

# Nordax Bank AB (publ)

**INTERIM REPORT JANUARY-MARCH 2021**

# 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](http://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 March 31, Nordax Group AB (publ) controlled 100 per cent of the shares in the Company. This is Nordax's eighteenth 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 Hypoteks-pension 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, bonds, equity and subordinated debt.

## Development during the period

### Personal loans

Nordax continued to see stable growth in the personal loan market during the first quarter with growth in line with historical periods. The total volume of consumer lending amounted to SEK 18.5 billion as at 31 March 2021 (SEK 17.8 billion as at 31 December 2020).

### 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 3.6 billion as of 31 March 2021 (3.2 mdkr as of 31 December 2020).

### Equity release mortgages

The portfolio has continued to develop well during the first quarter of 2021 with stable 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 6.9 billion as of 31 March 2021 (6.6 billion as of 31 December 2020).

### Portfolio development

Total lending amounted to SEK 29.0 billion (SEK 27.7 billion as of 31 December 2020). Growth was positively affected by exchange rate movements in the period.

### Capital and liquidity

Nordax has a very good liquidity and capital position.

Nordax has continued to have strong inflows of deposits during the period and as of 31 March 2021, total deposits amounted to SEK 27.9 billion (SEK 24.2 billion as of 31 December 2020). Nordax has a strong liquidity reserve with SEK 6.4 billion in liquidity and the net financing ratio (NSFR) of 126 % and a liquidity coverage ratio (LCR) of 508 % as of 31 March 2021 (consolidated situation).

Nordax's capital ratio has increased by 1.91 percent since the corresponding period last year and amounted to 16.94 % as of 31 March 2021. The capital ratio exceeds the regulatory requirement by 5.1 percentage points (3.5 percentage points, Q1 2020).

#### **Other events**

Nordax has still not noticed any deterioration in customers payment patterns as a result of COVID-19. 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.

On 4 March 2021, Nordax announced its intention to launch a voluntary offer to acquire the entire outstanding share capital in Norwegian Finans Holding ASA ("NFH") for a cash consideration of NOK 95 per share (including the dividend of NOK 5 per NFH share to be distributed on 6 May 2021), subject to completion of satisfactory due diligence. However, NFH's Board of Directors did not grant Nordax due diligence access and on 19 March 2021, Nordax made an announcement stating that there was no basis for launching the offer as presented and that Nordax and its owners were evaluating all options.

# Result January-March 2021

## GROUP

Operating profit amounted to 215 MSEK (137), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 445 MSEK (436). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -48 MSEK (-123), corresponding 0,7 per cent (2.1) of average lending. Credit losses fell because of low claim levels and the comparison periods were affected by extra provisions of SEK 24 million related to COVID-19.

Operating expenses amounted to -203 MSEK (-182). The increase was in line with the expectations as investments in the business increased again.

## PARENT COMPANY

Operating profit amounted to 197 MSEK (116), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 387 MSEK (322). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -47 MSEK (-122), corresponding 0.9 per cent (2.4) of average lending. Credit losses fell because of low claim levels and the comparison periods were affected by extra provisions of SEK 24 million related to COVID-19.

Operating expenses amounted to -184 MSEK (-169). The increase was in line with the expectations as investments in the business increased again.

## 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 2020 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

<b>GROUP</b>	<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
	2021	2020	2020
Common Equity Tier 1 Capital Ratio in %	15.9	16.2	13.9
Return on equity in %	19.6	17.1	15.1
Net credit loss level in %	0.7	1.3	2.1
Cost to Income ratio in %	44	42	41
Number of employees <sup>1</sup>	332	329	291

<b>PARENT COMPANY</b>	<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
	2021	2020	2020
Common Equity Tier 1 Capital Ratio in %	17.0	18.2	14.8
Return on equity in %	19.9	17.0	13.3
Net credit loss level in %	0.9	1.7	2.4
Cost to Income ratio in %	43	41	42
Number of employees <sup>1</sup>	315	313	276

<sup>1</sup> Number of employees is recalculated to full time employees.

# Consolidated income statement

<b>GROUP</b>		<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
All amounts in MSEK	Note	2021	2020	2020
<b>Operating income</b>				
Interest income		535	540	549
Interest expense		-90	-96	-113
<b>Total net interest income</b>		<b>445</b>	<b>444</b>	<b>436</b>
Commission income		19	19	17
Net profit from financial transactions		2	-5	-11
<b>Total operating income</b>		<b>466</b>	<b>458</b>	<b>442</b>
<b>Operating expenses</b>				
General administrative expenses		-155	-140	-130
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-7	-7	-6
Other operating expenses		-41	-44	-46
<b>Total operating expenses</b>		<b>-203</b>	<b>-191</b>	<b>-182</b>
<b>Profit before credit losses</b>		<b>263</b>	<b>267</b>	<b>260</b>
Net credit losses	3	-48	-87	-123
<b>Operating profit</b>		<b>215</b>	<b>180</b>	<b>137</b>
Tax on profit for the period		-47	-40	-30
<b>NET PROFIT FOR THE PERIOD</b>		<b>168</b>	<b>140</b>	<b>107</b>

