

Nordax Bank AB (publ)

INTERIM REPORT JANUARY-DECEMBER 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.nordaxgroup.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 Nordax Holding AB (earlier 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 Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB, Nordax Nordic 4 AB (publ), Nordax Norway 5 AB, Nordax Norway 6 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB, Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 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 2008 and 2019 there is no new lending in Denmark or Germany. 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.

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 period

Personal loans

Nordax continued to see stable growth in the personal loan market during the year. The total volume of consumer lending amounted to SEK 17.8 billion as at 31 December 2020 (SEK 18.1 billion as at 31 December 2019).

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 3.2 billion as of 31 December 2020 (1.7 mdkr as of 31 December 2019).

Equity release mortgages

The portfolio has continued to develop well during 2020 due to strong new lending. The market for equity release mortgages has good potential for development and Svensk Hypotekspension (SHP) has a strong brand profile within the customer base while there remains continued strong customer interest. The total portfolio of equity release mortgages amounted to 6.6 billion as of 31 December 2020 (5.5 billion as of 31 December 2019).

Portfolio development

Total lending amounted to SEK 27.7 billion (SEK 25.3 billion as of 31 December 2019). Growth was negatively affected by exchange rate movements in the period.

Other events

Nordax was affected by COVID-19 during the period. Since March, a large proportion of the bank's personnel have been working from home, and there is also currently an elevated state of readiness to ensure ongoing operations in the event that the situation deteriorates.

During this period, Nordax has also conducted stress testing in relation to its capital and liquidity, which demonstrated that Nordax is in a robust financial

position and has a good ability to handle any potential negative impact of COVID-19. Nordax has a strong liquidity reserve of SEK 4.1 billion in liquidity and a net stable funding ratio (NSFR) of 120% and liquidity coverage ratio (LCR) of 472% as at 31 December 2020 (consolidated situation). Total deposits amounted to SEK 24.2 billion as at 31 December 2020 (SEK 19.2 billion as at 31 December 2019).

Nordax's capital ratio increased by 1.84 percent during the year and amounted to 17.19% as at 31 December 2020. The capital ratio exceeds the regulatory minimum by 5.6 percentage points (2.0 percentage points during Q4 2019).

As a result of COVID-19, Nordax has taken a more cautious approach to new lending in the personal loans market, which has resulted in a significant decrease in new lending during the second and third quarters. In line with the slightly more positive market developments during the fall of 2020, Nordax returned to a more normal situation in terms of assessing lending to new customers during Q4, but did not achieve equivalent volumes for the full year when compared with the full year of 2019. New lending in 2020 amounted to a total of SEK 9.6 billion, compared with SEK 10.8 billion in 2019. In order to ensure the profitability of Nordax despite the potential negative effects of COVID-19, Nordax has also implemented selected savings initiatives which have resulted in a reduction in the cost base, especially during the second and third quarters. Nordax is closely monitoring customer behavior as a result of COVID-19 and anticipates that this may give rise to increased credit losses, and the bank has thus also made provision for an additional SEK 39 million during the period. The actual impact on customer behavior has, to date, been relatively limited.

In January 2020, Ricard Wennerklint was appointed to the board and Heikki Kapanen left the board. Ricard Wennerklint is Chief of Strategy at Sampo Group. In March, Hanna Belander joined as the new Chief Marketing Officer.

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, following approval from the Swedish Financial Supervisory Authority. In June, Nordax decided to revise the method in

capital adequacy for phasing in IFRS 9 and in addition to paragraph 2 also apply paragraph 4 in CRR article 427a. As a result, the transition rules for IFRS 9 also apply to any increases in stage 1 and stage 2 IFRS 9 expected loan losses during the transition period. The revision had a positive impact on Nordax Bank and its consolidated situation's capital base and will also lead to less capital volatility going forward.

In Finland, a new law on time-limited restrictions on consumer loans was introduced during the period from July 2020 to December 2020. In December 2020, a new temporary law act was introduced with equivalent provisions to apply from January 2021 until September 2021. These laws stipulate a maximum customer interest rate of 10% during the periods in question, as well as specifying that personal loans may not be directly marketed during the periods in question. These laws have a negative impact on Nordax's sales and net interest income in Finland as Nordax usually markets through direct advertising, amongst other methods, and some new lending prior to the introduction of these regulations had rates of interest in excess of 10%.

