Annual report 2022

NORDAX BANK AB (publ)

Nordax Bank

Contents

Nordax in Brief

Nordax is a leading specialist bank owned by Nordic Capital and Sampo. The acquisition of Bank Norwegian was completed in November 2021 and on 30 November 2022 a cross-border merger took place which led to the continuance of Bank Norwegian's operations as a Norwegian branch of Nordax Bank. The focus remains on challenging the established banks and further growing into northern Europe's leading specialist bank. Regarding the 2022 consolidated financial statements, this means that Bank Norwegian's earnings are included in full for 2022, but only for the months of November and December in 2021.

Thanks to its responsible lending approach and high levels of accessibility, Nordax is helping customers to make considered choices for a life they can afford and thereby serving as a flexible complement to the major banks. For example, the majority of Nordax's personal loans is used to refinance smaller and more expensive loans, thereby contributing to a lower monthly cost and Nordax's mortgage loans enable participation on the mortgage market for groups otherwise left outside.

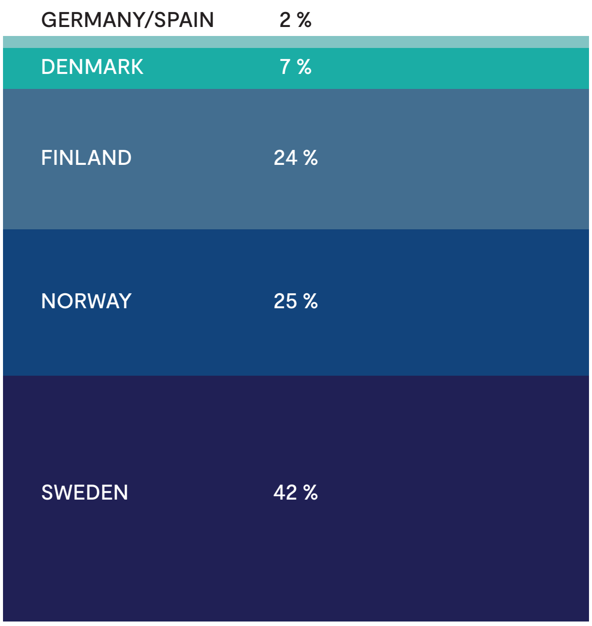
Nordax has sought to specialize in a small range of products, and together with Bank Norwegian, Nordax and its almost 600 full-time employees offer personal loans, mortgage loans, equity release loans, credit cards and savings accounts. Nordax currently serves almost 2 million retail banking customers in Sweden, Norway, Finland, Denmark, Germany, and Spain.

As of December 31, 2022 lending amounted to SEK 88.8 billion, while deposits amounted to SEK 77.1 billion.

Nordax is regulated by the Swedish Financial Supervisory Authority (www.fi.se) and is a member of the government's deposit guarantee scheme in the same way as all Swedish banks and credit institutions.

Read more at www.nordaxgroup.com

LOAN PORTFOLIO PER MARKET



Highlights of 2022

OPERATING PROFIT IMPACTED BY THE ACQUISITION OF BANK NORWEGIAN AND CONTINUED GOOD VOLUME GROWTH

- Intra-Group merger between Nordax Bank AB (publ) and Bank Norwegian ASA finalized on 30 November
- Improved operating profit driven by the consolidation of Bank Norwegian and increased lending. Operating profit also negatively affected by high integration and project costs, depreciation and impairment of intangible assets, start-up costs in Germany and Spain, and increased provi- sions for credit losses
- Costs and C/I ratio negatively affected by items related to the integration of Bank Norwegian, planned depreciation of intangible assets connected to the acquisition and an impair- ment of intangible assets attributable to Lilienthal Finance Ltd. Costs were also driven by investments in the business, partly in light of ongoing integration work and project costs associated with the continued development of a new core banking platform
- Operating profit for 2021 affected by the acquisition of Bank Norwegian. Credit losses affected by an initial accounting effect of SEK 537 million relating to previously reported credit loss reserves in stage 1 and 2 in Bank Nor- wegian and transactional costs of SEK 563 million
- Good growth in all personal loan and credit card port- fo- lios, with approximately 80% driven by increased sales and approximately 20% by currency effects
- Continued positive development of Nordax's mortgage operations, with lending amounting to SEK 15.7 billion, equivalent to 18% of total lending
- Strong deposit inflow during the year
- Continued strong capital situation with common equity Tier 1 capital ratio of 15.1%
- Interest rate increases implemented in all markets to reflect higher interest rate environment

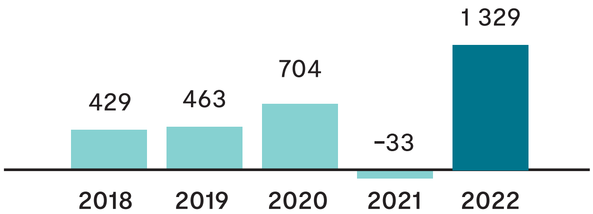
FINANCIAL DEVELOPMENTS IN THE GROUP

SEK MILLION

	2022	2021	%
Net interest income	6 747	2 532	166
Operating profit	1 329	-33	
Net income	973	-23	
Lending to the general public	88 756	70 681	26
Deposits from the general public	77 104	67 424	14
Eget Equity	19 754	18 953	4
Kärnprimärkapitalrelation, %	15	16	
Avkastning på eget kapital, %	5	0	

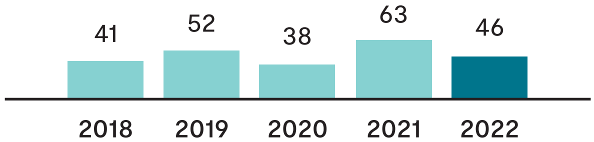
OPERATING PROFIT

SEK MILLION



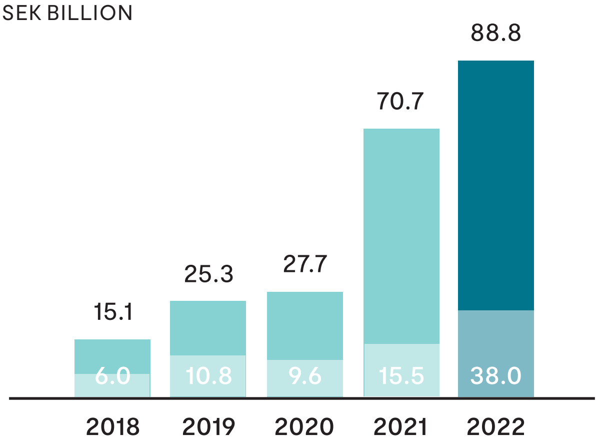
C/I RATIO

%



TOTAL LENDING AND NEW LENDING

SEK BILLION



CEO's Statement

Although 2022 in many ways marked the end of the pandemic, it is hard to categorize the year as a positive one given that we have just passed the one-year anniversary of Russia's invasion of Ukraine. And there is little prospect of this aggression and the human suffering that it entails being brought to an end. As a result of the war, in addition to some lingering effects from the pandemic, we have also during 2022 become reacquainted with something that had more or less fallen into oblivion for many years: inflation is back, and its tight grip on the economy has seen central banks responding with multiple interest rate hikes in 2022 and the early months of 2023. This new environment is putting pressure on both individuals and society as a whole.

However, the transition from the macroeconomic perspective to the more Nordax-specific outlook makes the picture more bright. Of course, Nordax is affected by developments in the outside world and we have had to support our customers through a challenging situation, but Nordax's 2022 was despite this characterized by the successful work of integrating and merging two niche banks. Clear focus and a well-executed teamwork across national borders meant that since November 30, 2022, Bank Norwegian has been merged into Nordax Bank. This event is an important milestone in our efforts to unleash the power that comes from bringing together two banks of different strengths and with different competitive advantages and making it into the leading niche bank in the Nordic region in terms of size and scale but also in terms of expertise. We have now built the stable platform from which we can truly scale up our business and thus reach even more customers with our offering.

Although the merger affords many new opportunities, we have also realized a number of synergies already during the subsidiary phase. In 2022, we saw clear signs of skills and expertise being transferred across national borders, which is a big reason for the positive sales trend during the year and the enhanced quality in all the work we are doing in relation to responsible lending, preventing fraud, and much more. We have already seen the fruits of our competitive combined offering where lending expertise and distribution power are combined with digital strengths and a large number of esta- blished customer relationships. In summary, 2022 was the year when we largely laid the foundation to fully realize the major potential that exists in our new, combined company.

The purpose of our business is to help improve the public's financial health, while at the same time ensuring our organization is sustainable. In our new, bigger, merged context we now have the opportunity to offer this to more individuals through our sharpened organization. We see that the need for a challenger to the major banks is still present, and has even increased in the more challenging times that we now find ourselves in. Taking responsibility and meeting the customer where the customer wants to be met is something that stands in stark contrast to the ongoing standardization taking place in the traditional banking world. In a responsible way we are working to continue to strengthen our lending proposition to individuals who do not have a permanent employment or who is a senior citizen being mortgage-free but only have a small pension. We help those customers who need to consolidate their expensive small loans, who are facing a broken heat pump and sky-rocketing electricity prices or who simply need a credit card before their upcoming trip. We have now brought these competencies together under one roof, which means that we are well-positioned to take responsibility for improving the financial health of society and challenging rigid structures, and by this also increasing our footprint in the market. Alongside our internal work on responsibility, we are also trying to make our mark on a more overarching and structural basis with efforts including the push for the launch of a national debt registry in Sweden. We also welcome the Swedish Financial Supervisory Authority's intention to focus particularly on the contractual relationship between lenders and loan intermediaries to ensure that they in no way limit the implementation of a robust credit assessment. We believe this is a step in the right direction both for the industry and for borrowers, although Nordax does not accept, nor has ever accepted, limitations of this kind.

