ¹		-	-	2,512	2,877
Deferred tax liability		27	33	-	-
Other liabilities	5,6	88	103	132	111
Accrued expenses and deferred income		83	84	76	75
Subordinated liabilities	5,6,7	348	598	348	598
Total liabilities		28,804	28,213	24,694	23,883
Equity					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	14	16
Retained earnings, incl. profit for the year		2,824	2,718	2,524	2,436
Total equity		2,881	2,775	2,595	2,509
TOTAL LIABILITIES, PROVISIONS AND EQUITY		31,685	30,988	27,289	26,392

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-MAR	JAN-DEC
All amounts are in MSEK	2020	2019
Operating activities		
Operating profit ¹	137	463
Adjustment for non-cash items		
Exchange rate effects ²	-44	80
Depreciation, amortisation and impairment of property, plant & equipment	6	33
Amortisation of financing costs	3	15
Depreciation of surplus value related to the lending portfolio	1	8
Unrealised changes in value of bonds and other fixed income securities	2	13
Unrealised credit losses incl. IFRS 9 adjustment	208	638
Income tax paid	-41	-219
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-1,736	-10,576
Decrease/Increase in other assets	114	145
Decrease/Increase in deposits from the general public	1,646	7,807
Decrease/Increase in other liabilities	-22	28
Cash flow from operating activities	274	-1,565
Investing activities		
Purchase of shares	-	-80
Purchase of equipment & intangible assets	-4	-781
Investment in bonds and other interest bearing securities	-145	-6,417
Sale/disposal of bonds and other fixed income securities	1,221	4,465
Cash flow from investing activities	1,072	-2,813
Financing activities		
Change to liability to credit institutions	-174	145
Change issued securities	-82	2,458
Change subordinated liabilities	-251	347
Cash flow from financing activities	-506	2,949
Cash flow for the period	840	-1,429
Cash and cash equivalents at beginning of year	1,252	2,681
Cash and cash equivalents at end of year	2,092	1,252

¹ Whereof received interest 445 MSEK (1,725 MSEK) and paid interest 71 MSEK (517 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 Reserves	Retained Earning	TOTAL
OPENING BALANCE 1 January 2019	50	7	2,383	2,440
Comprehensive income				
Net profit/loss for the year			352	352
Total comprehensive income			352	352
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
Transactions with shareholders				
Capital contributions			-15	-15
Tax effect on capital contribution			3	3
Total transactions with shareholders			-12	-12
CLOSING BALANCE 31 December 2019	50	7	2,718	2,775
OPENING BALANCE 1 January 2020	50	7	2,718	2,775
Comprehensive income				
Net profit/loss for the year			107	107
Total comprehensive income			107	107
Transactions with shareholders				
Capital contributions			-	-
Tax effect on capital contribution			-	-
Total transactions with shareholders			-	-
CLOSING BALANCE 31 March 2020	50	7	2,824	2,881

Statement of changes in equity

PARENT COMPANY	Restricted equity			Non-restricted equity	TOTAL
	Share capital	Other Reserves	Other Funds	Retained Earnings	
All amounts are in MSEK					
OPENING BALANCE 1 January 2019	50	7	22	2,098	2,177
Comprehensive income					
Net profit/loss for the year				344	344
Total comprehensive income				344	344
Other reserves					
Capitalization			-	-	-
Depreciation			-6	6	-
Total other reserves			-6	6	-
Transactions with shareholders					
Capital contributions				-15	-15
Tax effect on capital contribution				3	3
Total transactions with shareholders				-12	-12
CLOSING BALANCE 31 December 2019	50	7	16	2,436	2,509
OPENING BALANCE 1 January 2020	50	7	16	2,436	2,509
Comprehensive income					
Net profit/loss for the year				85	85
Total comprehensive income				85	85
Other reserves					
Capitalization			-	-	-
Depreciation			-2	2	-
Total other reserves			-2	2	-
Transactions with shareholders					
Capital contributions				-	-
Tax effect on capital contribution				-	-
Total other reserves				-	-
CLOSING BALANCE 31 March 2020	50	7	14	2,524	2,595

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 31 March. 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 2019, aside from the transition to IFRS 16. For more information, see below. The interim report for the parent company has been prepared in accordance with the provisions of the Swedish Annual Accounts act. Furthermore, the Swedish Financial Reporting Board's recommendation accounting for legal entities (RFR2) has been applied.