# Consolidated statement of comprehensive income

		<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
All amounts in MSEK	Note	2021	2020	2020
<b>Items not to be reclassified in the profit or loss statement</b>				
Changes in value of other shares		-	35	-
<b>Other comprehensive income</b>		<b>-</b>	<b>35</b>	<b>-</b>
<b>COMPREHENSIVE INCOME</b>		<b>168</b>	<b>175</b>	<b>107</b>
<b>Attributable to:</b>				
The Parent Company's shareholders		168	175	107

# Parent Company income statement

<b>PARENT COMPANY</b>			<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
All amounts in MSEK		Note	2021	2020	2020
<b>Operating income</b>					
Interest income			482	487	497
Interest expense			-95	-118	-175
<b>Total net interest income</b>			<b>387</b>	<b>369</b>	<b>322</b>
Commission income			17	15	13
Net profit from financial transactions			2	-5	3
Other operating income <sup>1</sup>			22	41	69
<b>Total operating income</b>			<b>428</b>	<b>420</b>	<b>407</b>
<b>Operating expenses</b>					
General administrative expenses			-151	-135	-124
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets			-2	-3	-3
Other operating expenses			-31	-35	-42
<b>Total operating expenses</b>			<b>-184</b>	<b>-173</b>	<b>-169</b>
<b>Profit before credit losses</b>			<b>244</b>	<b>247</b>	<b>238</b>
Net credit losses		3	-47	-87	-122
<b>Operating profit</b>			<b>197</b>	<b>160</b>	<b>116</b>
Received group contribution			-	0	
Tax on profit for the period			-43	-35	-31
<b>NET PROFIT FOR THE PERIOD</b>			<b>154</b>	<b>125</b>	<b>85</b>

<sup>1</sup>Operating income for the Parent Company refers to income from securitised loans.

# Parent company statement of comprehensive income

All amounts in MSEK			<b>Q1</b>	<b>Q4</b>	<b>Q1</b>
		Note	2021	2020	2020
<b>Items not to be reclassified in the profit or loss statement</b>					
Changes in value of other shares			-	35	-
<b>Other comprehensive income</b>			<b>-</b>	<b>35</b>	<b>-</b>
<b>COMPREHENSIVE INCOME</b>			<b>154</b>	<b>160</b>	<b>85</b>

# Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP		PARENT COMPANY	
		31 March 2021	31 December 2020	31 March 2021	31 December 2020
<b>ASSETS</b>					
Lending to central banks	5,6,7	1,466	728	1,466	728
Lending to credit institutions	5,6,7,9	2,554	1,101	2,406	950
Lending to the general public	3-9	28,979	27,656	22,111	21,011
Bonds and other fixed-income securities	5,6,7	2,425	2,329	2,425	2,329
Shares in subsidiaries		-	-	1,030	1,030
Other shares		127	127	127	127
Intangible assets		1,002	1,004	13	14
Tangible assets		67	71	9	10
Current tax assets		-	-	4	8
Other assets	5,6	4	6	3,343	2,996
Prepaid expenses and accrued income		51	49	32	29
<b>TOTAL ASSETS</b>		<b>36,675</b>	<b>33,071</b>	<b>32,966</b>	<b>29,232</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>					
<b>Liabilities</b>					
Liabilities to credit institutions	5,6,7	1,350	1,605	-	-
Deposits from the general public	5,6,7	27,864	24,203	27,864	24,203
Issued securities	5,6,7	3,330	3,330	1,080	1,080
Liabilities to securitisation firms <sup>1</sup>		-	-	172	304
Current tax liabilities		10	9	-	-
Deferred tax liability		25	26	-	-
Other liabilities	5,6	144	136	252	222
Accrued expenses and deferred income		82	62	76	56
Subordinated liabilities	5,6,7	349	348	349	348
<b>Total liabilities</b>		<b>33,154</b>	<b>29,719</b>	<b>29,793</b>	<b>26,213</b>
<b>Equity</b>					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	9	10
Fair value reserve <sup>2</sup>		35	35	35	35
Retained earnings, incl. profit for the year		3,429	3,260	3,072	2,917
<b>Total equity</b>		<b>3,521</b>	<b>3,352</b>	<b>3,173</b>	<b>3,019</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>36,675</b>	<b>33,071</b>	<b>32,966</b>	<b>29,232</b>

<sup>1</sup> 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.