In addition to the milestone that the merger constituted, I would also like to showcase a few more highlights from 2022.

Our customers continue to appreciate what we do, which was illustrated by the fact that Nordax's Swedish business was rated as having the highest rates of customer satisfaction in the entire banking industry at the end of 2022. This can also be seen in the light of the aforementioned growth in sales where all Nordax products exhibited good growth. It merits saying that having satisfied customers and happy employees is something that is very important to us.

Our visibility in the market and Nordax's important role as a challenger was once again illustrated in "Relationsrapporten 2022" [Relationship Report] which cast light on issues of equality in the Swedish mortgage lending market. At Nord- ax, we are determined to ensure that more people have the opportunity to own their own home, regardless of where their current situation. This is an area in which we are needed.

We have also continued our work around building a modern, flexible IT platform, which is another area where we are now working together closely across national borders. In 2023, we expect to have completed the change of platform that we have been working so hard on for the last few years.

I would also like to highlight Nordax's solid financial footing. Nordic Credit Rating confirmed its BBB rating with stable outlook for Nordax during the year, which we initially received in 2021. Nordax remains well capitalized with a Common Equity Tier 1 capital ratio of 15.1% together with our stable financial results. In 2022, we have also been working to further strengthen our risk framework as our business grows. We achieved an operating profit of SEK 1,329 million for the full year of 2022. This includes effects from the consolidation of Bank Norwegian and from growth in lending, but it also includes costs relating to integration work, start-up costs in Spain and Germany, and our focus on developing our scalable platform. Credit losses remained relatively low, albeit they were affected by, among other things, increased macroeconomic provisions.

Finally, I would like to extend my heartfelt thanks to everybody at the Nordax Group. You have all worked hard this year to meet our customers' expectations against the backdrop of our work to complete the merger between Nordax and Bank Norwegian. We now have a very stable platform as the leading niche banking provider thanks to our strong brands, our robust credit expertise and our scalable and profitable business model. At the time of writing, we have just submitted an application to change the Group's name to NOBA Bank Group AB, which you can read more about later on in the Annual Report under the heading "significant events after the balance sheet date". We are now ready for further growth, and I very much look forward to continuing this journey together!

Jacob Lundblad - CEO

Stockholm in April 2023

Operations

The Market and our Competitors
One major factor driving developments in the retail lending market is the macroeconomic environment. Economic growth in terms of GDP, house prices, disposable income and unemployment are all drivers of both consumer consumption and demand for personal loans. The retail lending market is also characterized by a relatively high degree of competition and fragmentation.

Nordax's competitors can be primarily split into two groups: full-service banks and niche banks. In recent years, the niche banks have taken market share from the full-service banks. The niche banks offer similar ranges of products to that offered by the specialist bank Nordax. The differentiators tend to be the scale of the business, which customer segments are targeted, which channels are used to reach potential customers, and how lending is financed.

There are several barriers to entry that make it difficult for start-ups of limited size or experience operating in a regulated environment to get established in the personal loan market. One obstacle is the economies of scale that largely characterize the retail lending market. In view of the strict and complex rules and regulations that apply to banks and credit institutions, operators have to establish robust functions and systems for legal issues, compliance, and financial management, which in turn requires substantial investment and expertise. Once such functions are in place, operators can normally handle large loan volumes, which creates economies of scale and operating leverage. Start-ups also have to comply with the increasingly complex requirements and provisions relating to capital adequacy and liquidity. Compliance requires capital, a strong management focus and resources to invest in compliance and risk control. The ability to conduct credit assessments calls for tried-and-tested models, which in turn are dependent on access to extensive historical information on loan performance. Developing such models takes time and requires experience with lending, which is thus a barrier to entry for start-ups.

In the mortgage market, increased competition and tougher regulation has resulted in a strong trend towards automation and standardization among the major banks. This has led to an increasingly large group of non-standard customers, such as those persons in non-traditional forms of employment (the self-employed, part-time employees, project contractors, freelancers, etc.) and/or those with limited credit history no longer being served by the major banks.

Nordax has established a strong position in the non-standard market focusing on customers with good creditworthiness, but who are not served by the major banks due to the aforementioned reasons. Nordax's competitors in the mortgage market largely comprise of other niche banks who also focus on various segments of the non-standard market.

Via its subsidiary SHP, Nordax is also active in the equity release mortgage market. Equity release mortgages enable people over the age of 60 to free up the equity in their homes without having to sell them.

The market for equity release mortgages in Sweden is strongly associated with SHP, which holds a leading position in the field. Historically, banks, as well as certain insurance companies, have offered fixed term-mortgage loan products to senior citizens. However, these parties have all exited the market within the last few years leaving SHP as the clear market leader. The equity release market has a good rate of growth since the market still has low rates of penetration, while also being supported by underlying trends and the product in question offering excellent customer value. There are no ongoing interest or amortization requirements associated with equity release mortgages, which become due for payment upon the death of the customer or when they move out of their home. This allows senior citizens to release value from their own homes without having to sell or move.

Proven business model
Nordax is a leading niche bank that conducts lending to individual consumers in Sweden, Norway, Finland, Denmark, Germany, and Spain. Although Nordax previously had limited operations in Germany, it was only in 2021 that it embarked upon new len- ding in markets outside of the Nordics via its now merged subsidiary Bank Norwegian. Since November 2021, Nordax has also offered credit cards in Sweden, Norway, Finland, Germany, and Spain via Bank Norwegian. Nordax also offers savings accounts to individual consumers in Sweden, Norway, Finland, Germany, Spain, and the Netherlands. Nordax currently serves some 2 million retail banking customers.

Lending and savings
Lending consists of unsecured loans capped at an amount corresponding to SEK 600,000, NOK 600,000, DKK 400,000, or EUR 60,000. Since 2018, loans secured against a residential property in Sweden have also been offered, and loans secured against a residential property in Norway

were introduced in 2019. Nordax also offers equity release mortgages to the over-60s via its wholly owned subsidiary Svensk Hypotekspension, which was acquired in January 2019. Nordax also offers the aforementioned credit cards through Bank Norwegian.

Customers within personal loans are typically middle-aged professionals with relatively high incomes, with the majority owning their own home. For mortgage loans, the primary target group is customers with some form of non-standard employment, such as self-employed and gig workers, e.g. those employed for a project, part-time, or temporarily. Thorough credit assessments and personalized contact with customers makes more loan approvals possible in this customer group, members of which are often denied credit by the major banks despite their stable finances.

SHP offers secured loans against residential property to Swedes who are 60 or older through its Hypotekspension product, which is an equity release mortgage. Hypotekspension gives senior citizens an opportunity to free up equity without having to sell their home.

Nordax accepts deposits from the public in Sweden, Norway, Denmark, Finland, Germany, Spain and the Netherlands. Deposits provide the Group with a positive net interest income by lending at higher rates of interest than is offered on deposits.

Centralized platform

Via a centralized business model and organization based in Stockholm and Oslo, Nordax conducts cross-border banking operations in Sweden, Norway, Denmark, Finland, Germany, the Netherlands and Spain in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

Centralized corporate governance and risk management, as well as centralized control functions, enable Nordax to closely and effectively oversee internal governance and controls. This also simplifies resource allocation.

Distribution channels

Nordax's operations comprise a diversified set of distribution channels. These consist of loan intermediaries, online channels, direct marketing, and existing customers. Over the years, Nordax has developed partnerships with loan intermediaries as well as a highly effective direct marketing operation which is based on solid risk assessment from the ground up, resulting in a high degree of accuracy and a high proportion of approved loan applications. Nordax's acquisition of Bank Norwegian has also brought on board extensive digital expertise. This broad distribution is a strength, including the fact that the various parts of the organization are able to learn from each other and thus boost Nordax's overall levels of expertise in the area of distribution.

Data-driven and responsible lending

Nordax has extensive experience granting personal loans, and before a loan is approved it carries out a thorough credit assessment on every application in accordance with credit policies and applicable laws and regulations. The credit assessment process consists of a combination of poli- cies, assessment regulations, internal credit assessment models and an estimate of the applicant's ability to pay. The maximum loan amount offered to a customer is calculated using a credit limit matrix based on the customer's creditworthiness. In terms of mortgages and equity release mortgages, an assessment with more manual components is carried out based on the customer's individual qualifications and collateral.

Diversified financing

Nordax's diversified financing comprises securitizations (otherwise known as asset-backed securities), financing backed by security from international banks, deposits from the general public, senior unsecured bonds, equity and subordinated liabilities. Nordax's securitizations require accessible and detailed information about loans in the portfolio and confirmation that they are performing well. The diversified financing reduces Nordax's liquidity risk and enables it to create a larger, more optimal financing mix over time.

Lending volumes

Portfolio development

Total lending amounted to SEK 88.8 billion (70.7 billion) as at December 31, 2022, with approximately 85% of growth driven by new lending and approximately 15% driven by currency effects. All products contributed to the increase in volume.

Personal loans and credit cards

In 2022, all portfolios relating to both personal loans and credit cards exhibited good growth. As at December 31, 2022, the total volume of personal loans and credit cards amounted to SEK 73.0 billion (58.0 billion), with approximately 80% of growth driven by new lending and approximately 20% driven by currency effects.

Mortgage lending

In 2018, Nordax launched its mortgage loan product to the Swedish market. The main target group is customers with some form of non-traditional employment, such as the self-employed and temporary employees, e.g. project contractors, part-time employees. Thorough credit assessments and personalized contact with customers facilitate lending to this customer group, members of which are often denied credit by the major banks despite having stable finances. Interest in our offering has been substantial and new lending continues to develop positively.
At the end of Q1 2019, Nordax also launched its mortgage loan product in Norway. As in Sweden, the target group in Norway is the non-standard employment sector, i.e. customers falling outside the tight restrictions imposed by the major banks.