No new or changed accounting policies have been applied in 2020.

Note 3 Credit risk

GROUP

All amounts in MSEK	Q1 2020	Q4 2019	Q1 2019
Credit losses, net - lending to the general public			
Stage 1	-35	-17	-14
Stage 2	-20	7	-17
Stage 3	-67	-108	-70
Total credit losses	-123	-118	-100

PARENT COMPANY

All amounts in MSEK	Q1 2020	Q4 2019	Q1 2019
Credit losses, net - lending to the general public			
Stage 1	-35	-17	-14
Stage 2	-20	-7	-17
Stage 3	-67	-108	-70
Total credit losses	-123	-118	-100

Note 4 Lending to the general public

GROUP

31 March 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	Allocation of provision past due receivables
Stage 1	8,284	4,775	2	4,045	715	5,843	23,664	-288 1%
Stage 2	519	300	0	271	34	18	1,143	-173 15%
Stage 3	1,162	1,493	331	955	236	5	4,182	-2,193 52%
Total	9,964	6,568	333	5,272	984	5,867	28,989	-2,654 9%
Reserve	-722	-874	-304	-528	-221	-6	-2,654	
Total lending to the general public	9,243	5,695	29	4,743	764	5,861	26,335	

GROUP

31 December 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	Allocation of provision past due receivables
Stage 1	7,688	5,185	4	3,712	755	5,501	22,845	-268 1%
Stage 2	345	308	0	265	31	9	959	-159 17%
Stage 3	1,097	1,587	320	832	217	4	4,055	-2,160 53%
Total	9,130	7,080	324	4,809	1,003	5,513	27,859	-2,587 9%
Reserve	-688	-939	-293	-460	-203	-5	-2,587	
Total lending to the general public	8,442	6,140	31	4,349	801	5,508	25,271	

PARENT COMPANY

31 March 2020	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables
Stage 1	8,284	4,775	2	4,045	715	17,821	-282 2%
Stage 2	519	300	0	271	34	1,125	-173 15%
Stage 3	1,162	1,493	331	955	236	4,177	-2,193 53%
Total	9,964	6,568	333	5,272	984	23,122	-2,648 11%
Reserve	-722	-874	-304	-528	-221	-2,648	
Total lending to the general public	9,243	5,695	29	4,743	764	20,474	

PARENT COMPANY

31 December 2019	Sweden	Norway	Denmark	Finland	Germany	TOTAL	Allocation of provision past due receivables
Stage 1	7,688	5,184	4	3,712	755	17,343	-265 2%
Stage 2	345	308	0	265	31	950	-157 17%
Stage 3	1,097	1,587	320	832	217	4,052	-2,160 53%
Total	9,130	7,079	324	4,809	1,003	22,345	-2,582 12%
Reserve	-688	-939	-293	-460	-203	-2,582	
Total lending to the general public	8,442	6,140	31	4,349	801	19,763	

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 Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) on the annual accounts of credit institutions and investment firms and which refers to information in the Swedish Financial Supervisory Authority's regulations and general advice provided for in Chapter 8, Section 7 (FFFS 2014:12) on supervisory requirements and capital buffers as well as Column A, Annex VI of the Commission Implementing Regulation (EU) No 1423/2013.

Further information that is required according to FFFS 2014:12 is provided on the website, www.nordaxgroup.com.

Combined buffert requirement

The combined buffer requirement for the consolidated situation is comprised of a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5% of risk-weighted assets. The countercyclical capital buffer is weighted based on geographical requirements. In Q1, the countercyclical capital buffer for risk-weighted assets was reduced in Denmark from 1% to 0%, in Sweden from 2.5% to 0% and in Norway from 2.5% to 1%.

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, Nordax Sverige 4 AB (publ), Nordax Sverige 5 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, Svensk Hypotekspension Fond 3 AB and Svensk Hypotekspension Fond 4 AB.

Changes were made in the consolidated situation in March 2019, when NDX Intressenter AB became the parent company in the consolidated situation. NDX Intressenter's holding as of 31 March 2019 amounted to 100 percent of the shares. The change means that there are no longer minority interests in the consolidated situation. However, the third-party interest via Nordax Bank's subordinated loans still remains.