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



# Statement of cash flows

<b>GROUP</b>	<b>JAN-MAR</b>	<b>JAN-MAR</b>
All amounts are in MSEK	2021	2020
<b>Operating activities</b>		
Operating profit <sup>1</sup>	215	137
Adjustment for non-cash items		
Exchange rate effects <sup>2</sup>	-39	-32
Depreciation, amortisation and impairment of property, plant & equipment	7	6
Amortisation of financing costs	1	3
Depreciation of surplus value related to the lending portfolio	1	1
Unrealised changes in value of bonds and other fixed income securities	1	2
Unrealised credit losses incl. IFRS 9 adjustment	168	208
Income tax paid	-42	-41
<b>Change in operating assets and liabilities</b>		
Decrease/Increase in lending to the general public	-1,037	-1,736
Decrease/Increase in other assets	-6	114
Decrease/Increase in deposits from the general public	3,200	1,646
Decrease/Increase in other liabilities	29	-22
<b>Cash flow from operating activities</b>	<b>2,498</b>	<b>286</b>
<b>Investing activities</b>		
Purchase of shares	-	-
Purchase of equipment & intangible assets	-1	-4
Investment in bonds and other interest bearing securities	-446	-145
Sale/disposal of bonds and other fixed income securities	373	1,221
<b>Cash flow from investing activities</b>	<b>-74</b>	<b>1,072</b>
<b>Financing activities</b>		
Change to liability to credit institutions	-255	-174
Change issued securities	0	-82
Change subordinated liabilities	1	-251
<b>Cash flow from financing activities</b>	<b>-254</b>	<b>-506</b>
<b>Cash flow for the period</b>	<b>2,170</b>	<b>852</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,829</b>	<b>1,252</b>
<b>Exchange rate differences and cash equivalents</b>	<b>21</b>	<b>-12</b>
<b>Cash and cash equivalents at end of year</b>	<b>4,020</b>	<b>2,092</b>

<sup>1</sup> Whereof received interest 419 MSEK (445 MSEK) and paid interest 75 MSEK (71 MSEK).

<sup>2</sup> 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
<b>OPENING BALANCE 1 January 2020</b>	50	7	-	2,718	2,775
<b>Comprehensive income</b>					
Net profit/loss for the year				549	549
Other comprehensive income <sup>2</sup>			35	-	35
<b>Total comprehensive income</b>			35	549	584
<b>Transactions with shareholders</b>					
Capital contributions				-8	-8
Tax effect on capital contribution				2	2
<b>Total transactions with shareholders</b>				-6	-6
<b>CLOSING BALANCE 31 December 2020</b>	50	7	35	3,260	3,352
<b>OPENING BALANCE 1 January 2021</b>	50	7	35	3,260	3,352
<b>Comprehensive income</b>					
Net profit/loss for the year			-	168	168
Other comprehensive income <sup>2</sup>			-	-	-
<b>Total comprehensive income</b>			-	168	168
<b>CLOSING BALANCE 31 March 2021</b>	50	7	35	3,429	3,521

<sup>2</sup> 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
<b>OPENING BALANCE 1 January 2020</b>	50	7	16	-	2,436	2,509
<b>Comprehensive income</b>						
Net profit/loss for the year					481	481
Other comprehensive income <sup>1</sup>				35	-	35
<b>Total comprehensive income</b>				35	481	516
<b>Other reserves</b>						
Capitalization			-	-	-	-
Depreciation			-6	-	6	-
<b>Total other reserves</b>			-6	-	6	-
<b>Transactions with shareholders</b>						
Capital contributions				-	-8	-8
Tax effect on capital contribution				-	2	2
<b>Total transactions with shareholders</b>				-	-6	-6
<b>CLOSING BALANCE 31 December 2020</b>	50	7	10	35	2,917	3,019
<b>OPENING BALANCE 1 January 2021</b>	50	7	10	35	2,917	3,019
<b>Comprehensive income</b>						
Net profit/loss for the year					154	154
Other comprehensive income <sup>1</sup>				-		-
<b>Total comprehensive income</b>				-	154	154
<b>Other reserves</b>						
Capitalization			-		-	-
Depreciation			-1		1	-
<b>Total other reserves</b>			-1		1	-
<b>CLOSING BALANCE 31 March 2021</b>	50	7	9	35	3,072	3,173

<sup>1</sup> 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

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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, Nordax Holding AB (earlier NDX Intressenter AB), which is primarily owned directly and indirectly by

Nordic Capital Fund VIII och Sampo Oyj. 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

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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 2020.

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 2021.