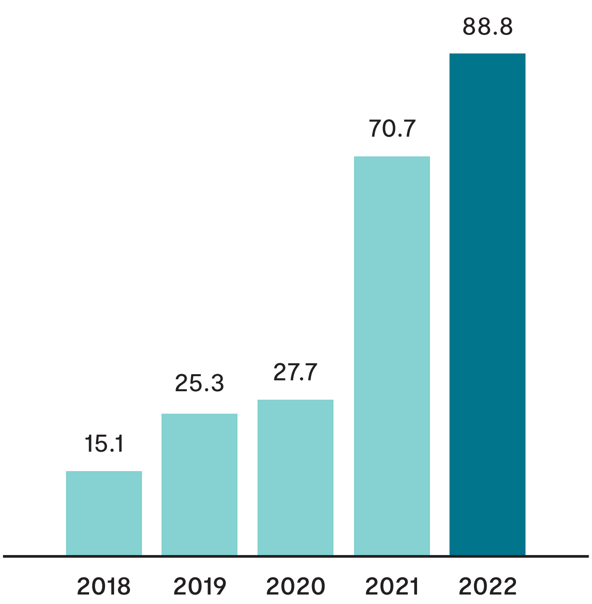
During the year, new lending has seen a positive trend in both Sweden and Norway, with the total mortgage portfolio amounting to SEK 6.9 billion as of December 31, 2022 (5.1 bil- lion).

Equity release mortgages

Nordax offers equity release mortgages through its wholly-owned subsidiary Svensk Hypotekspension, which was acquired in January 2019. The portfolio has continued to develop well during 2022 thanks to 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 and strong customer interest. The total volume of equity release mortgages amounted to SEK 8.8 billion as of December 31, 2022 (7.6 billion).

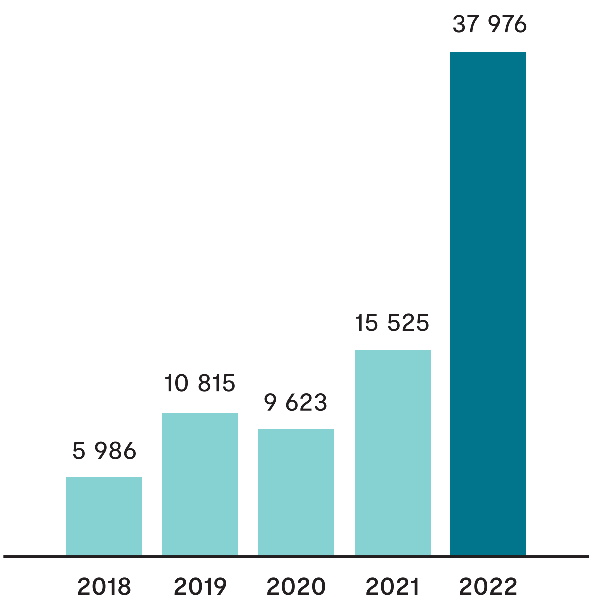
GROWTH IN THE LOAN PORTFOLIO

SEK BILLION



NEW LENDING

SEK MILLION



Financing, liquidity and capital situation

Maintaining a diversified financing structure remains a cornerstone of Nordax's business model. Nordax's financing mix comprises asset-backed securities, senior unsecured bonds, bank financing from international banks and retail deposits from the public. Nordax offers deposit products offering competitive rates of interest in all its main markets in the currencies SEK, NOK, EUR and DKK. Nordax deposits derives entirely from retail customers and falls to 97% under the state deposit guarantee.

In terms of the consolidated situation, the nominal sums for financing at the end of the period were: SEK 2,250 million (2,250 million) financing via the asset-backed securities market (securitized), SEK 6,166 million (8,605 million) in corporate bonds, SEK 9,739 million (6,608 million) financing against pledges with international banks, and SEK 77,104 million (67,424 million) of retail deposits from the public. Nordax's short-term and long-term goal is to remain active in the capital market with the issuance of both senior unsecured bonds and subordinated bonds.

Nordax's liquidity reserves as of December 31, 2022 amounted to SEK 20.3 billion (27.8 billion). Of these investments, 34.8% (43.0%) is invested in covered bonds, 18.3% (7%) in central banks and 14.6% (9.0%) in Nordic banks. The remainder is primarily invested in interest-bearing securities issued by the government, municipalities and supra nationals. These investments generally have a credit rating of between AAA and AA. The average maturity of the liquidity reserve is 391 (457) days with a interest duration of 0.20 (0.22). The central banks of Sweden and Norway enable Nordax the opportunity to use existing bonds for repo transactions. For additional information, see Note 5.

Capital and liquidity measures

	2022	2021
Risk exposure amount, SEK million	71,148	60,691
Tier 1 capital SEK million	12,138	11,381
Common Equity Tier 1 Capital Ratio, %	15.1	16.2
Tier 1 capital ratio, %	17.1	18.8
Total capital ratio, %	18.9	20.8
Leverage ratio, %[1]	10.4	10.8
Liquidity Coverage Ratio, % (LCR)	253.2	124
Funding ratio, % (NFSR)	122.0	134.5

Figures have been adjusted and differ from the previously published report, Q4 2022 year-end report.

Lending to credit institutions as of December 31, 2022 amounted to SEK 3,332 million (3,080 million), of which SEK 581 million (412 million) consisted of pledged liquid balances attributable to the structured financing, while the remainder was available liquidity.

As of December 31, 2022 the Group's consolidated shareholder equity amounted to SEK 19,754 million (18,953 million) and its total assets amounted to SEK 119,325 million (108,580 million).

As of December 31, 2022, the total capital ratio was 18.88% (20.83%). The Common Equity Tier 1 Capital Ratio was 15.05% (16.21%), as compared to the Common Equity Tier 1 Capital requirements which was calculated to be 10.36% (13.79%) including the internally assessed Pillar 2 requirements. For additional information, see Note 5.

The risk exposure sum amounted to SEK 71,148 million (60,691 million), of which SEK 65,183 million (54,965 million) relates to credit risk, SEK 0 million (0 million) relates to market risk, SEK 5,782 million (5,526 million) relates to operational risk and SEK 183 million (200 million) relates to CVA.

FINANCING AND EQUITY

Geographic markets

SWEDEN	2022	2021
Net interest income, SEK million	1,775	917
Net interest margin, %	7.1	5.7
Net credit losses, SEK million	-926	-463
Net credit losses excl. initial effect at merger, SEK million	-	-331
Credit losses level (cost of risk), %	3.7	2.9
Credit losses level excl. initial effect at merger, %	-	2.1
Lending at end of period, SEK million	28,343	21,475
New lending, SEK million	14,198	8,168
Growth in loan portfolio, SEK million	6,868	10,780
Growth, %	32.0	100.8

The lending business launched operations in Sweden in 2004, while it began to accept deposits and to offer mortgage lending later on. Business operations grew further in 2021 thanks to the acquisition of Bank Norwegian's lending, deposit and credit card operations. This consolidation also partially impacts the comparison between 2022 and 2021.

In Sweden, we currently have approximately 131,000 personal loan customers and some 4,300 mortgage loan customers. The total number of deposit customers is approximately 187,000 and the number of credit card customers amounts to approximately 400,000.

The loan portfolio amounted to SEK 28,343 million (21,475 million), representing a growth of 32%.

New lending increased from SEK 8,168 million to SEK 14,198 million, partly due to the consolidation of Bank Norwegian. The net interest margin for the period increased to 7.1% (5.7%), with the increase driven by Bank Norwegian's net interest income for 2021 only being included for two months while the portfolio reflects an annual volume.

Credit losses increased to 3.7% compared with 2.9% in 2021 (2.1% adjusted for initial effect upon acquisition of Bank Norwegian). This increase is partly due to the consolidation of Bank Norwegian and increasing underlying risk.

NORWAY	2022	2021
Net interest income, SEK million	2,086	711
Net interest margin, %	9.9	5.5
Net credit losses, SEK million	-540	-55
Net credit losses excl. initial effect at merger, SEK million	-	49
Credit losses level (cost of risk), %	2.6	0.4
Credit losses level excl. initial effect at merger, %	-	-0.4
Lending at end of period, SEK million	22,001	20,146
New lending, SEK million	10,001	3,473
Growth in loan portfolio, SEK million	1,855	14,492
Growth, %	9.2	256.3

Nordax established its lending business operations in Norway in 2005 and began to accept deposits in 2009. 2019 also saw the launch of the mortgage lending business. Business operations grew further in 2021 thanks to the acquisition of Bank Norwegian's lending, deposit and credit card operations. This consolidation also partially impacts the comparison between 2022 and 2021.

In Norway, our total number of personal loan customers is approximately 86,000 and some 2,700 mortgage loan customers. The total number of deposit customers is approximately 135,000 and the number of credit card cus- tomers amounts to approximately 533,000.

The loan portfolio amounted to SEK 22,001 million (20,146 million).

New lending increased from SEK 3,473 million to SEK 10,001 million, partly due to the consolidation of Bank Norwegian. The net interest margin increased in comparison with 2021 and totaled 9.9% (5.5%), with the increase driven by Bank Norwegian's net interest income for 2021 only being included for two months while the portfolio reflects an annual volume.

Credit losses increased to 2.6% compared with 0.4% in 2021 (-0.4% adjusted for initial effect upon acquisition of Bank Norwegian). This increase is partly due to the consolidation of Bank Norwegian.