Since January 2019, Svensk Hypotekspension AB is included in Nordax Bank AB's (publ) consolidated situation. This resulted in an increase in the capital requirement for credit risk for the Parent Company through the shareholding. With respect to the consolidated situation, the capital requirement increased through SHP's mortgage portfolio.

All amounts in MSEK	Consolidated situation		Parent Company	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
OWN FUNDS				
Common Equity Tier 1 capital	7,203	7,163	2,691	2,627
Deduction from own funds	-4,380	-4,393	-17	-20
Total Common Equity Tier 1 capital	2,823	2,770	2,674	2,607
Tier 1 Capital, minority	-	-	-	-
Sum Tier 1 Capital	2,823	2,770	2,674	2,607
Tier 2 Capital ³	233	260	348	348
Net own funds	3,056	3,030	3,022	2,955
Risk exposure amount for credit risk	18,658	18,011	16,878	16,290
Risk exposure amount for market risk	442	506	138	102
Risk exposure amount for market risk	1,229	1,229	1,072	1,072
CVA	0	1	0	1
Total risk exposure amount (risk weighted assets)	20,328	19,747	18,088	17,465
Common Equity Tier 1 capital ratio	13.89%	14.03%	14.78%	14.92%
Tier 1 capital ratio	13.89%	14.03%	14.78%	14.92%
Total capital ratio	15.03%	15.34%	16.71%	16.92%
Total Common Equity Tier 1 capital requirement including buffer requirement	7.24%	8.90%	7.25%	8.88%
- of which, capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
- of which, countercyclical capital buffers	0.24%	1.90%	0.25%	1.88%
Common Equity Tier 1 capital available for use as buffer ¹	7.89%	8.03%	8.78%	8.92%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	6,778	71	73
-of wich share capital	1	1	50	50
- of wich other contributed capital	6,777	6,777	7	7
-of which other funds	0	0	14	16
Balanserade vinstmedel	264	23	2,438	2,093
- Other transition adj. of common equity Tier 1 capital ⁵	97	117	97	117
-Minority interest	-	-	-	-
Independently reviewed interim profits	64	245	85	344
Common Equity Tier 1 capital before regulatory adj.	7,203	7,163	2,691	2,627

Alla amounts in MSEK	Consolidated situation		Parent Company	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Regulatory adjustments:				
- Intangible assets	-4,378	-4,390	-15	-17
- Own shares	-	-	-	-
-Prudent valuation	-2	-3	-2	-3
Total regulatory adjustments to Common Equity Tier 1	-4,380	-4,393	-17	-20
Common Equity Tier 1	2,823	2,770	2,674	2,607
Tier 1 capital				
Tier 1, minority	-	-	-	-
Tier 1 capital, total	2,823	2,770	2,674	2,607
Tier 2 capital:				
Tier 2 capital instrument	233	260	348	348
Tier 2 capital	233	260	348	348
Total capital	3,056	3,030	3,022	2,955
Specification of risk exposure amount²				
Institutional exposures	419	244	349	148
Covered bonds	105	154	105	154
Household exposures	13,177	12,954	12,553	12,304
Exposures secured by mortgages on immovable property	2,812	2,599	725	639
Equity exposures	80	80	1,110	1,110
Past due items	1,992	1,891	1,889	1,790
Corporate exposures	-	-	-	-
Other items	83	89	1,45	145
Total risk exposure amount for credit risk, Standardised Approach	18,658	18,011	16,878	16,290
Exchange rate risk	442	506	138	102
Total risk exposure amount for market risk	442	506	138	102
Operative risk according to alternative Standardized Method	1,229	1,229	1,072	1,072
Total risk exposure amount for operational risks	1,229	1,229	1,072	1,072
Credit valuation adjustment risk (CVA)	0	1	0	1
Total risk exposure amount for credit valuation adjustment risk	0	1	0	1
Total risk exposure amount	20,328	19,474	18,088	17,465
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	0.92%	0.92%	1.12%	1.05%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	0.24%	1.90%	0.25%	1.88%
Total Capital Requirement	11.56%	13.32%	11.87%	13.43%
Capital Requirement, MSEK				
Pillar 1	1,626	1,580	1,447	1,397
Pillar 2	168	182	203	184
Capital conservation buffer	508	494	452	437
Institute-specific countercyclical buffer	48	374	45	328
Capital Requirement	2,351	2,630	2,148	2,345
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	31,916	31,249	25,663	25,155
Tier 1 capital	2,823	2,770	2,674	2,607
Leverage ratio	8,85%	8,86%	10,42%	10,36%

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 348 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 409 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 part 8 in 575/2013/EU on the bank's website www.nordaxgroup.com.