### Note 3 Credit risk

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#### GROUP

All amounts in MSEK

	Q1 2021	Q4 2020	Q1 2020
<b>Credit losses, net - lending to the general public</b>			
Stage 1	1	48	-35
Stage 2	36	-92	-20
Stage 3	-85	-43	-67
<b>Total credit losses</b>	<b>-48</b>	<b>-87</b>	<b>-123</b>

#### PARENT COMPANY

All amounts in MSEK

	Q1 2021	Q4 2020	Q1 2020
<b>Credit losses, net - lending to the general public</b>			
Stage 1	2	48	-35
Stage 2	36	-92	-20
Stage 3	-85	-43	-67
<b>Total credit losses</b>	<b>-47</b>	<b>-87</b>	<b>-123</b>

## Note 4 Lending to the general public

<b>GROUP</b>								Allocation of provision	
<b>31 March 2021</b>	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL	past due receivables	
Stage 1	10,294	6,863	4,917	3,305	481	0	25,860	-337	1%
Stage 2	525	9	366	308	32	0	1,240	-216	17%
Stage 3	1,475	3	1,801	1,148	243	303	4,973	-2,541	51%
<b>Total</b>	<b>12,294</b>	<b>6,875</b>	<b>7,084</b>	<b>4,761</b>	<b>756</b>	<b>303</b>	<b>32,073</b>	<b>-3,094</b>	<b>10%</b>
Reserve	-916	-7	-1,041	-642	-208	-280	-3,094		
<b>Total lending to the general public</b>	<b>11,378</b>	<b>6,868</b>	<b>6,043</b>	<b>4,119</b>	<b>548</b>	<b>23</b>	<b>28,979</b>		

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

<b>PARENT COMPANY</b>								Allocation of provision	
<b>31 March 2021</b>	Sweden	Norway	Finland	Germany	Denmark	TOTAL	past due receivables		
Stage 1	10,293	4,917	3,305	481	0	18,996	-329	2%	
Stage 2	525	366	308	32	0	1,231	-216	18%	
Stage 3	1,475	1,801	1,148	243	303	4,970	-2,541	51%	
<b>Total</b>	<b>12,293</b>	<b>7,084</b>	<b>4,761</b>	<b>756</b>	<b>303</b>	<b>25,197</b>	<b>-3,086</b>	<b>12%</b>	
Reserve	-915	-1,041	-642	-208	-280	-3,086			
<b>Total lending to the general public</b>	<b>11,378</b>	<b>6,043</b>	<b>4,119</b>	<b>548</b>	<b>23</b>	<b>22,111</b>			

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

## Note 5 Capital adequacy analysis

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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](http://www.nordaxgroup.com).

### Predictable dividend

In Nordax Bank AB, a deduction of SEK 150 million is made for an expected but undecided dividend to Nordax Group AB.

### 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. No changes regarding the countercyclical capital buffer during took place during the quarter. The Countercyclical buffer amounted to 0 % for Finland, 0 % for Sweden, 0 % for Germany and 1 % for Norway.

### 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		Nordax Bank AB	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
<b>OWN FUNDS</b>				
Common Equity Tier 1 capital	7,856	7,759	3,248	3,303
Deduction from own funds	-4,366	-4,376	-16	-17
<b>Total Common Equity Tier 1 capital</b>	<b>3,490</b>	<b>3,384</b>	<b>3,232</b>	<b>3,286</b>
Tier 1 Capital, minority	-	-	-	-
<b>Sum Tier 1 Capital</b>	<b>3,490</b>	<b>3,384</b>	<b>3,232</b>	<b>3,286</b>
Tier 2 Capital <sup>3</sup>	217	198	349	348
<b>Net own funds</b>	<b>3,707</b>	<b>3,582</b>	<b>3,581</b>	<b>3,634</b>
<b>Capital ratios and buffers</b>				
Risk exposure amount for credit risk	19,970	18,937	17,746	16,802
Risk exposure amount for market risk	398	386	0	0
Risk exposure amount for market risk	1,517	1,517	1,226	1,226
CVA	0	0	0	0
<b>Total risk exposure amount (risk weighted assets)</b>	<b>21,886</b>	<b>20,839</b>	<b>18,972</b>	<b>18,028</b>
Common Equity Tier 1 capital ratio	15.95%	16.24%	17.04%	18.23%
Tier 1 capital ratio	15.95%	16.24%	17.04%	18.23%
Total capital ratio	16.94%	17.19%	18.87%	20.16%
Total Common Equity Tier 1 capital requirement including buffer requirement	7.22%	7.22%	7.24%	7.24%
- of which, capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
- of which, countercyclical capital buffers	0.22%	0.22%	0.24%	0.24%
Common Equity Tier 1 capital available for use as buffer <sup>1</sup>	8.94%	9.19%	10.87%	12.16%
<b>Specification own funds</b>				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	6,778	66	67
-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	9	10
Retained earnings	645	264	2,919	2,437
Other comprehensive income	35	35	35	35
- Other transition adj. of common equity Tier 1 capital <sup>4</sup>	238	302	225	283
-Minority interest	-	-	-	-
Independently audited interim results after deductions foreseeable dividends	160	381	4	481
<b>Common Equity Tier 1 capital before regulatory adj.</b>	<b>7,856</b>	<b>7,759</b>	<b>3,248</b>	<b>3,303</b>
Regulatory adjustments:				
-Intangible assets	-4,363	-4,373	-13	-14
-Own shares	-	-	-	-
Prudent valuation	-3	-2	-3	-2
<b>Total regulatory adjustment to Common Equity Tier 1</b>	<b>-4,366</b>	<b>-4,376</b>	<b>-16</b>	<b>-17</b>
<b>Common Equity Tier 1</b>	<b>3,490</b>	<b>3,384</b>	<b>3,232</b>	<b>3,286</b>
Tier 1 capital				
-Tier 1, minority	-	-	-	-
<b>Tier 1 capital, total</b>	<b>3,490</b>	<b>3,384</b>	<b>3,232</b>	<b>3,286</b>