FINLAND	2022	2021
Net interest income, SEK million	1,934	568
Net interest margin, %	10.2	5.6
Net credit losses, SEK million	-608	-408
Net credit losses excl. initial effect at merger, SEK million	–	-179
Credit losses level (cost of risk), %	3.2	4.0
Credit losses level excl. initial effect at merger, %	–	1.8
Lending at end of period, SEK million	21,772	16,267
New lending, SEK million	9,133	2,318
Growth in loan portfolio, SEK million	5,505	12,203
Growth, %	33.8	300.3

Nordax established its lending business in Finland in 2007 and began to accept deposits in 2011. Business operations grew further in 2021 thanks to the acquisition of Bank Norwegian's lending, deposit and credit card operations. This consolidation impacts the comparison between 2022 and 2021.

The total number of loan customers in Finland stands at approximately 124,000. The total number of deposit customers is approximately 66,000 and the number of credit card customers amounts to approximately 169,000.

The loan portfolio in Finland amounted to SEK 21,772 million (16,267 million), corresponding to growth of 34%.

New lending increased from SEK 2,318 million to SEK 9,133 million, partly due to the consolidation of Bank Norwegian.

The net interest margin increased in comparison with 2021 and totaled 10.2% (5.6%), with the increase driven by Bank Norwegian's net interest income for 2021 only being included for two months while the portfolio reflects an annual volume.

Credit losses decreased to 3.2% compared with 4.0% in 2021 (1.8% adjusted for initial effect upon acquisition of Bank Norwegian) but increased compared against the adjusted credit losses. The underlying increase is partly due to the consolidation of Bank Norwegian.

DENMARK	2022	2021
Net interest income, SEK million	570	86
Net interest margin, %	10.6	3.7
Net credit losses, SEK million	-136	-83
Net credit losses excl. initial effect at merger, SEK million	–	-11
Credit losses level (cost of risk), %	2.5	3.6
Credit losses level excl. initial effect at merger, %	–	0.5
Lending at end of period, SEK million	6,101	4,614
New lending, SEK million	1,850	220
Growth in loan portfolio, SEK million	1,487	4,591
Growth, %	32.2	19,960.9

The Danish business operations was launched in 2006. During the 2008 financial crisis, the decision was made to cease all new lending in Denmark, and the decision was subsequently made to keep the portfolio closed in light of strained credit loss levels. Via the addition of Bank Norwegian's lending, deposit and credit card operations in 2021, Nordax is now once again engaged in active new lending in Denmark.

The total number of loan customers in Denmark is in the region of 37,000, while the number of deposit customers is approximately 36,000 and the number of credit card customers stands at 95,000.

The loan portfolio amounted to SEK 6,101 million (4,614 million), corresponding to growth of 32%.

New lending increased from SEK 220 million to SEK 1,850 million, partly due to the consolidation of Bank Norwegian.

The net interest margin increased in comparison with 2021 and totaled 10.6% (3.7%), with the increase driven by Bank Norwegian's net interest income for 2021 only being included for two months while the portfolio reflects an annual volume.

Credit losses increased to 2.5% compared with 3.6% in 2021 (0.5% adjusted for initial effect upon acquisition of Bank Norwegian) but increased compared against the adjusted credit losses. The underlying increase is partly due to the consolidation of Bank Norwegian.

SHP	2022	2021
Net interest income, SEK million	272	204
Net interest margin, %	3.3	2.9
Net credit losses, SEK million	-22	-1
Net credit losses excl. initial effect at merger, SEK million	–	–
Credit losses level (cost of risk), %	0.3	–
Credit losses level excl. initial effect at merger, %	–	–
Lending at end of period, SEK million	8,798	7,625
New lending, SEK million	1,438	1,252
Growth in loan portfolio, SEK million	1,173	980
Growth, %	15.4	14.7

Svensk Hypotekspension AB was founded in 2005, while the acquisition of the company was completed in January 2019. SHP offers secured loans against residential property through its equity release mortgages. These are available to borrowers who are 60 or older. Hypotekspension gives senior citizens an opportunity to free up equity without having to sell their home.

The total number of customers in Sweden is approximately 8,800.

The loan portfolio grew by 15% and amounted to SEK 8,798 million (7,625 million). New lending amounted to SEK 1,438 million (1,252 million).

The net interest margin was 3.3% (2.9%).

GERMANY/SPAIN	2022	2021
Net interest income, SEK million	110	46
Net interest margin, %	9.6	8.1
Net credit losses, SEK million	-193	-3
Net credit losses excl. initial effect at merger, SEK million	–	–
Credit losses level (cost of risk), %	16.8	0.5
Credit losses level excl. initial effect at merger, %	–	–
Lending at end of period, SEK million	1,741	554
New lending, SEK million	1,357	94
Growth in loan portfolio, SEK million	1,187	-21
Growth, %	214.3	-3.7

The German business operations was launched in 2012 and began accepting deposits in 2016. During the second quarter of 2019, the decision was made to cease new lending in Germany, due to that the desired levels of profitability had not been achieved. Nordax has continued to accept deposits in Germany. Via the addition of Bank Norwegian's lending, deposit and credit card operations in 2021, Nordax is now engaged in active new lending in Germany and Spain.

The total number of loan and credit card customers in Germany and Spain amounts to approximately 33,000. The number of deposit customers stands at approximately 56,000.

The loan portfolio amounted to SEK 1,741 million (554 million), which was driven by increased new lending totaling SEK 1,357 million (94 million).

The net interest margin increased to 9.6% (8.1%).

Credit loss levels increased during the year to 16.8% (0.5%), which was driven by new lending

Sustainability Report 2022

NORDAX BANK AB (publ)

Sustainability at Nordax

2022 was the year in which we further intensified our sustainability work and added many new important building blocks to enable us to fully realize the great potential to make a difference which lies within our new combined company. Our vision is very simple yet powerful – we seek to enable and improve financial health for more people. To succeed, sustainability must be a natural and integral part of the business in a genuine and authentic sense. This is why our sustainability work is always based on our business and poses the question of how, based on our traits and offering, we can help to increase sustainability in the best way possible. We also strive for these measures being connected to those goals that are most relevant for us among the UN's 17 Sustainable Development Goals.

Following an analysis of how Nordax affects the environment, people and society as well as positive dialogue and consultation with our customers, employees and investors, we have chosen to primarily focus on two main areas: financial health and sustainable operations.

To succeed, sustainability must be a natural and integral part of the business.

As part of our efforts to contribute to financial health, responsible lending is a very important feature. Continuing to offer our customers loans they can afford while providing them with everything necessary to make considered decisions is at the heart of what we do. This includes robust risk-related work focusing on various ESG risks, a personal, engaged approach to pre-collection processes, knowledge sharing between units and countries, transparent pricing and much more. Everything must come together in order to credibly, transparently and sustainably help to improve financial health for more people, while making sure that we take responsibility wherever we can throughout the full value chain. Through our new, larger company we have the size and expertise to really make a difference, both for our customers and in developing our own business.

Our second focus area, sustainable operations, comprises key aspects such as leadership, intensive efforts to prevent money laundering and financial crime, equality throughout our organization and, not least, minimizing our carbon footprint. Ensuring employee wellbeing, sound business ethics and efficient use of resources are all central building blocks that demand time and investments to ensure that we are able to keep creating a sustainable organization and sustainable products. With high overall customer satisfaction and high employee engagement, we are well on the way to achieving this. However, the link between happy, healthy employees and the opportunity to improve the financial health of our almost two million customers can never be taken for granted. We must continue to measure, challenge and discover ways that we can help in the best way possible. What we do know is that the synergies between these two focus areas and the power of working on them in parallel is one of our foremost strengths in our sustainability work.

As the largest specialist bank in the Nordic region, we have an important role to play and a significant responsibility to shoulder. Following the Bank Norwegian merger, Nordax and its 600 or so employees are entering a new phase where new, even more ambitious and timely objectives for the business, sustainability and our engagement will be established and firmly grounded in the organization. We approach this task with openness and a big dose of humbleness.

Jacob Lundblad
CEO

Our sustainability work in context

In addition to the fact that Nordax defines sustainability in a way that is inspiring to us and our customers and that clearly ties into our vision and the way we want to contribute to society, it is also important to put it in the context of an established framework and an established approach to analyzing our work.

As a member of the UN's Global Compact and through Nordax's contribution to the Global Compact's Ten Principles, Nordax's Sustainability Policy and wider agenda reflect these principles. The overall objective that we are committed to is that Nordax will integrate sustainability into its entire business, take responsibility for acting in accordance with and living by our values, and striving for simplicity and transparency. Nordax will provide products and services that give customers, other key stakeholders and Nordax as a company the opportunity to contribute to a sustainable future. Nordax will also manage relevant risks, including those risks related to environmental, social and governance issues.

Nordax identifies and manages its actual and potential impact on the environment, society and people, including impact on human rights, on an ongoing basis through a proactive approach. Our analysis covers our entire value chain. This includes identifying sustainability issues that have or may have an impact on the company's financial position. Nordax also maintains ongoing dialogue with our key stakeholders, which continued during the year. Determining which stakeholders are important relates to how they are affected by our business and how Nordax is affected by the stakeholders and their needs in turn. As a consequence, Nordax has a strong responsibility to run a business that is sustainable long-term, while also creating value for these various stakeholders.

In 2022, on the backdrop of the intra-Group merger between Nordax Bank AB (publ) and Bank Norwegian ASA, work was carried out that took into account external events and was inspired by accepted models for materiality analysis. These insights were used to update the material sustainability issues, the company's sustainability strategy and risk assessment in order to manage those areas identified as most significant to the business in the coming years. Material issues identified were determined by the Nordax management team and confirmed by the Board of Directors. These insights are also used by Nordax to determine the contents of its sustainability reporting.

Customers are Nordax's most important stakeholder and we are always striving to improve and take responsibility for our customers in order to create the best possible circumstances for them. Central to us is ensuring that our customers are satisfied, and we monitor this on a regular basis throughout the year. Employee dialogue is also very important, and during the year we focused on the ongoing development of our culture at a point when we are growing and the scope of our business is expanding.