Internal capital requirement

As of 31 March 2020, the internal capital assessed capital requirement amounted to 168 MSEK (182 as of 31 December 2019). The total capital requirement for the period amounts to 2,630 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 31 March Nordax had a liquidity coverage ratio (LCR) of 343 per cent (514). At the same date, the net stable funding ratio (NSFR) was 119 per cent (120), 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 31 March 2020 of 4,175 MSEK (4,239). Of these investments 47 per cent (24) was in Nordic banks, 2 per cent (2) in Sveriges Riksbank, 26 per cent (36) in Swedish covered bonds, 4 per cent (12) in Swedish municipal paper and 21 per cent (25) in Swedish municipal bonds. All investments had a credit rating ranging from AAA to A+ (except 83 MSEK in exposure to Avanza Bank AB). The average maturity was 543 days (780). All bank holdings are highly liquid and all securities are repoable with central banks.

At 31 March 2020 Nordax's funding sources comprised 3,741 MSEK (4,111) through the asset-backed securities market (securitized), 1,100 MSEK (1,000) in senior unsecured bonds, 2,895 MSEK (3,068) in warehouse funding facilities provided by international banks and 20,526 (19,222) MSEK in deposits from the general public. The figures refer to the nominal amounts.

Note 6 Classification of financial assets and liabilities

GROUP

31 March 2020	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	2,092	-	-	2,092
Lending to the general public	-	26,335	-	-	26,335
Bonds and other fixed-income securities	2,018	-	-	-	2,018
Other shares	-	-	-	80	80
Derivates	8	-	-	-	8
Other assets	-	2	-	-	2
Total assets	2,026	28,429	-	80	30,534
Liabilities					
Liabilities to credit institutions	-	-	2,895	-	2,895
Deposits from the general public	-	-	20,526	-	20,526
Issued securities	-	-	4,837	-	4,837
Subordinated liabilities	-	-	348	-	348
Derivatives	1	-	-	-	1
Other liabilities	-	-	48	-	48
Total liabilities	1	-	28,654	-	28,655

GROUP

31 December 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	1,252	-	-	1,252
Lending to the general public	-	25,271	-	-	25,271
Bonds and other fixed-income securities	3,120	-	-	-	3,120
Other shares	-	-	-	80	80
Other assets	-	123	-	-	123
Total assets	3,120	26,646	-	80	29,846
Liabilities					
Liabilities to credit institutions	-	-	3,068	-	3,068
Deposits from the general public	-	-	19,222	-	19,222
Issued securities	-	-	5,105	-	5,105
Subordinated liabilities	-	-	598	-	598
Derivatives	2	-	-	-	2
Other liabilities	-	-	57	-	57
Total liabilities	2	-	28,050	-	28,052

PARENT COMPANY

31 March 2020	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	1,828	-	-	1,828
Lending to the general public	-	20,475	-	-	20,475
Bonds and other fixed-income securities	2,018	-	-	-	2,018
Other shares	-	-	-	80	80
Derivates	8	-	-	-	8
Other assets	-	1	-	-	1
Total assets	2,026	22,304	-	80	24,409
Liabilities					
Liabilities to credit institutions	-	-	20,526	-	20,526
Issued securities	-	-	1,100	-	1,100
Deposits from the general public	-	-	2,512	-	2,512
Subordinated liabilities	-	-	348	-	348
Derivatives	1	-	-	-	1
Other liabilities	-	-	43	-	43
Total liabilities	1	-	24,529	-	24,530