All amounts in MSEK	Consolidated situation		Nordax Bank AB	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Tier 2 capital:				
Tier 2 capital instrument	217	198	349	348
<b>Tier 2 capital</b>	<b>217</b>	<b>198</b>	<b>349</b>	<b>348</b>
<b>Total capital</b>	<b>3,707</b>	<b>3,582</b>	<b>3,581</b>	<b>3,634</b>
<b>Total risk weighted assets</b>	<b>21,886</b>	<b>20,839</b>	<b>18,972</b>	<b>18,028</b>
<b>Specification of risk exposure amount<sup>2</sup></b>				
Institutional exposures	519	231	482	192
Covered bonds	122	124	122	124
Household exposures	12,726	12,422	12,255	11,943
Exposures secured by mortgages on immovable property	3,845	3,569	1,358	1,181
Equity exposures	127	127	1,157	1,157
Past due items	2,512	2,344	2,327	2,163
Corporate exposures	-	-	-	-
Other items	119	120	44	42
<b>Total risk exposure amount for credit risk, Standardised Approach</b>	<b>19,970</b>	<b>18,937</b>	<b>17,746</b>	<b>16,802</b>
Exchange rate risk	398	386	0	0
<b>Total risk exposure amount for market risk</b>	<b>398</b>	<b>386</b>	<b>0</b>	<b>0</b>
Operative risk according to alternative Standardized Method	1,517	1,517	1,226	1,226
<b>Total risk exposure amount for operational risks</b>	<b>1,517</b>	<b>1,517</b>	<b>1,226</b>	<b>1,226</b>
Credit valuation adjustment risk (CVA)	0	0	0	0
<b>Total risk exposure amount for credit valuation adjustment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total risk exposure amount</b>	<b>21,886</b>	<b>20,839</b>	<b>18,972</b>	<b>18,028</b>
<b>Capital Requirement, in percent</b>				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	1.10%	0.86%	1.68%	1.42%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	0.22%	0.22%	0.24%	0.24%
<b>Total Capital Requirement</b>	<b>11.83%</b>	<b>11.57%</b>	<b>12.42%</b>	<b>12.15%</b>
<b>Capital Requirement, MSEK</b>				
Pillar 1	1,751	1,667	1,518	1,442
Pillar 2	242	178	318	256
Capital conservation buffer	547	521	474	451
Institute-specific countercyclical buffer	49	45	45	42
<b>Capital Requirement</b>	<b>2,588</b>	<b>2,412</b>	<b>2,355</b>	<b>2,191</b>
<b>LEVERAGE RATIO</b>				
Exposure measure for calculating leverage ratio	36,887	33,176	29,652	26,249
<b>Tier 1 capital</b>	<b>3,490</b>	<b>3,384</b>	<b>3,232</b>	<b>3,286</b>
<b>Leverage ratio</b>	<b>9.46%</b>	<b>10.20%</b>	<b>10.90%</b>	<b>12.52%</b>

<sup>1</sup> 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.

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

<sup>3</sup> Nordax Bank's subordinated loans of 349 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 217 MSEK.

<sup>4</sup> 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](http://www.nordaxgroup.com).

### Internal capital requirement

As of 31 March 2021, the internal capital assessed capital requirement in consolidated situation amounted to 242 MSEK (178 as of 31 December 2020). The total capital requirement for the period amounts to 2,588 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 March 2021 Nordax, had a liquidity coverage ratio (LCR) of 508 per cent (472; Q4 2020). At the same date, the net stable funding ratio (NSFR) was 126 per cent (120; Q4 2020), 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 2021 of 6.4 mdr (4,1). Of these investments 39 per cent (25) was in Nordic banks, 23 per cent (18) in Sveriges Riksbank, 19 per cent (30) in Swedish covered bonds, 4 per cent (6) in Swedish municipal paper and 15 per cent (21) in Swedish municipal bonds and states. All investments had a credit rating ranging from AAA to A+, except 67 MSEK in exposure to Avanza Bank AB and 304 MSEK in exposure to Danske Bank. The average maturity was 275 days (467). All bank holdings are highly liquid and all securities are repoable with central banks.