On the 25th of September the Swedish FSA announced a proposal for amended rules and a change in the applications of banks' capital requirements. If Swedish FSA's proposed amendments are implemented, it is expected to lead to higher Pillar 2 requirements. Higher capital requirement is expected to have a limited impact on Nordax since current capital position is strong in relation to current and anticipated capital requirements in the future.

On 15 October 2020, Nordax's subsidiary company Nordax Nordic 4 AB redeemed all outstanding bonds upon the first pre-redemption date in Scandinavian Consumer Loans VI ("SCL VI") by means of repayment to the investors. The sum repaid amounted to NOK 1,302 million.

In October, NDX Intressenter, which owns 100% of the shares in Nordax Bank through its wholly-owned subsidiary Nordax Group, changed its name to Nordax Holding.

In October, Stabelo, in which Nordax holds a 9% stake, carried out a new share issue worth SEK 120 million. Nordax subscribed to its full pro rate share in the new share issue, worth SEK 12 million. Nordax values the holding at fair value via other comprehensive income. As of 31 of December, the fair value amounts to SEK 127 million. This year's change in value reported in other comprehensive income amounts to SEK 35 million.

Result January-December 2020

GROUP

Operating profit amounted to 704 MSEK (463), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 1 753 MSEK (1 507). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -416 MSEK (-286), corresponding 1.6 per cent (1.4) of average lending. Credit losses were affected by a management overlay of 39 MSEK for increased expected credit losses under IFRS 9 in light of the expected deterioration in the macro environment as a result of COVID-19. While Nordax also recognises that its existing customers' ability to pay could be negatively affected by the COVID-19 pandemic, the impact to date has been fairly limited.

Operating expenses amounted to -694 MSEK (-821). The decrease was in line with the company's expectations, as expenses in 2019 were affected by extensive investments in operations and because the company introduced targeted cost cuts in the second quarter 2020.

In connection with a new share issue in Stabelo, Nordax acquired its pro rate share and the entire shares was revalued. The market valuation resulted in an increase in the recognized value totaling SEK 35 million, which also had an impact on the Group's comprehensive income.

PARENT COMPANY

Operating profit amounted to 618 MSEK (447), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 1 363 MSEK (900). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -416 MSEK (-286), corresponding 2.0 per cent (1.4) of average lending.

Credit losses were affected by a management overlay of 39 MSEK for increased expected credit losses under IFRS 9 in light of the expected deterioration in the macro environment as a result of COVID-19. While Nordax also recognises that its existing customers' ability to pay could be negatively affected by the COVID-19 pandemic, the impact to date has been fairly limited.

Operating expenses amounted to -635 MSEK (-735). The decrease was in line with the company's expectations, as expenses in 2019 were affected by extensive investments in operations and because the company introduced targeted cost cuts in the second quarter 2020.

The market valuation of the shares in Stabelo also affected the parent company's comprehensive income totalling SEK 35 million.

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 11). 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	Q4	Q3	Q4	JAN-DEC	JAN-DEC
	2020	2020	2019	2020	2019
Common Equity Tier 1 Capital Ratio in %	16.2	15.6	14.0	16.2	14.0
Return on equity in %	17.1	20.6	7.2	17.9	13.5
Net credit loss level in %	1.3	1.4	2.0	1.6	1.4
Cost to Income ratio in %	42	34	55	38	52
Number of employees ¹	329	324	277	329	277

PARENT COMPANY	Q4	Q3	Q4	JAN-DEC	JAN-DEC
	2020	2020	2019	2020	2019
Common Equity Tier 1 Capital Ratio in %	18.2	17.0	14.9	18.2	14.9
Return on equity in %	17.0	20.5	8.9	17.4	14.7
Net credit loss level in %	1.7	1.8	2.6	2.0	1.6
Cost to Income ratio in %	41	33	53	38	50
Number of employees ¹	313	309	262	313	262

¹ Number of employees is recalculated to full time employees.