PARENT COMPANY

31 December 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	832	-	-	832
Lending to the general public	-	19,763	-	-	19,763
Bonds and other fixed-income securities	3,120	-	-	-	3,120
Other shares	-	-	-	80	80
Other assets	-	121	-	-	121
Total assets	3,120	20,716	-	80	23,916
Liabilities					
Liabilities to credit institutions	-	-	19,222	-	19,222
Issued securities	-	-	1,000	-	1,000
Deposits from the general public	-	-	2,877	-	2,877
Subordinated liabilities	-	-	598	-	598
Derivatives	2	-	-	-	2
Other liabilities	-	-	35	-	35
Total liabilities	2	-	23,732	-	23,734

Note 7 Fair values of financial assets and liabilities

GROUP

31 March 2020	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,092	2,92	-
Lending to the general public ^{2,4}	26,335	28,993	2,658
Other shares	80	80	-
Derivat	8	8	-
Bonds and other fixed-income securities	2,018	2,018	-
Total Assets	30,533	33,191	2,658
Liabilities			
Liabilities to credit institutions ¹	2,895	2,895	-
Deposits from general public ¹	20,526	20,526	-
Issued securities ³	4,837	4,774	-63
Derivatives	1	1	-
Subordinated liabilities ³	348	323	-25
Total Liabilites	28,607	28,518	-89

GROUP

31 December 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	1,252	1,252	-
Lending to the general public ^{2,4}	25,271	28,494	3,223
Other shares	80	80	-
Derivat	0	0	-
Bonds and other fixed-income securities	3,120	3,120	-
Total Assets	29,723	32,946	3,223
Liabilities			
Liabilities to credit institutions ¹	3,068	3,068	-
Deposits from general public ¹	19,222	19,222	-
Issued securities ³	5,105	5,108	3
Derivatives	2	2	-
Subordinated liabilities ³	598	583	-15
Total Liabilites	27,995	27,983	-12

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.

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

PARENT COMPANY

31 March 2020	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	1,828	1,828	-
Lending to the general public ^{2,4}	20,475	23,105	2,630
Other shares	80	80	-
Derivat	8	8	-
Bonds and other fixed-income securities	2,018	2,018	-
Total Assets	24,409	27,039	2,630
Liabilites			
Deposits from the general public ¹	20,526	20,526	-
Liabilities to securitisation firms ¹	2,512	2,512	-
Issued securities	1,100	1,037	-63
Derivatives	1	1	-
Subordinated liabilities ³	348	323	-25
Total Liabilities	24,487	24,398	-88

PARENT COMPANY

31 December 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	832	832	-
Lending to the general public ^{2,4}	19,763	22,969	3,206
Other shares	80	80	-
Derivat	0	0	-
Bonds and other fixed-income securities	3,120	3,120	-
Total Assets	23,795	27,001	3,206
Liabilites			
Deposits from the general public ¹	19,222	19,222	-
Liabilities to securitisation firms ¹	2,877	2,877	-
Issued securities	1,000	1,003	3
Derivatives	2	2	-
Subordinated liabilities ³	598	583	-15
Total Liabilities	23,699	23,686	-12

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.

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 2020 there have not been any transfers between the levels.

GROUP

31 March 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	28,993	-	28,993
Bonds and other fixed-income securities	1,201	817	-	2,018
Other shares	-	-	80	80
Derivatives	-	8	-	8
Total Assets	1,201	29,818	80	31,099
Liabilities				
Issued securities	-	4,774	-	4,774
Derivatives	-	1	-	1
Subordinated liabilities	-	323	-	323
Total Liabilities	-	5,098	-	5,098

GROUP

31 December 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	28,494	-	28,494
Bonds and other fixed-income securities	1,545	1,575	-	3,120
Other shares	-	-	80	80
Derivatives	-	0	-	0
Total Assets	1,545	30,069	80	31,694
Liabilities				
Issued securities	-	5,108	-	5,108
Derivatives	-	2	-	2
Subordinated liabilities	-	583	-	583
Total Liabilities	-	5,693	-	5,693

PARENT COMPANY

31 March 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	23,105	-	23,105
Bonds and other fixed-income securities	1,201	817	-	2,018
Other shares	-	-	80	80
Derivatives	-	8	-	8
Total Assets	1,201	23,930	80	25,211
Liabilities				
Issued securities	-	1,037	-	1,037
Derivatives	-	1	-	1
Subordinated liabilities	-	323	-	323
Total Liabilities	-	1,361	-	1,361

PARENT COMPANY

31 December 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	22,969	-	22,969
Bonds and other fixed-income securities	1,545	1,575	-	3,120
Other shares	-	-	80	80
Derivatives	-	0	-	0
Total Assets	1,545	24,544	80	26,169
Liabilities				
Issued securities	-	1,003	-	1,003
Derivatives	-	2	-	2
Subordinated liabilities	-	583	-	583
Total Liabilities	-	1,588	-	1,588

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.