In addition to customers and employees, Nordax has many other key stakeholders such as suppliers, business partners, supervisory authorities, stakeholder organizations and investors. Also here, dialogue takes place on a regular basis, ranging from almost daily exchanges with our partners to quarterly reporting and investor presentations.

Strategic focus areas

The following issues were identified as material based on an analysis of the impact of the company's business on the environment, society and people, including human rights.

Financial health for customers and society as a whole

- Responsible lending
- Customer communication
- Privacy

Sustainable operations

- Inclusion, diversity and equality
- Wellbeing in the workplace
- Good corporate governance, incl. AML
- Reduce the business' climate impact

The following issues were identified as material in terms of potential impact on the company's financial position:

Financial health for Nordax

- Product portfolio and customer channels
- Long-term stable business

Sustainable operations

- Good corporate governance, incl. AML
- Attractive employer with good leaders
- IT and cybersecurity

Sustainability work at Nordax involves the whole Group comprising Nordax Bank and its Bank Norwegian branch, as well as its subsidiary Svensk Hypotekspension. In those cases where only the Bank Norwegian branch is in scope it is referred to as "Bank Norwegian". When only Nordax excluding Bank Norwegian is referred to, it is referred to as "Nordax excl. Bank Norwegian".

STRATEGIC KPIS	2022	SDG
FINANCIAL HEALTH		
Offering		
Share of personal loan volume used to refinance existing loans	66%	8.10
Inclusive mortgage and equity release offering	SEK 15.7 billion	8.10
Share of credit card customers who pay their invoice in due time	~99.5%	8.10
Savings	SEK 77 billion	8.10
Customers		
Customer satisfaction (Brilliant Future) – Nordax excl. Bank Norwegian	92.4%	8.10
Customer satisfaction (Brilliant Future) – Bank Norwegian	87.1%	8.10
Responsible lending		
Share of personal loan volume with a left-to-live-on buffer of more than SEK 3,000	93%	8.10
Credit loss level	3%	8.10
SUSTAINABLE OPERATIONS		
Equality and diversity		
Number of languages that customer operations can conduct a dialogue in	+20	8.10
Salary survey (women's pay in relation to men's) – Nordax excl. Bank Norwegian	102%	5.1
Salary survey (women's pay in relation to men's) – Bank Norwegian	97%	5.1
Gender distribution Senior Executives (women/men)	55%/45%	5.5
Gender distribution Board of Directors (women/men)	13%/87%	5.5
Employees		
Engagement Index – Nordax excl. Bank Norwegian	86%	8.5
eNPS – Nordax excl. Bank Norwegian	49%	8.5
Engagement Index – Bank Norwegian	76%	8.5
eNPS – Bank Norwegian	19%	8.5
Leaders		
Leadership index – Nordax excl. Bank Norwegian	89%	8.5
Leadership Index – Bank Norwegian	84%	8.5
Training		
Proportion of employees who have completed Anti-Money Laundering (AML) training – Nordax excl. Bank Norwegian	96%	16.4, 16.5
Proportion of employees who have completed Anti-Money Laundering (AML) training – Bank Norwegian	89%	16.4, 16.5
Carbon footprint		
CO_2 emissions, scope 1 & 2	55 tonnes	13

Nordax sustainability work – contribution to the global goals

The UN's Sustainable Development Goals form the agenda for sustainable development adopted by the majority of the world's countries as they seek to make great strides before 2030 towards the elimination of severe poverty, a reduction in inequalities and injustices, promotion of peace and justice and solving the climate crisis. To put Nordax's sustainability work into a context, Nordax has conducted a survey of how Nordax's sustainability work contributes to these goals.

Nordax's most important impact in terms of sustainability relates to our focus on improving financial health for more people. Our work on financial inclusion in our mortgage offering and through our equity release mortgages is clearly connected to the UN's Sustainable Development Goal no. 8 relating to decent working conditions and economic growth, and more specifically to sub-target 8.10 "Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all." Opening the mortgage lending market to customers without permanent employment or who have blemished credit records, as well as helping senior citizens to release equity from their homes despite low pension income, clearly helps to increase access to financial services for more people. Equally important is the offering available to those refinancing customers whom Nordax helps to make their own financial situations more manageable through lower monthly costs. As these customers account for 66% of the volume of Nordax's total personal loan portfolio, this is an area in which we are making a difference. Finally, Bank Norwegian's credit card offer our customers a way to manage their ongoing liquidity and thus gain greater financial flexibility. The enabling factor across all these areas is the Nordax responsible lending approach which encompasses high levels of credit expertise, well-developed models and extensive experience in the sector.

Nordax's responsible business is clearly connected in turn to Sustainable Development Goals no. 5 pertaining to gender equality and no. 16 pertaining to peace, justice and strong institutions. Nordax's focus on an egalitarian workplace with equal terms and conditions, as well as strong leadership, ties in well with sub-target 5.1 to end all forms of discrimination against all women and girls everywhere and the sub-target 5.5 to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, eco- nomic and public life. It also ties in with sub-target 8.5 to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value by 2030. Nordax's focus on providing its employees with AML/FTC training while continuously improving the part of the organization that specifically works with these areas, including work to minimize fraud, supports sub-target 16.4 to significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime by 2030 and sub-target 16.5 to substantially reduce corruption and bribery in all their forms.

Finally, Nordax is working to minimize our own climate footprint within the framework of SDG no. 13 to take urgent action to combat climate change. As a service company not engaged in manufacturing, our carbon footprint is limited but our focus is on efficient, environmentally friendly consumption, carbon offsetting for paper use and increasing transparency in our reporting around these issues. We will continue to dedicate further resources to these areas during the coming year.

Financial health for more people

Nordax is convinced that we can help to improve the financial health of more people – customers, shareholders and society at large. This is why we are happy to review decisions made by the major banks and do our best to offer mortgages regardless of the applicant's type of employment. We consolidate expensive small loans into single loans that facilitate a single, lower monthly repayment for the borrower, and we are able to offer customers personal loans when the need arises, for example, if their boiler breaks down. With our credit cards, we help our customers gain greater flexibility and balance their personal finances. Through thorough assessments, personalized contact when needed and various knowledge-promoting initiatives targeted at customers and society at large, we help more people achieve healthy finances.

Customer-centric work and satisfied customers

We have chosen to highlight our customer-centric work a little more than usual in this year's Sustainability Report since we have identified a growing need for user-friend- ly products without hidden fees. We know that in many cases our financial services constitute a vital linchpin in customers' personal finances. This makes it very important for us to optimize the way in which we clarify our terms and conditions and inform and educate customers about them through all the channels used by our customers. We offer customers the opportunity to interact with us using their preferred method, whether digitally or through more personalized contact – and we know this is something our customers appreciate. This is illustrated by our high customer satisfaction ratings in the surveys we conduct. In 2022, Nordax excl. Bank Norwegian achieved the highest customer satisfaction rating in the banking industry with a score of 92.4% in Brilliant Future's survey. Bank Norwegian ended the year on 87.1, which is on a par with the industry average.

Loans with a sustainable profile

Nordax's business consists of lending to individual consumers. The basis for Nordax's personal loan business is offering flexible, transparent and sustainable loans to creditworthy households. A large proportion of Nordax's personal loans – 66% of its outstanding volume – is used to refinance costly, small loans and lines of credit. This allows the customer to minimize their monthly repayments. Nordax personal loan customers are drawn from all age groups and social classes, and are typically middle-aged professionals with relatively high incomes, with the majority owning their own home. Early loan redemptions help to increase financial health and are always permitted and always offered free of charge.

66 %

OF THE PERSONAL LOAN VOLUME IS USED TO REFINANCE

FINANCIAL HEALTH	2022
Customer profile for personal loan customers	
Average salary for personal loan customers	39,000 SEK
Average age, personal loan customers	45
Share of personal loan customers who own their home	66%
Average outstanding balance, personal loan customers	162,000 SEK

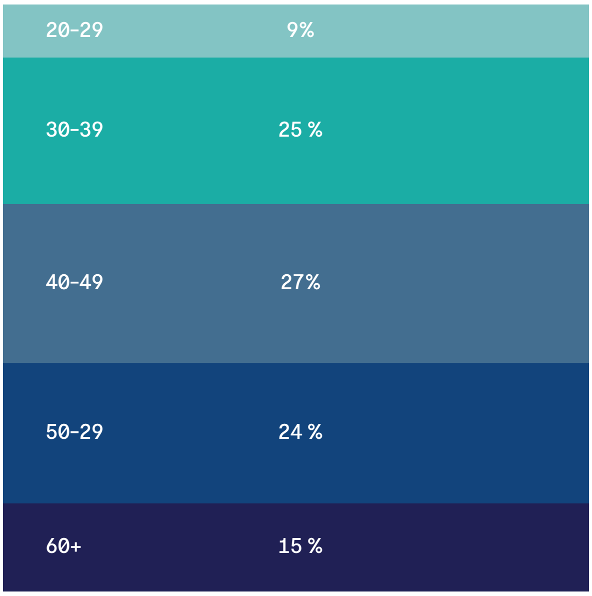
Mortgages regardless of form of employment

For mortgage loans, the primary target group is customers with some form of non-standard employment, such as the self-employed and gig workers, e.g. those employed for a project, part-time, or temporarily. One of the most important needs for the many people who are currently excluded from the traditional banking system for various reasons is the opportunity to enter the housing market and buy their own home. This is something that Nordax is able to help them realize.