At 31 March 2021 Nordax's funding sources comprised 2,250 MSEK (2,250) through the asset-backed securities market (securitized), 1,080 MSEK (1,080) in senior unsecured bonds, 1,350 MSEK (1,605) in warehouse funding facilities provided by international banks and 27,864 (24,203) 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 2021	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
<b>Assets</b>					
Lending to central banks	-	1,466	-	-	1,466
Lending to credit institutions	-	2,554	-	-	2,554
Lending to the general public	-	28,979	-	-	28,979
Bonds and other fixed-income securities	2,425	-	-	-	2,425
Other shares	-	-	-	127	127
Derivates	0	-	-	-	0
Other assets	-	2	-	-	2
<b>Total assets</b>	<b>2,425</b>	<b>33,001</b>	<b>-</b>	<b>127</b>	<b>35,553</b>
<b>Liabilities</b>					
Liabilities to credit institutions	-	-	1,350	-	1,350
Deposits from the general public	-	-	27,864	-	27,864
Issued securities	-	-	3,330	-	3,330
Subordinated liabilities	-	-	349	-	349
Derivatives	2	-	-	-	2
Other liabilities	-	-	33	-	33
<b>Total liabilities</b>	<b>2</b>	<b>-</b>	<b>32,926</b>	<b>-</b>	<b>32,928</b>

### 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
<b>Assets</b>					
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
<b>Total assets</b>	<b>2,331</b>	<b>29,487</b>	<b>-</b>	<b>127</b>	<b>31,945</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>2</b>	<b>-</b>	<b>29,505</b>	<b>-</b>	<b>29,508</b>

PARENT COMPANY

31 March 2021	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
<b>Assets</b>					
Lending to central banks	-	1,466	-	-	1,466
Lending to credit institutions	-	2,406	-	-	2,406
Lending to the general public	-	22,111	-	-	22,111
Bonds and other fixed-income securities	2,425	-	-	-	2,425
Other shares	-	-	-	127	127
Derivates	0	-	-	-	0
Other assets	-	0	-	-	0
<b>Total assets</b>	<b>2,425</b>	<b>25,983</b>	<b>-</b>	<b>127</b>	<b>28,535</b>
<b>Liabilities</b>					
Deposits from the general public	-	-	27,864	-	27,864
Issued securities	-	-	1,080	-	1,080
Deemed loan liabilities	-	-	172	-	172
Subordinated liabilities	-	-	349	-	349
Derivatives	2	-	-	-	2
Other liabilities	-	-	32	-	32
<b>Total liabilities</b>	<b>2</b>	<b>-</b>	<b>29,497</b>	<b>-</b>	<b>29,499</b>

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
<b>Assets</b>					
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
<b>Total assets</b>	<b>2,331</b>	<b>22,689</b>	<b>-</b>	<b>127</b>	<b>25,148</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>2</b>	<b>-</b>	<b>25,953</b>	<b>-</b>	<b>25,955</b>

## Note 7 Fair values of financial assets and liabilities

### GROUP

31 March 2021	Carrying amount	Fair value	Delta
<b>Assets</b>			
Lending to central banks <sup>1</sup>	1,466	1,466	-
Lending to credit institutions <sup>1</sup>	2,554	2,554	-
Lending to the general public <sup>2,4</sup>	28,979	31,885	2,906
Other shares	127	127	-
Derivat	0	0	-
Bonds and other fixed-income securities	2,425	2,425	-
<b>Total Assets</b>	<b>35,551</b>	<b>38,457</b>	<b>2,906</b>
<b>Liabilities</b>			
Liabilities to credit institutions <sup>1</sup>	1,350	1,350	-
Deposits from general public <sup>1</sup>	27,864	27,864	-
Issued securities <sup>3</sup>	3,330	3,320	-10
Derivatives	2	2	-
Subordinated liabilities <sup>3</sup>	349	353	4
<b>Total Liabilities</b>	<b>32,895</b>	<b>29,452</b>	<b>-6</b>

### GROUP

31 December 2020	Carrying amount	Fair value	Delta
<b>Assets</b>			
Lending to central banks <sup>1</sup>	728	728	-
Lending to credit institutions <sup>1</sup>	1,101	1,101	-
Lending to the general public <sup>2,4</sup>	27,656	30,722	3,066
Other shares	127	127	-
Derivat	2	2	-
Bonds and other fixed-income securities	2,329	2,329	-
<b>Total Assets</b>	<b>31,943</b>	<b>35,009</b>	<b>3,066</b>
<b>Liabilities</b>			
Liabilities to credit institutions <sup>1</sup>	1,605	1,605	-
Deposits from general public <sup>1</sup>	24,203	24,203	-
Issued securities <sup>3</sup>	3,330	3,294	-36
Derivatives	2	2	-
Subordinated liabilities <sup>3</sup>	348	348	0
<b>Total Liabilities</b>	<b>29,488</b>	<b>29,452</b>	<b>-36</b>

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

<sup>2</sup> The measurement includes significant observable and non-observable inputs.