Q1 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	191	164	0	113	19	62	549
Interest expenses	-34	-41	0	-10	-2	-26	-113
Total net interest income	157	123	0	103	17	36	436
Commission income	6	6	0	5	0	0	17
Net profit from financial transactions ²	-3	0	0	0	0	-2	-11
Total operating income	159	129	0	108	17	34	442
General administrative expenses	-56	-38	0	-25	-3	-8	-130
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-1	0	-1	0	0	-6
Other operating expenses	-17	-16	0	-9	0	-4	-46
Total operating expenses	-76	-55	0	-36	-3	-12	-182
Profit before credit losses	83	74	0	72	13	22	260
Net credit losses	-34	-38	1	-42	-9	-1	-123
Operating profit	49	36	1	31	4	21	137
Balance sheet							
Lending to the general public	9,242	5,695	29	4,745	764	5,861	26,335

Q4 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	174	163	0	114	21	56	528
Interest expenses	-26	-52	0	-10	-2	-24	-114
Total net interest income	148	111	0	104	19	32	414
Commission income	9	6	0	6	0	2	23
Net profit from financial transactions ²	-1	-4	0	-1	0	0	-12
Total operating income	156	113	0	109	19	34	425
General administrative expenses	-77	-53	-1	-31	-3	-11	-176
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-5	-2	0	-1	0	0	-8
Other operating expenses	-16	-20	0	-5	0	-7	-48
Total operating expenses	-98	-75	-1	-37	-3	-18	-232
Profit before credit losses	58	38	-1	72	16	16	193
Net credit losses	-39	-46	4	-30	-7	0	-118
Operating profit	19	-8	3	42	9	16	75
Balance sheet							
Lending to the general public	8,442	6,140	31	4,349	801	5,508	25,271

Q1 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	137	142	1	102	25	44	451
Interest expenses	-23	-38	0	-15	-3	-20	-99
Total net interest income	114	104	1	87	22	24	352
Commission income	4	6	0	4	0	0	14
Net profit from financial transactions ²	-1	0	0	0	0	0	9
Total operating income	117	110	1	91	22	24	375
General administrative expenses	-50	-45	0	-28	-7	-27	-157
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-3	0	-2	0	0	-8
Other operating expenses	-18	-12	0	-10	-3	-7	-50
Total operating expenses	-71	-60	0	-40	-10	-34	-215
Profit before credit losses	46	50	1	51	12	-10	160
Net credit losses	-27	-42	1	-23	-9	0	-100
Operating profit	19	8	2	28	3	-10	60
Balance sheet							
Lending to the general public	6,187	5,249	47	3,886	982	4,582	20,933

¹ Interest income refers to revenues from external customers.

² FX effects amount to 6 MSEK for Q1 2020 (10 MSEK) and is not allocated.

Note 9 Pledged assets

All amounts are in MSEK	GROUP		PARENT COMPANY	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
Pledged assets for own liabilities				
Lending to the general public	9,428	9,482	-	-
Lending to credit institutions	229	385	-	-
Total	9,656	9,867	-	-

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 Important events after the balance sheet date

In April, Finland drafted legislation that would put temporary limits on personal loans from May 2020 to December 2020. The temporary law would cap the maximum interest rate on personal loans at 10% and suspend direct marketing. The proposed law would

negatively affect Nordax's sales in Finland, as Nordax uses direct advertising in its marketing and a share of new lending currently carries an interest rate of over 10%.

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 5, capital adequacy analysis.

Board of Directors' affirmation

The Board of Directors declares that the interim report for January-March 2020 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 April 29, 2020

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Non-Executive Director

Christian Frick
Non-Executive Director

Henrik Källén
Non-Executive Director

Anna Storåkers
Non-Executive Director

Ville Talasmäki
Non-Executive Director

Ricard Wennerklint
Non-Executive Director