The customer profile in Nordax's mortgage portfolio illustrates that around one fifth of mortgage customers are in non-traditional forms of employment or have irregular income patterns. Around three fifths are individuals with a more traditional financial profile but who major banks still fail to accommodate with their standardized processes, while around one fifth are individuals with some form of remark in their credit record. In this respect, Nordax has an important role to play, especially for first-time buyers. However, Nordax's mortgage portfolio includes borrowers from all age groups.

Through a thorough credit assessment and personalized contact with customers more loan approvals are made possible for this type of customer, often denied credit by the major banks despite stable finances.

Mortgages by age group



Financial health for senior citizens

In the same respect, many pensioners face a challenging situation for a variety of reasons. Many find themselves in a situation where their disposable income shrinks while at the same time, they are largely excluded from financial products due to their age. This is taking place at the same time as we are living longer and increasingly active lives, including in senior age categories. Nordax's equity release mortgages are yet another example of how we cater to another forgotten gap in the market and meet the unique requirements of a specific customer segment. This product allows pensioners to keep their home while releasing equity. The fact that Nordax's equity release mortgages have shown continuous growth and grown by a total of approximately 60% since the product was incorporated into Nordax's offering in 2019 is proof that our offering plays a vital role and will remain relevant in the years to come. On the theme of being relevant, we have made changes during the year to how funds are released through this product. Against the backdrop of rising interest rates, we now offer our customers a monthly payment for those who wish to increase their day-to-day comfort while simultaneously ensuring their outstanding balance remains as low as possible.

In order to enhance the information available to Nordax's customers over the age of 60 who own their own home and improve their financial health, we conducted a survey titled "Livet som senior" [Life as a Senior Citizen]. This provided us and the market as a whole with several key insights. Among these were the fact that 80 percent of Nordax customers with an equity release mortgage would recommend us to a friend. 90 percent responded that they were very satisfied or satisfied with our service, while no respondents said they were dissatisfied. This embodies our sustainability work as we strive to improve financial health for more people, and it is a most gratifying result although we will continue to work intensively to further improve.

Credit cards – a way to balance your personal finances

Nordax also offers its customers credit cards. We regard this product as a good way to manage temporary liquidity challenges. If expenses pile up in one month, there is the opportunity to distribute them more evenly over a longer period of time. We also see that around 99.5 percent of customers settle their credit card bills on time, which means we are confident that we have a sustainable customer base that can meet its obligations.

Loans with a green profile

To help provide the right incentives for customers to engage in products and services that are the most en- vironmentally friendly, we introduced the option to borrow for the purchase of electric cars, electric scooters and electric bicycles through a so called green loan on preferential terms. This initiative emerged from the insights gained from a major survey conducted in 2021 covering 65,000 customers in Norway, Sweden, Denmark and Finland. Leveraging the power of our product offering to give people the incentive to make sustainable choices is something we believe there is further potential to develop in the years to come.

Savings

Nordax also accepts deposits from the public in Sweden, Norway, Finland, Germany, Spain and the Netherlands. This represents an important part of Nordax's diversified financing and risk management and enables the opportunity to limit and manage both interest rate risk and concentration risk.

Above all, we regard our savings accounts as a way to offer both short- and long-term savings products with competitive interest rates. On several occasions during the year, Nordax has been the savings provider in the Nordic offering the highest interest rates on the market. Building a savings buffer can be crucial to dealing with temporary challenges as and when they arise. This is also something that complements the reports on equality in the mortgage lending market published by Nordax. Saving with Nordax provides assurance, flexibility and certainty thanks to the fact that all accounts are covered by the government deposit guarantee scheme.

At present, we have just shy of 500,000 savings customers whose combined savings with Nordax amount to more than SEK 77 billion.

More than 93% of our personal loan customers have an additional margin in their left-to-live-on calculation of SEK 3,000.

Responsible lending and a long-term perspective are central to a sustainable society and sustainable business

Our long-term approach and industry experience in a range of geographic markets and economic cycles has provided us with valuable knowledge and data. This information is used to develop models to facilitate an advanced data-driven credit assessment process with a high degree of predictability. Before a loan is approved, Nordax carries out a thorough credit assessment of each application in accordance with credit policies and applicable laws and regulations. Responsible lending is the single most important process for Nordax.

Data-driven, responsible lending

We are currently the leading player in the Nordic market in terms of credit assessment expertise. Each loan application undergoes a correct and satisfactory credit assessment through the use of a tried and tested lending process. The credit assessment is conducted in accordance with good lending practices and is always based on the customer's financial situation, while also being carried out in accordance with Nordax's credit policy, which is also based on external regulatory requirements.

All customers must have a financial buffer in their personal finances, which we verify by a number of means such as analysis of their levels of indebtedness and through a left-to-live-on calculation. More than 93% of our personal loan customers have an additional margin in their left-to-live-on calculation of SEK 3,000. Loans should only be offered to creditworthy individuals and households, and customers should never be offered loans they cannot afford. We should never contribute to over-indebtedness, either of individuals or society at large.

The credit assessment process consists of a combination of policies, assessment regulations, internal credit assessment models and an estimate of the applicant's ability to pay. The maximum loan amount offered to a customer is calculated using a credit limit matrix based on the customer's creditworthiness. In terms of mortgages and equity release mortgages, an assessment with more manual components is required based on the customer's individual qualifications and collateral.

Our customers can always rest assured that they will be offered a loan they can afford, and that their decision on whether to take a loan will be well-informed. We allow them to make decisions in their own pace based on transparent and clear pricing models and communication through all our channels. That is how we earn their trust.

Nordax's risk assessment process begins with the mar- ke- ting of Nordax's products. However, there is always a built- in risk that customers for various reasons may run into dif- ficulties repaying their loan due to circumstances that could not have been predicted at the time the loan was appro- ved. This risk is built into all lending activities. Nordax has a significant societal responsibility to ensure that the best possible solution is secured for each individual customer in each given case, and this is especially true during such challenging macroeconomic times. We will do our utmost to minimize the proportion of customers who fall behind or in distress on their payments. In the event a customer ends up in financial difficulties, we engage with them proactively in order to help. We provide customers with reminders in advance to avoid additional charges and seek to work together to find a suitable and individual payment plan that will help them to repay their loan.

Personalized and active pre-collection processes

We have invested heavily in our pre-collection activities in recent years. The pre-collection team is responsible for and manage customers who are more than one day late in making a payment. This involves an extensive work which requires significant resources since it represents a vital link in the entire value chain from initial loan application through to full repayment. Of those customers who receive an individual repayment plan in consultation with our pre-collection team, 70% repay on time. In our pre-collection process, our goal is to always reach an individualized, flexible repayment plan that focuses on helping the customer as the unique individual that they are.

Industry collaboration based on the individual

As an extension of our operational, day-to-day efforts to be a sound lender, we are committed proponents of areas that can further improve our work and the prevailing conditions for the industry as a whole. One example of this is the topic of a national debt registry in Sweden. In regards to this, Nordax welcomes the Swedish government's recent ordering of a report tasked with drafting proposals for a debt registry. We look forward to reading their proposals and hope this initiative progresses substantively over the coming year. A comprehensive, national debt registry would mean the government taking responsibility for ensuring that an individual's or household's credit situation is gathered in one place. This would be the most important preventive measure in combating over-indebtedness.

Over-indebtedness is, above all, a personal tragedy, but in the long run it also causes losses for businesses and great costs to society as a whole. A comprehensive national debt registry would ensure that credit assessments and left-to-live-on calculations carried out by all industry stakeholders were more robust. Greater transparency and access to information allows us to make better decisions that benefit everyone in society, lenders, the authorities and, most importantly, the individual. Similar initiatives are already in place or are being introduced by our Nordic neighbors.

We welcome the Swedish Financial Supervisory Authority's intention to focus particularly on the contractual relationship between lenders and loan intermediaries to ensure that they in no way limit the implementation of a robust credit assessment. We believe this is a step in the right direction both for the industry and for borrowers, although Nordax does not accept, nor has ever accepted, limitations of this kind.

Dissemination of knowledge in society

In 2022, we engaged in a number of initiatives aiming to improve public financial health, and plan to further accelerate this in the future.

In a large survey and accompanying report, “Relations-rap- porten” [Relationship Report], we examined in detail how money and relationships are linked and influence each other. This is an important matter, not least from an equality perspective. In addition to disseminating knowledge through nationwide campaigns and thereby raising awareness among our customers, this work has now generated a plethora of fruitful data points that we will monitor in order to achieve more equal, sustainable and inclusive financial health for more people.

Another important initiative during the year was the “Förspelet” campaign, which seeks to get people talking about money in order to feel better, take control of their personal finances and influence them in a positive direction. This became even more relevant in 2022 when increased macroeconomic uncertainty led to more people – espe- cially those who sit outside the narrow assessments of the traditional banks – needing to review their personal financial situation.

The "Förspelet" campaign is based on getting people to talk about money in order to improve their wellbeing.

In a joint initiative entitled “Svårlurad”, we collaborated with 25 other Nordic banks over a range of initiatives to educate and inform the public about the risks associated with telephone fraud, with a focus on the over-60s. This important initiative reflects many of the information campaigns and issues we have focused on for some time, especially given Nordax’s equity release mortgages which are aimed at this precise customer segment. In this respect, we have observed that further interventions will be necessary as digital development continues and fraudulent scams become increasingly sophisticated.

Sustainable operations

Conducting sustainable operations is one of our two main focus areas because it is central to our success. We are convinced it creates long-term value for our customers, employees and investors. If we take responsibility today, we improve our changes of running a successful business tomorrow.

This is essentially a case of future-proofing Nordax by ensuring that we attract and retain the right expertise, that engagement and leadership are strong and responsive, that succession planning is in place for business-critical roles, and that Nordax has a modern, equal and diverse organization. This also means that the organizational structure must be effective in terms of managing inherent risks and opportunities, as well as ensuring that business processes and the IT environment interact in a cycle of feedback and improvement.