Consolidated income statement

GROUP		Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts in MSEK	Note	2020	2020	2019	2020	2019
Operating income						
Interest income		540	540	528	2,177	1,955
Interest expense		-96	-108	-114	-424	-448
Total net interest income		444	432	414	1,753	1,507
Commission income		19	18	23	71	74
Net profit from financial transactions		-5	0	-12	-10	-11
Total operating income		458	450	425	1,814	1,570
Operating expenses						
General administrative expenses		-140	-109	-176	-505	-601
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-7	-8	-8	-26	-33
Other operating expenses		-44	-34	-48	-163	-187
Total operating expenses		-191	-151	-232	-694	-821
Profit before credit losses		267	299	193	1,120	749
Net credit losses	3	-87	-94	-118	-416	-286
Operating profit		180	205	75	704	463
Tax on profit for the period		-40	-45	-28	-155	-111
NET PROFIT FOR THE PERIOD		140	160	47	549	352

Consolidated statement of comprehensive income

		Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts in MSEK	Note	2020	2020	2019	2020	2019
Items not to be reclassified in the profit or loss statement						
Changes in value of other shares ¹		35	-	-	35	-
Other comprehensive income		35	-	-	35	-
COMPREHENSIVE INCOME		175	160	47	584	352
Attributable to:						
The Parent Company's shareholders		175	160	47	584	352

Parent Company income statement

PARENT COMPANY		Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts in MSEK		2020	2020	2019	2020	2019
	Note					
Operating income						
Interest income		487	490	483	1,968	1,768
Interest expense		-118	-152	-179	-605	-868
Total net interest income		369	338	304	1,363	900
Commission income		15	13	18	54	47
Net profit from financial transactions		-5	2	-11	4	-12
Other operating income ¹		41	63	88	248	533
Total operating income		420	416	399	1,669	1,468
Operating expenses						
General administrative expenses		-135	-105	-168	-486	-561
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-3	-3	-2	-11	-10
Other operating expenses		-35	-29	-42	-138	-164
Total operating expenses		-173	-137	-212	-635	-735
Profit before credit losses		247	279	187	1,034	733
Net credit losses	3	-87	-95	-118	-416	-286
Operating profit		160	184	69	618	447
Received group contribution		0			0	
Tax on profit for the period		-35	-41	-16	-137	-103
NET PROFIT FOR THE PERIOD		125	143	53	481	344

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

Parent company statement of comprehensive income

		Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts in MSEK		2020	2020	2019	2020	2019
	Note					
Items not to be reclassified in the profit or loss statement						
Changes in value of other shares ¹		35	-	-	35	-
Other comprehensive income		35	-	-	35	-
COMPREHENSIVE INCOME		160	143	53	516	344

Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP		PARENT COMPANY	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
ASSETS					
Lending to central banks	5,6,7	728	100	728	100
Lending to credit institutions	5,6,7,9	1,101	1,152	950	732
Lending to the general public	3-9	27,656	25,271	21,011	19,763
Bonds and other fixed-income securities	5,6,7	2,329	3,120	2,329	3,120
Shares in subsidiaries		-	-	1,030	1,030
Other shares		127	80	127	80
Intangible assets		1,004	1,009	14	17
Tangible assets		71	31	10	5
Current tax assets		-	45	8	45
Other assets	5,6	6	129	2,996	1,467
Prepaid expenses and accrued income		49	51	29	33
TOTAL ASSETS		33,071	30,988	29,232	26,392
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	5,6,7	1,605	3,068	-	-
Deposits from the general public	5,6,7	24,203	19,222	24,203	19,222
Issued securities	5,6,7	3,330	5,105	1,080	1,000
Liabilities to securitisation firms ¹		-	-	304	2,877
Current tax liabilities		9	-	-	-
Deferred tax liability		26	33	-	-
Other liabilities	5,6	136	103	222	111
Accrued expenses and deferred income		62	84	56	75
Subordinated liabilities	5,6,7	348	598	348	598
Total liabilities		29,719	28,213	26,213	23,883
Equity					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	10	16
Fair value reserve ²		35	-	35	-
Retained earnings, incl. profit for the year		3,260	2,718	2,917	2,436
Total equity		3,352	2,775	3,019	2,509
TOTAL LIABILITIES, PROVISIONS AND EQUITY		33,071	30,988	29,232	26,392

¹ Liabilities to securitisation firms refer in their entirety to liabilities to subsidiaries for the securitised loans, which are reported by Nor-dax Bank AB, since the derecognition rules according to IFRS 9 have not been met.

² The shareholding in Stabelo Group AB has been revaluated at market value in connection with further acquisitions during 2020.