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

<sup>4</sup> Fair value data for lending to the general public is calculated after tax.

## PARENT COMPANY

31 March 2021	Carrying amount	Fair value	Delta
<b>Assets</b>			
Lending to central banks <sup>1</sup>	1,466	1,466	-
Lending to credit institutions <sup>1</sup>	2,406	2,406	-
Lending to the general public <sup>2,4</sup>	22,111	24,990	2,879
Other shares	127	127	-
Derivat	0	0	-
Bonds and other fixed-income securities	2,425	2,425	-
<b>Total Assets</b>	<b>28,535</b>	<b>31,414</b>	<b>2,879</b>
<b>Liabilites</b>			
Deposits from the general public <sup>1</sup>	27,864	27,864	-
Liabilities to securitisation firms <sup>1</sup>	172	172	-
Issued securities	1,080	1,081	1
Derivatives	2	2	-
Subordinated liabilities <sup>3</sup>	349	353	4
<b>Total Liabilities</b>	<b>29,467</b>	<b>29,472</b>	<b>5</b>

## PARENT COMPANY

31 December 2020	Carrying amount	Fair value	Delta
<b>Assets</b>			
Lending to central banks <sup>1</sup>	728	728	-
Lending to credit institutions <sup>1</sup>	950	950	-
Lending to the general public <sup>2,4</sup>	21,011	24,039	3,028
Other shares	127	127	-
Derivat	2	2	-
Bonds and other fixed-income securities	2,329	2,329	-
<b>Total Assets</b>	<b>25,147</b>	<b>28,175</b>	<b>3,028</b>
<b>Liabilites</b>			
Deposits from the general public <sup>1</sup>	24,203	24,203	-
Liabilities to securitisation firms <sup>1</sup>	304	304	-
Issued securities	1,080	1,078	-2
Derivatives	2	2	-
Subordinated liabilities <sup>3</sup>	348	348	0
<b>Total Liabilities</b>	<b>25,937</b>	<b>25,935</b>	<b>-2</b>

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

<sup>2</sup> The measurement includes significant observable and non-observable inputs.

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

<sup>4</sup> 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 input. No significant events affecting fair value are deemed to have occurred during the period between the new share issue in October 2020 and the balance sheet date as of 31 March 2021, whereby the values has been determined based on the issue rate at the most recent new issue.

During 2021 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:

Unlisted shares	MSEK
<b>Opening balance 1 January 2020</b>	<b>80</b>
Transfers from level 2	-
Acquisitions	12
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	35
<b>Closing balance 31 December 2020</b>	<b>127</b>
Acquisitions	-
Sales	-
<b>Closing balance 31 March 2021</b>	<b>127</b>

## GROUP

31 March 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Lending to the general public	-	31,885	-	31,885
Bonds and other fixed-income securities	1,558	867	-	2,425
Other shares	-	-	127	127
Derivatives	-	0	-	0
<b>Total Assets</b>	<b>1,558</b>	<b>32,752</b>	<b>127</b>	<b>33,274</b>
<b>Liabilities</b>				
Issued securities	-	3,320	-	3,320
Derivatives	-	2	-	2
Subordinated liabilities	-	353	-	353
<b>Total Liabilities</b>	<b>-</b>	<b>3,675</b>	<b>-</b>	<b>3,675</b>

## GROUP

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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
<b>Total Assets</b>	<b>1,511</b>	<b>31,542</b>	<b>127</b>	<b>33,180</b>
<b>Liabilities</b>				
Issued securities	-	3,294	-	3,294
Derivatives	-	2	-	2
Subordinated liabilities	-	348	-	348
<b>Total Liabilities</b>	<b>-</b>	<b>3,644</b>	<b>-</b>	<b>3,644</b>

## PARENT COMPANY

31 March 2021	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Lending to the general public	-	24,990	-	24,990
Bonds and other fixed-income securities	1,558	867	-	2,425
Other shares	-	-	127	127
Derivatives	-	0	-	0
<b>Total Assets</b>	<b>1,558</b>	<b>25,857</b>	<b>127</b>	<b>27,542</b>
<b>Liabilities</b>				
Issued securities	-	1,081	-	1,081
Derivatives	-	2	-	2
Subordinated liabilities	-	353	-	353
<b>Total Liabilities</b>	<b>-</b>	<b>1,436</b>	<b>-</b>	<b>1,436</b>