All this work is rooted in our values which fill every part and level of our organization.

Our values
We are Wholehearted.
We take responsibility in relation to the world around us. We like to make things happen and we take responsibility for achieving our common goals. We are adaptable and do not hesitate to pitch in where we are needed. We always carry out a robust credit assessment and if our customers face problems repaying their loans then we are committed to helping them.

We Collaborate.
To succeed in achieving our goals, we need to join forces and share knowledge and experiences with each other. An adaptable and inclusive approach will allow us to make 1+1=3 a reality.

We Take the lead.
We use our curiosity and our initiative to challenge old truths and dare to try new things. We believe in people's ability to take responsibility for their actions and make decisions. Together, we are big enough to drive debate towards sustainable solutions.

We are wholehearted.
We collaborate.
We take the lead.

Committed employees are a key success factor
Nordax now has approximately 600 employees, primarily based in Stockholm and Oslo. We know that competent, motivated employees who are happy in their work provi- de better, customer-centric service. Thanks to our wide expertise and personal responsibility, a corporate culture based on participation and determination has emerged. An encouraging atmosphere, short decision pathways and a working environment characterized by collaboration, job satisfaction and commitment promote motivation and has become one of our cornerstones.

Given that employees' commitment is an established success factor, Nordax tracks this metric through regular employee surveys. Nordax (excl. Bank Norwegian) has a high engagement index rating of 86% while Bank Norwegian's score is 76%.

The concept of leadership in Nordax also entails un- derstanding and taking responsibility for our business and driving it forward by leading and developing others. Nordax's leaders are responsive, present and focused on precisely this. Nordax also conducts regular measurements in this respect. In 2022, the results were 89% for Nordax (excl. Bank Norwegian) and 84% for Bank Norwegian. Our workplace is characterized by collaboration, joy and commitment. In order to promote this further, an induction program for new employees is offered regularly throughout the year.

Nordax also monitors its Employee Net Promoter Score (eNPS) on a continuous basis. This score measures to what extent our employees would recommend Nordax as an employer. In 2022, the eNPS for Nordax (excl. Bank Norwegian) was 49%. The most recent measurement for Bank Norwegian showed a result of 19%, which is likely to have been affected by the ongoing merger work which was in its final stages when this measurement took place.

Equality and diversity

Both the Swedish and Norwegian operations are characterrized by high levels of ambition which is also made clear in both the relevant policies and in the actual gender ratio in the company where the proportion of women in management roles, both in the joint management team and in both businesses respectively is in the 44–55% range. The salary survey conducted also shows that women's salaries amount to between 97% and 102% of men's salaries. The theme of diversity can also be illustrated by the fact that Nordax's customer service organization is able to conduct a dialogue with customers in more than 20 different languages, including Arabic, Tigrinya and Urdu.
Naturally, we have a zero-tolerance policy towards all forms of discrimination.

Healthy operations via governance and control

Nordax's survival is completely dependent on public trust.A high ethical standard is thus the foundation for our conti- nued success.

Nordax works continuously to comply with regulations and ethical standards, manage and minimize risks, including ESG risks encompassing financial risks as well as future legislation and recommendations, and to maintain a healthy corporate culture in relation to all ethical issues. We work to maintain a positive business culture and seek to counteract corruption and other irregularities.

The Board of Directors is responsible for ensuring that Nordax conducts its business in a responsible and professional manner, that conflicts of interest are identified and managed in an adequate and appropriate manner, and that Nordax maintains a health risk culture and that the business is characterized by good internal governance and controls.

20

DIFFERENT LANGUAGES
(That customer ser- vices can conduct dialogue in)

84 %

LEADERSHIP INDEX
(Bank Norwegian 2022)

RESPONSIBLE BUSINESS	2022
Equality and diversity	
Number of languages that customer services can conduct dialogue in	+20
Gender distribution Board of Directors (women/men)	13%/87%
Gender distribution Senior Executives (women/men)	55%/45%
Salary survey (women's pay in relation to men's) – Nordax excl. Bank Norwegian	102%
Gender distribution Managers (women/men) – Nordax excl. Bank Norwegian	44%/56%
Gender distribution Employees (women/men) – Nordax excl. Bank Norwegian	59%/41%
Gender distribution Total (women/men) – Nordax excl. Bank Norwegian	57%/43%
Salary survey (women's pay in relation to men's) – Bank Norwegian	97%
Gender distribution Managers (women/men) – Bank Norwegian	48%/52%
Gender distribution Employees (women/men) – Bank Norwegian	52%/48%
Gender distribution Total (women/men) – Bank Norwegian	51%/49%
Employees	
Engagement Index – Nordax excl. Bank Norwegian	86%
eNPS – Nordax excl. Bank Norwegian	49%
Engagement Index – Bank Norwegian	76%
eNPS – Bank Norwegian	19%
Leaders	
Leadership index – Nordax excl. Bank Norwegian	89%
Leadership Index – Bank Norwegian	84%
Training	
Proportion of employees who have completed Anti-Money Laundering (AML) training – Nordax excl. Bank Norwegian	96%
Proportion of employees who have completed Anti-Money Laundering (AML) training – Bank Norwegian	89%

Clear ethical framework

Nordax has developed a clear framework pertaining to ethical issues. This incorporates issues such as conflicts of interest, remuneration, corruption, incident management and customer complaints, whistleblowing and conduct in the financial market and towards customers.

The ethical framework has been communicated to all employees who also undergo training on a continuous basis.Nordax has also developed a code of conduct based on its ethical framework. The Code of Conduct is adopted by the Board of Directors. Furthermore, Nordax has developed more detailed rules, processes and training that apply to specific areas incorporated into the ethical framework.

We encourage employees and others who may be active within or adjacent to the business to report their observations in the event of any misconduct or suspected irregularities, or in relation to unethical or illegal behavior within Nordax. Our employees should always feel that there is someone for them to turn to regardless of what such a report relates to, which is why the Bank has multiple reporting channels. Employees are also able to submit reports anonymously via Nordax's internal whistleblowing process. This internal reporting channel is a secure system provided by an independent third party and it can accept reports 24/7. The system also protects reports and any data concerning the person or persons whose identity is included in the report. All reported cases are investigated with immediate effect and appropriate measures are implemented. One case was raised via this channel during the year.

Nordax is a member of the UN Global Compact and has made a commitment to work on the basis of the ten principles of corporate sustainability. These principles relate to the areas of human rights, good working conditions, the environment and the prevention of corruption. In addition to ongoing efforts around these principles, an annual update and status report is also prepared.

Centralized corporate governance and risk management, as well as centralized control functions, enable Nordax to closely and effectively oversee internal governance and controls. The ultimate responsibility for Nordax's sustainability work lies with the Board of Directors. The Board of Directors are responsible for the adoption of policies, and each policy is updated annually to ensure it is as relevant as possible. The results are monitored and reported to the Board of Directors. The Annual Sustainability Report is prepared and subsequently approved by the Board of Directors.

Our policies govern our sustainability work

Our sustainability policy governs the company's overarching work on sustainability and its chosen focus areas of financial health for more people and sustainable operations. The policy emphasizes the importance of sustainability being integrated into strategic development and day-to-day business activities. This also sets out how to identify and manage risk. Other policies relating to Nordax's sustainability efforts are as follows:

- Policy Regarding Ethical Standards
- General Credit Policy
- Policy on Diversity and Assessment of Suitability of Directors and Key Function holders
- Policy Regarding Health and Safety in the Work Environment
- Remuneration Policy
- Financial Crimes Policy
- Anti-Bribery Guideline
- Complaints Management Policy
- Outsourcing Policy
- Privacy Policy
- Information Security Policy
- Code of Conduct

The Board of Directors delegates oversight of the sustainability work to the CEO. This responsibility is further distributed to all members of the management team, and thereafter especially to the persons responsible for communications and sustainability. Decisions pertaining to monitoring and further development of sustainability work are taken by the management team. Objectives are rooted throughout the organization through each manager and monitored throughout the year.

Everyone is encouraged to actively participate and take the initiative. As a result of its clear link to day-to-day operations, Nordax's policy is implemented in a manner that is natural and this means the monitoring takes place on an ongoing basis within the business.

Having a fully functioning approach to risk management is a fundamental prerequisite for any participant in the financial market if they are to succeed. Nordax has established an Enterprise Risk Management (ERM) framework. Instead of managing individual risks separately across different departments or risk areas, the ERM seeks to ensure that all financial, operational and strategic risks in the Company are managed uniformly, and that the common risk strategy permeates the entire organization. Our sustainability risks are an integral part of the ERM.

Our approach is part of our ongoing risk management

Nordax applies a process-oriented approach to its work which is based on the financial products that we offer on the market. We consider this to be the most customer-oriented and efficient approach to our work in order to meet the demands and expectations that we encounter from the market, our customers and other stakeholders. A process-oriented approach to work allows us to view the entire workflow across organizational boundaries and identify how different parts affect each other. It also provides clarity on how specific employees' duties contribute to the bigger picture and helps to create value for our colleagues and ultimately for our customers. This process risk management is an integral part of Nordax's overarching risk management framework.

Nordax must annually update and test its plans for continuity of and recovery in the event of disruption or interruptions to all significant processes. Furthermore, the company must conduct an annual risk analysis for each significant process to identify and manage process-related risk.

IT and information security

In many cases, Nordax's financial services constitute a vital cog in our customers' personal finances. They also entrust us with sensitive personal data about their financial situation. In order to administer the trust that our customers place in us, it is essential that we have appropriate IT systems in place, as well as ensuring that these are delivered reliably and securely.