Statement of cash flows

GROUP	JAN-DEC	JAN-DEC
All amounts are in MSEK	2020	2019
Operating activities		
Operating profit ¹	704	463
Adjustment for non-cash items		
Exchange rate effects ²	26	-11
Depreciation, amortisation and impairment of property, plant & equipment	26	33
Amortisation of financing costs	12	15
Depreciation of surplus value related to the lending portfolio	5	8
Unrealised changes in value of bonds and other fixed income securities	-1	13
Unrealised credit losses incl. IFRS 9 adjustment	826	638
Income tax paid	-165	-219
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-4,002	-10,576
Decrease/Increase in other assets	177	145
Decrease/Increase in deposits from the general public	5,642	7,807
Decrease/Increase in other liabilities	-39	28
Cash flow from operating activities	3,210	-1,656
Investing activities		
Purchase of shares	-12	-80
Purchase of equipment & intangible assets	-13	-781
Investment in bonds and other interest bearing securities	-1,947	-6,417
Sale/disposal of bonds and other fixed income securities	2,721	4,465
Cash flow from investing activities	749	-2,813
Financing activities		
Change to liability to credit institutions	-1,465	145
Change issued securities	-1,617	2,458
Change subordinated liabilities	-254	347
Cash flow from financing activities	-3,336	2,949
Cash flow for the period	623	-1,520
Cash and cash equivalents at beginning of year	1,252	2,681
Exchange rate differences and cash equivalents	-46	91
Cash and cash equivalents at end of year	1,829	1,252

¹ Whereof received interest 1,760 MSEK (1,725 MSEK) and paid interest 454 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	Fair value reserv	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 - SHP¹					
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			-	549	549
Other comprehensive income ²			35	-	35
Total comprehensive income			35	549	584
Transactions with shareholders					
Capital contributions			-	-8	-8
Tax effect on capital contribution			-	2	2
Total transactions with shareholders				-6	-6
CLOSING BALANCE 31 December 2020	50	7	35	3,260	3,352

¹ On 15 January 2019, Nordax acquired SHP, and the initial implementation effect for SHP's loan portfolio related to the provision for IFRS 9 was handled through a deduction directly from equity.

² The shareholding in Stabelo Group AB has been revalued at market value in connection with further acquisitions during 2020.

Statement of changes in equity

PARENT COMPANY

Restricted equity

All amounts are in MSEK	Share capital	Other Reserves	Other Funds	Fair value reserve	Non-restricted equity Retained Earnings	TOTAL
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					481	481
Other comprehensive income ¹				35		35
Total comprehensive income				35	481	516
Other reserves						
Capitalization			-		-	-
Depreciation			-6		6	-
Total other reserves			-6		6	-
Transactions with shareholders						
Capital contributions					-8	-8
Tax effect on capital contribution					2	-2
Total other reserves					-6	-6
CLOSING BALANCE 31 December 2020	50	7	10	35	2,917	3,019

¹ The shareholding in Stabelo Group AB has been revalued at market value in connection with further acquisitions during 2020.

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 December. 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. 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	Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts in MSEK	2020	2020	2019	2020	2019
Credit losses, net - lending to the general public					
Stage 1	48	-24	-17	-62	-43
Stage 2	-92	-16	7	-102	-4
Stage 3	-43	-54	-108	-252	-239
Total credit losses	-87	-94	-118	-416	-286

PARENT COMPANY	Q4	Q3	Q4	JAN-DEC	JAN-DEC
All amounts in MSEK	2020	2020	2019	2020	2019
Credit losses, net - lending to the general public					
Stage 1	48	-24	-17	-62	-43
Stage 2	-92	-16	7	-102	-4
Stage 3	-43	-55	-108	-252	-239
Total credit losses	-87	-94	-118	-416	-286

Note 4 Lending to the general public

GROUP								Allocation of provision	
31 December 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	9,701	4,516	0	3,269	512	6,631	24,629	-319	1%
Stage 2	448	468	0	336	35	17	1,304	-246	19%
Stage 3	1,388	1,666	300	1,074	234	3	4,665	-2,377	51%
Total	11,537	6,650	300	4,679	781	6,651	30,598	-2,942	10%
Reserve	-841	-997	-277	-615	-206	-6	-2,942		
Total lending to the general public	10,696	5,653	23	4,064	575	6,645	27,656		

31 December 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	Allocation of provision	
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								Allocation of provision	
31 December 2020	Sweden	Norway	Denmark	Finland	Germany		TOTAL	past due receivables	
Stage 1	9,701	4,516	0	3,269	512		17,998	-313	2%
Stage 2	448	468	0	336	35		1,287	-246	19%
Stage 3	1,388	1,666	300	1,074	234		4,662	-2,377	51%
Total	11,537	6,650	300	4,679	781		23,947	-2,936	12%
Reserve		-841	-997	-277	-615	-206	-2,936		
Total lending to the general public	10,696	5,653	23	4,064	575		21,011		

31 December 2019	Sweden	Norway	Denmark	Finland	Germany		TOTAL	Allocation of provision	
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. During the year, 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 Nordax Holding AB (earlier 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 Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB, Nordax Nordic 4 AB (publ), Nordax Norway 5 AB, Nordax Norway 6 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ).