## PARENT COMPANY

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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
<b>Total Assets</b>	<b>1,511</b>	<b>24,859</b>	<b>127</b>	<b>26,497</b>
<b>Liabilities</b>				
Issued securities	-	1,078	-	1,078
Derivatives	-	2	-	2
Subordinated liabilities	-	348	-	348
<b>Total Liabilities</b>	<b>-</b>	<b>1,428</b>	<b>-</b>	<b>1,428</b>



## 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, Svensk Hypotekspension (SHP), Norway, Finland, Denmark and Germany, 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 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
<b>Income statement</b>							
Interest income <sup>1</sup>	221	72	136	93	13	0	535
Interest expenses	-35	-25	-21	-8	-1	0	-90
<b>Total net interest income</b>	<b>186</b>	<b>47</b>	<b>115</b>	<b>85</b>	<b>12</b>	<b>0</b>	<b>445</b>
Commission income	9	0	5	5	0	0	19
Net profit from financial transactions <sup>2</sup>	-1	0	0	0	0	0	2
<b>Total operating income</b>	<b>194</b>	<b>47</b>	<b>120</b>	<b>90</b>	<b>12</b>	<b>0</b>	<b>466</b>
General administrative expenses	-81	-7	-41	-23	-3	0	-155
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-1	-2	-1	0	0	-7
Other operating expenses	-18	-10	-12	-1	0	0	-41
<b>Total operating expenses</b>	<b>-102</b>	<b>-18</b>	<b>-55</b>	<b>-25</b>	<b>-3</b>	<b>0</b>	<b>-203</b>
<b>Profit before credit losses</b>	<b>92</b>	<b>29</b>	<b>65</b>	<b>65</b>	<b>9</b>	<b>0</b>	<b>263</b>
Net credit losses	-72	-1	33	-10	1	1	-48
<b>Operating profit</b>	<b>20</b>	<b>28</b>	<b>98</b>	<b>55</b>	<b>10</b>	<b>1</b>	<b>215</b>
<b>Balance sheet</b>							
<b>Lending to the general public</b>	<b>11,378</b>	<b>6,868</b>	<b>6,043</b>	<b>4,119</b>	<b>548</b>	<b>23</b>	<b>28,979</b>

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

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

<sup>1</sup> Interest income refers to revenues from external customers.

<sup>2</sup> FX effects amount to 3 MSEK for Q1 2021 (6 MSEK) and is not allocated.

## Note 9 Pledged assets

	GROUP		PARENT COMPANY	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
All amounts are in MSEK				
<b>Pledged assets for own liabilities</b>				
Lending to the general public	4,052	4,465	636	909
Lending to credit institutions	102	85	66	73
<b>Total</b>	<b>4,154</b>	<b>4,551</b>	<b>702</b>	<b>982</b>

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

After the end of the period, Nordax's subsidiary Svensk Hypotekspension has raised new bilateral financing of SEK 3 billion through its subsidiary Svensk Hypotekspension 5 AB (publ). The loan currency has primarily been used to resolve intra-group financing and further strengthens the Group's liquidity and financing position.

During April Nordax began depositing from the public in the Netherlands. Deposits are conducted through cooperation with Raisin GmbH, which Nordax has previously cooperated about deposits in Germany. The business is conducted, as in Nordax's other operating countries, on a cross-border basis from Nordax's office in Stockholm in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on authorization to conduct business in credit institutions and on supervision of credit institutions and securities companies.

On 3 May 2021, it was announced that Nordax had made a revised indicative offer to acquire the entire outstanding share capital in Norwegian Finans Holding ASA ("NFH") for a cash consideration of NOK 100 per share (excluding the dividend of NOK 5 per NFH share to be distributed on 6 May 2021), an improvement of NOK 10 per NFH share compared to the offer in March 2021, and that the NFH Board of Directors on that basis had resolved to grant Nordax access to a confirmatory due diligence investigation of NFH. The proposed offer is conditional on acceptance from at least 90% of NFH's shareholders with Nordax reserving the right to lower the acceptance threshold to 2/3. There is no certainty at this stage that any offer will be made nor that any such offer will be recommended by the board of NFH. Further announcements will be made by Nordax when appropriate.

# 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 capital<sup>1</sup>**

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 ratio<sup>1</sup>**

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 ratio<sup>1</sup>**

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)<sup>1</sup>**

Liquidity Coverage Ratio (LCR)<sup>1</sup> 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 funds<sup>1</sup>**

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 amount<sup>1</sup>**

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 ratio<sup>1</sup>**

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

## **Tier 1 capital<sup>1</sup>**

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

## **Tier 2 capital<sup>1</sup>**

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

## **Total capital ratio<sup>1</sup>**

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

<sup>1</sup> 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 May 13, 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