Changes were made in the consolidated situation in March 2019, when Nordax Holding AB (earlier NDX Intressenter AB) became the parent company in the consolidated situation. Nordax Holding'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 December 2020	31 December 2019	31 December 2020	31 December 2019
OWN FUNDS				
Common Equity Tier 1 capital	7,759	7,163	3,303	2,627
Deduction from own funds	-4,376	-4,393	-17	-20
Total Common Equity Tier 1 capital	3,384	2,770	3,286	2,607
Tier 1 Capital, minority	-	-	-	-
Sum Tier 1 Capital	3,384	2,770	3,286	2,607
Tier 2 Capital ³	198	260	348	348
Net own funds	3,582	3,030	3,634	2,955
Risk exposure amount for credit risk	18,937	18,011	16,802	16,290
Risk exposure amount for market risk	386	506	0	102
Risk exposure amount for market risk	1,517	1,229	1,226	1,072
CVA	0	1	0	1
Total risk exposure amount (risk weighted assets)	20,839	19,747	18,028	17,465
Common Equity Tier 1 capital ratio	16.24%	14.03%	18.23%	14.92%
Tier 1 capital ratio	16.24%	14.03%	18.23%	14.92%
Total capital ratio	17.19%	15.34%	20.16%	16.92%
Total Common Equity Tier 1 capital requirement including buffer requirement	7.22%	8.90%	7.24%	8.88%
- of which, capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
- of which, countercyclical capital buffers	0.22%	1.90%	0.24%	1.88%
Common Equity Tier 1 capital available for use as buffer ¹	9.19%	7.34%	12.16%	8.92%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	6,778	67	73
-of which share capital	1	1	50	50
- of which other contributed capital	6,777	6,777	7	7
-of which other funds	0	0	10	16
Balanserade vinstmedel	264	23	2,437	2,093
Other comprehensive income	35	-	35	-
- Other transition adj. of common equity Tier 1 capital ⁵	302	117	283	117
-Minority interest	-	-	-	-
Independently reviewed interim profits	381	245	481	344
Common Equity Tier 1 capital before regulatory adj.	7,759	7,163	3,303	2,627
Regulatory adjustments:				
-Intangible assets	-4,373	-4,390	-14	-17
-Own shares	-	-	-	-
-Prudent valuation	-2	-3	-2	-3
Total regulatory adjustment to Common Equity Tier 1	-4,376	-4,393	-17	-20
Common Equity Tier 1	3,384	2,770	3,286	2,607
Tier 1 capital				
Tier 1, minority	-	-	-	-
Tier 1 capital, total	3,384	2,770	3,286	2,607

Alla amounts in MSEK	Consolidated situation		Parent Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Tier 2 capital:				
Tier 2 capital instrument	198	260	348	348
Tier 2 capital	198	260	348	348
Total capital	3,582	3,030	3,634	2,955
Total risk weighted assets	20,839	19,747	18,028	17,465
Specification of risk exposure amount²				
Institutional exposures	231	244	192	148
Covered bonds	124	154	124	154
Household exposures	12,422	12,954	11,943	12,304
Exposures secured by mortgages on immovable property	3,569	2,599	1,181	639
Equity exposures	127	80	1,157	1,110
Past due items	2,344	1,891	2,163	1,790
Corporate exposures	-	-	-	-
Other items	120	89	42	145
Total risk exposure amount for credit risk, Standardised Approach	18,937	18,011	16,802	16,290
Exchange rate risk	386	506	0	102
Total risk exposure amount for market risk	386	506	0	102
Operative risk according to alternative Standardized Method	1,517	1,229	1,226	1,072
Total risk exposure amount for operational risks	1,517	1,229	1,226	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	20,839	19,747	18,028	17,465
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	0.86%	0.92%	1.42%	1.05%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	0.22%	1.90%	0.24%	1.88%
Total Capital Requirement	11.57%	13.32%	12.15%	13.43%
Capital Requirement, MSEK				
Pillar 1	1,667	1,580	1,442	1,397
Pillar 2	178	182	256	184
Capital conservation buffer	521	494	451	437
Institute-specific countercyclical buffer	45	374	42	328
Capital Requirement	2,412	2,630	2,191	2,345
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	33,176	31,249	26,249	25,155
Tier 1 capital	3,384	2,770	3,286	2,607
Leverage ratio	10.20%	8.86%	12.52%	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 198 MSEK.

⁴ Nordax has notified the SFSA that the bank, consolidated situation and Nordax Bank AB, will apply the transition rules according to article 473a in 2020/873/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 December 2020, the internal capital assessed capital requirement in consolidated situation amounted to 178 MSEK (182 as of 31 December 2019). The total capital requirement for the period amounts to 2,412 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 stable funding ratio and deposit usage) are calculated and monitored over time to illustrate the financial structure and the Group's liquidity risk. Liquidity risk is measured monthly under various scenarios and events (such as less 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 December Nordax, had a liquidity coverage ratio (LCR) of 472 per cent (514). At the same date, the net stable funding ratio (NSFR) was 120 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 December 2020 of 4.1 mdr (4,2). Of these investments 25 per cent (24) was in Nordic banks, 18 per cent (2) in Sveriges Riksbank, 30 per cent (36) in Swedish covered bonds, 6 per cent (12) in Swedish municipal paper and 21 per cent (25) in Swedish municipal bonds and states. All investments had a credit rating ranging from AAA to A+, except 69 MSEK in exposure to Avanza Bank AB and 219 MSEK in exposure to Danske Bank. The average maturity was 467 days (780). All bank holdings are highly liquid and all securities are repoable with central banks.

At 31 December 2020 Nordax's funding sources comprised 2,250 MSEK (4,111) through the asset-backed securities market (securitized), 1,080 MSEK (1,000) in senior unsecured bonds, 1,605 MSEK (3,068) in warehouse funding facilities provided by international banks and 24,203 (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 December 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 central banks	-	728	-	-	728
Lending to credit institutions	-	1,101	-	-	1,101
Lending to the general public	-	27,656	-	-	27,656
Bonds and other fixed-income securities	2,329	-	-	-	2,329
Other shares	-	-	-	127	127
Derivates	2	-	-	-	2
Other assets	-	2	-	-	2
Total assets	2,331	29,487	-	127	31,945
Liabilities					
Liabilities to credit institutions	-	-	1,605	-	1,605
Deposits from the general public	-	-	24,203	-	24,203
Issued securities	-	-	3,330	-	3,330
Subordinated liabilities	-	-	348	-	348
Derivatives	2	-	-	-	2
Other liabilities	-	-	19	-	19
Total liabilities	2	-	29,505	-	29,508

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	-	100	-	-	100
Lending to credit institutions	-	1,152	-	-	1,152
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 December 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 central banks	-	728	-	-	728
Lending to credit institutions	-	950	-	-	950
Lending to the general public	-	21,011	-	-	21,011
Bonds and other fixed-income securities	2,329	-	-	-	2,329
Other shares	-	-	-	127	127
Derivates	2	-	-	-	2
Other assets	-	0	-	-	0
Total assets	2,331	22,689	-	127	25,148
Liabilities					
Deposits from the general public	-	-	24,203	-	24,203
Issued securities	-	-	1,080	-	1,080
Deemed loan liabilities	-	-	304	-	304
Subordinated liabilities	-	-	348	-	348
Derivatives	2	-	-	-	2
Other liabilities	-	-	18	-	18
Total liabilities	2	-	25,953	-	25,955

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 central banks	-	100	-	-	100
Lending to credit institutions	-	732	-	-	732
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					
Deposits from the general public	-	-	19,222	-	19,222
Issued securities	-	-	1,000	-	1,000
Deemed loan liabilities	-	-	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 December 2020	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	728	728	-
Lending to credit institutions ¹	1,101	1,101	-
Lending to the general public ^{2,4}	27,656	30,722	3,066
Other shares	127	127	-
Derivat	2	2	-
Bonds and other fixed-income securities	2,329	2,329	-
Total Assets	31,943	35,009	3,066
Liabilities			
Liabilities to credit institutions ¹	1,605	1,605	-
Deposits from general public ¹	24,203	24,203	-
Issued securities ³	3,330	3,294	-36
Derivatives	2	2	-
Subordinated liabilities ³	348	348	-
Total Liabilities	29,488	29,452	-36

GROUP

31 December 2019	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	100	100	-
Lending to credit institutions ¹	1,152	1,152	-
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 Liabilities	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 December 2020	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	728	728	-
Lending to credit institutions ¹	950	950	-
Lending to the general public ^{2,4}	21,011	24,039	3,028
Other shares	127	127	-
Derivat	2	2	-
Bonds and other fixed-income securities	2,329	2,329	-
Total Assets	25,147	28,175	3,028
Liabilites			
Deposits from the general public ¹	24,203	24,203	-
Liabilities to securitisation firms ¹	304	304	-
Issued securities	1,080	1,078	-2
Derivatives	2	2	-
Subordinated liabilities ³	348	348	-
Total Liabilities	25,937	25,935	-2

PARENT COMPANY

31 December 2019	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	100	100	-
Lending to credit institutions ¹	732	732	-
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 which are 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 belong to Level 1.

Fair value of financial instruments not traded in an active market is established using measurement techniques. Market data is used as far as possible when available. If all significant inputs required for the fair value measurement of an instrument are observable, whether directly (i.e. as quotations) or indirectly (i.e. derived quotations) the instrument belongs to 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 measured at fair value according to their classification in the fair value hierarchy.

Valuation techniques for determination of fair value - level 2.

- Fair value measurement of lending to the general public includes observable market data through assets' future cash flows being valued in the present through the use of a discount factor. The expected future cash flows are based on the size of portfolio as at the balance sheet date and an expected future cash flow based on the portfolio's maximum duration.

- Fair value measurement of bonds is derived through the calculation of discounted cash flows. Discounting applies current market rates. applies current market rates.

- Fair value for forward exchange contracts is determined through the current value of future cash flows based on rates of exchange for forward exchange rates on the balance sheet date.

- Fair value measurement using significant, non-observable inputs - level 3.

Nordax has a holding comprising unlisted shares in Stabelo AB which is measured at its fair value based on non-observable market inputs. As at 31 December 2020, the value has been determined based on the issue rate on the date of the most recent new share issue, which occurred during October 2020. All shareholders in Stabelo were entitled to participate in the new share issue, and in connection with the new share issue there was a redistribution of shareholders' respective shares in Stabelo. No significant events affecting fair value are deemed to have occurred during the period between the new share issue and the balance sheet date, whereby the issue rate has been used as the basis for valuation during the determination of fair value.

As at 31 December 2019, the fair value was determined based on the value at the time of acquisition. This was on the basis that the acquisition of the unlisted shares took place at arm's length in close proximity to the balance sheet date of 31 December 2019.

During 2020 there have been no transfers between the levels in the fair value hierarchy.

The following table shows the changes for level 3 instruments during 2020 and 2019:

Unlisted shares	MSEK
Opening balance 1 January 2019	-
Acquisitions	80
Profits recognized in the other comprehensive income	-
Closing balance 31 December 2019	80
Transfers from level 2	-
Acquisitions	12
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	35
Closing balance 31 December 2020	127

GROUP

31 December 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	30,722	-	30,722
Bonds and other fixed-income securities	1,511	818	-	2,329
Other shares	-	-	127	127
Derivatives	-	2	-	2
Total Assets	1,511	31,542	127	33,180
Liabilities				
Issued securities	-	3,294	-	3,294
Derivatives	-	2	-	2
Subordinated liabilities	-	348	-	348
Total Liabilities	-	3,644	-	3,644

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 December 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	24,039	-	24,039
Bonds and other fixed-income securities	1,511	818	-	2,329
Other shares	-	-	127	127
Derivatives	-	2	-	2
Total Assets	1,511	24,859	127	26,497
Liabilities				
Issued securities	-	1,078	-	1,078
Derivatives	-	2	-	2
Subordinated liabilities	-	348	-	348
Total Liabilities	-	1,428	-	1,428

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.

Q4 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	214	139	0	101	15	71	540
Interest expenses	-38	-23	0	-8	-1	-26	-96
Total net interest income	176	116	0	93	14	45	444
Commission income	8	5	0	5	0	1	19
Net profit from financial transactions ²	0	-2	0	0	0	0	-5
Total operating income	184	119	0	98	14	46	458
General administrative expenses	-66	-39	0	-23	-3	-9	-140
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-2	0	-1	0	0	-7
Other operating expenses	-20	-15	0	-1	0	-8	-44
Total operating expenses	-90	-56	0	-25	-3	-17	-191
Profit before credit losses	94	63	0	73	11	29	267
Net credit losses	-48	-15	2	-29	3	0	-87
Operating profit	46	48	2	44	14	29	180
Balance sheet							
Lending to the general public	10,696	5,653	23	4,064	575	6,645	27,656

Q3 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	203	144	0	108	16	69	540
Interest expenses	-40	-26	0	-12	-2	-28	-108
Total net interest income	163	118	0	96	14	41	432
Commission income	8	5	0	5	0	0	18
Net profit from financial transactions ²	0	0	0	0	0	0	0
Total operating income	171	123	0	101	14	41	450
General administrative expenses	-49	-31	0	-19	-2	-8	-109
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-2	0	-2	0	0	-8
Other operating expenses	-15	-12	0	-1	0	-6	-34
Total operating expenses	-68	-45	0	-22	-2	-14	-151
Profit before credit losses	103	78	0	79	12	27	299
Net credit losses	-37	-16	1	-39	-3	0	-94
Operating profit	66	62	1	40	9	27	205
Balance sheet							
Lending to the general public	10,004	5,673	25	4,356	631	6,376	27,065

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-Q4 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	809	595	0	436	66	271	2,177
Interest expenses	-152	-116	0	-42	-7	-108	-424
Total net interest income	657	479	0	394	59	163	1,753
Commission income	30	20	0	20	0	1	71
Net profit from financial transactions ²	-3	4	0	0	0	-2	-10
Total operating income	684	503	0	414	59	162	1,814
General administrative expenses	-227	-145	0	-90	-11	-32	-505
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-14	-7	0	-5	0	0	-26
Other operating expenses	-72	-54	0	-13	0	-24	-163
Total operating expenses	-312	-206	0	-109	-11	-56	-694
Profit before credit losses	372	297	0	305	48	106	1,120
Net credit losses	-140	-124	6	-146	-11	-1	-416
Operating profit	231	173	6	159	36	105	704
Balance sheet							
Lending to the general public	10,696	5,653	23	4,064	575	6,645	27,656

Q1-Q4 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	625	606	2	426	94	202	1,955
Interest expenses	-107	-184	0	-56	-12	-89	-448
Total net interest income	518	422	2	370	82	113	1,507
Commission income	24	26	0	22	0	2	74
Net profit from financial transactions ²	-6	-10	0	-3	0	0	-11
Total operating income	536	438	2	389	82	115	1,570
General administrative expenses	-234	-178	-2	-113	-22	-52	-601
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-15	-10	0	-7	-1	0	-33
Other operating expenses	-73	-55	0	-32	-4	-23	-187
Total operating expenses	-322	-243	-2	-152	-27	-75	-821
Profit before credit losses	214	195	0	237	55	40	749
Net credit losses	-72	-119	9	-75	-29	0	-286
Operating profit	142	76	9	162	26	41	463
Balance sheet							
Lending to the general public	8,442	6,140	31	4,349	801	5,508	25,271

¹ Interest income refers to revenues from external customers.

² FX effects amount to -10 MSEK for Q1-Q4 2020 (8 MSEK) and is not allocated.

Note 9 Pledged assets

	GROUP		PARENT COMPANY	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
All amounts are in MSEK				
Pledged assets for own liabilities				
Lending to the general public	4,465	9,482	909	4,050
Lending to credit institutions	85	385	73	198
Total	4,551	9,867	982	4,248

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

There remains ongoing uncertainty in relation to COVID-19 due to the increased spread of infection and the significant occurrences of state aid in order to limit the negative impact thereof. It thus remains difficult to assess the total impact of COVID-19 on the Nordax business. Nordax has still not noted any significant deterioration in customer payment patterns. However, it is assessed that the risk of defaults

remains greater due to COVID-19 and that there is a risk of increasing rates of default that may emerge at a later stage. This is on the basis on continuing uncertainty in relation to developments around the spread of infection, vaccines, unemployment and GDP. The return to normality in terms of new lending during Q4 has continued during the first quarter of 2021.

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-September 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 February 18, 2021

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