Information security is another area subject to our continuous focus as the threats posed to the banking sector are constantly in flux and developing. In the field of information security, we must meet the requirements that are imposed on the Bank by new legislation and regulations, and we must meet our customers' expectations that we will process all data that they entrust to us securely. Nordax has recently rolled out an updated information security program on behaviors relating to and the management of information security within the bank. In order to economize, Nordax applies a well-developed prioritization process covering both major projects and minor changes, involving the parties that have requested the change and other affected parties within the organization. Priority is given to regulatory requirements, while commercial initiatives are prioritized based on the extent of the expected commercial benefit.

During the year, broader work relating to completion of a modern and flexible IT platform has also taken place. This will help to create the flexibility and stability that we need in order to be a modern bank.

Money laundering and other financial crime

A consequence of being engaged in banking activities is that the Company is exposed to the risk of financial crime such as fraud, money laundering, and terrorist financing. Addressing these issues properly and responsibly is essential for us and crucial to Nordax earning the trust of our stakeholders.

Nordax has completed a wide-ranging effort to strengthen its rules and processes and make them more efficient, to avoid the business being exploited for the purposes of money laundering and other types of financial crime. This framework is an integral part of our risk management approach. In line with this, Nordax has appointed the Chief Compliance Officer as the Money Laundering Reporting Officer. This officer is tasked with reviewing this work independently of the Anti-Financial Crime unit and reporting to the management team and Board of Directors. Additionally, the internal audit function is responsible for reviewing the work of both the Anti-Financial Crime unit and the Money Laundering Reporting Officer and reports directly to the Board of Directors. Nordax is involved in FinDef, a forum seeking to strengthen cooperation between specialist banks on relevant anti-money laundering issues.

Every employee in the company must annually complete training on our processes, in order to prevent and counteract the business from being exploited for the purposes of money laundering and other forms of financial crime. In 2022, 96% of the company's Swedish employees completed the AFC training program, while the equivalent figure for employees in Norway was 89%.

Impact on the climate and the physical working environment
Nordax's own business has a relatively limited carbon footprint. The areas in which we have an environmental impact are our data centers, cloud services, business travel, hardware, paper consumption arising from our product offering, and energy use in our workplaces. Lower paper consumption results in lower carbon emissions and thus more environmentally friendly, sustainable results, and Nordax offsets its carbon footprint relating to paper consumption via Zeromission. Nordax also has a green lease and green electricity contract in place for its premises.

We intend to continue our work in 2023 on increasing our knowledge of the impact on the climate that our full value chain has in order to form the basis for objectives and activities in the next step of the process.

Nordax also focuses on maintaining a positive physical working environment in our workplaces. This includes engaging in ongoing dialogue on how the office of the future should work as employees are offered flexible working practices and the opportunity to divide their hours between the office and home. Nordax is also focused on maintaining a safe working environment which is reflected in the fact that no workplace accidents took place in the company in 2022.

Upcoming regulations
In order to adapt governance, procedures and activities, we carefully monitor developments around future regulations that will affect Nordax's business. This monitoring also encompasses rules relating to sustainability and sustainability reporting.

Sustainability notes

H1 About the report
This is the fifth Sustainability Report from Nordax Bank and describes the business during the period January 1 to December 31, 2022. The Sustainability Report applies to the whole of the Nordax Group comprising Nordax Bank and its Bank Norwegian branch, as well as its subsidiary Svensk Hypotekspension.

The report has been prepared in accordance with the applicable regulatory requirements and is based on the guidelines for sustainability reporting in accordance with the GRI Universal Standards.

Assets classified as exposures to financial activities covered by the taxonomy comprise Nordax's mortgage lending. Those expo- sures not covered by the taxonomy include Nordax's personal lending and credit cards.

H2 – REPORTING IN ACCORDANCE WITH THE EU TAXONOMY 2022	Share of total assets
Assets	
Exposures to financial activities covered by the taxonomy	13.2%
Exposures to financial activities not covered by the taxonomy	61.2%
Exposures to governments, central banks and supranational issuers	3.1%
Derivatives	0.0%
Exposures to companies not covered by NFRD	0.0%
Trading portfolio	0.0%
Interbank loans repayable on demand	0.0%

H3 – CLIMATE BALANCE SHEET 2022	CO2 - tonnes
Scope 1	
Owned/leased vehicles	0.08%
Scope 2	**0.0%**
Electricity consumption (includes upstream and downstream losses)	40.5
District heating	12.5
District cooling	2.0

H4 – EMPLOYEE KPIS 2022	2022	Women	Men
Form of employment – Nordax excl. Bank Norwegian			
Permanent, full-time	426	243	183
Permanent, part-time	16	15	1
Fixed-term, full-time	-		
Fixed-term, part-time	77	41	36
Age distribution – Nordax excl. Bank Norwegian			
Under 30 years old	194	108	86
30-50 years	259	142	117
Over 50 years old	66	49	17
Form of employment – Bank Norwegian			
Permanent, full-time	145	73	72
Permanent, part-time	11	4	7
Fixed-term, full-time	4	4	0
Fixed-term, part-time	2	2	0
Age distribution – Bank Norwegian			
Under 30 years old	37	20	17
30-50 years	104	51	53
Over 50 years old	21	12	9
Equality			
Gender distribution Board of Directors (women/men)		13%	87%
Gender distribution Senior Executives (women/men)		55%	45%
Gender distribution Managers (women/men) – Nordax excl. Bank Norwegian		44%	56%
Gender distribution Employees (women/men) – Nordax excl. Bank Norwegian		59%	41%
Gender distribution Total (women/men) – Nordax excl. Bank Norwegian		57%	43%
Gender distribution Managers (women/men) – Bank Norwegian		48%	52%
Gender distribution Employees (women/men) – Bank Norwegian		52%	48%
Gender distribution Total (women/men) – Bank Norwegian		51%	49%
Leaders			
Leadership index – Nordax excl. Bank Norwegian	89%		8.5
Leadership Index – Bank Norwegian	84%		8.5
Training			
Proportion of employees who have completed Anti-Money Laundering (AML) training – Nordax excl. Bank Norwegian	96%		16.4, 16.5
Proportion of employees who have completed Anti-Money Laundering (AML) training – Bank Nor- wegian	89%		16.4, 16.5
Carbon footprint			
CO2 emissions, scope 1 & 2	55 ton		13

Director's report 2022

NORDAX BANK AB (publ)

Operations

ABOUT THE GROUP

Nordax Bank AB (publ) (corporate identification number 556647-7286) (hereinafter referred to as “Nordax” or “Nordax Bank”), with its registered office Stockholm, registered address PO Box 23124, 104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.nordaxgroup.com, is a wholly-owned subsidiary of Nordax Group AB (corporate identification number 556993-2485), with its registered office in Stockholm. Nordax Group AB’s owner is Nordax Holding AB (publ), which is primarily owned and controlled on a direct and indirect basis by Nordic Capital Fund VIII (approximately 35 percent), Nordic Capital Fund IX (approximately 45 percent) and Sampo Oyi (approximately 20 percent). As at December 31, 2022 Nordax Group AB controlled 100 percent of the Company. This is Nordax’s nineteenth fiscal year.

Following the cross-border merger described below, the Nordax Bank Group now comprises Nordax Bank and its subsidiary Svensk Hypotekspension AB (hereinafter referred to as “SHP”) and its subsidiaries. SHP includes Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ). Additionally, it includes NOBA Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgages 1 AB (publ) and Lilienthal Finance Ltd.

The acquisition of Bank Norwegian ASA occurred in November 2021, which means that the full earnings for Bank Norwegian are included in the outcome for the Group for 2022, but only for the outcome for November-December 2021.

CROSS-BORDER MERGER

On November 30, 2022, an intra-Group merger took place between Nordax and Bank Norwegian ASA. This merger was completed with Nordax as the acquiring company and Bank Norwegian as the company being acquired. Bank Norwegian’s business is now subsequently run as a Norwegian branch of Nordax under the legal name of Bank Norwegian, a branch of Nordax Bank AB (publ). The merger has no effect on the products and services offered by Nordax and Bank Norwegian. In connection with the intra-Group merger,

Daniella Bertlin was appointed as an employee representative on the Nordax Board of Directors while Klara-Lise Aasen, Merete Gillund and Fredrik Mundal were elected to the management team.

THE FOCUS OF OUR BUSINESS

On January 27, 2004 Nordax received a license to operate as a credit institution engaged in financing activities. On December 5, 2014, Nordax was granted permission by the Swedish Financial Supervisory Authority to engage in the banking business in accordance with the Swedish Banking and Financing Business Act and changed its name to Nordax Bank AB (publ). Via a centralized business model and organization based in Stockholm and Oslo, Nordax conducts cross-border banking operations in Sweden, Norway, Denmark, Finland, Germany, the Netherlands and Spain in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. Nordax’s main business consists of conducting lending to individual consumers in Sweden, Norway, Denmark, Finland, Germany, and Spain. Although Nordax previously had limited operations in Ger- many, it was only in 2021 that it embarked upon new lending in non-Nordic markets via its subsidiary Bank Norwegian ASA. Its lending consists of unsecured loans capped at an amount corresponding to SEK 600,000, NOK 600,000, DKK 400,000, or EUR 60,000. Since 2018, loans secured against a residential property in Sweden have also been offered, and loans secured against a residential property in Norway were introduced in 2019. Nordax also offers equity release mortgages to the over-60s via its wholly-owned subsidiary SHP, which was acquired in January 2019. Since November 2021, Nordax has also offered credit cards in Sweden, Norway, Denmark, Finland, Germany, and Spain via the branch in Norway. Nordax also offers savings accounts to individual consu- mers in Sweden, Norway, Denmark, Finland, Germany, Spain and the Netherlands. Deposits via savings accounts consti- tute part of Nordax’s diversified financing platform, which also comprises securitizations (otherwise known as asset- backed securities), financing backed by security from inter- national banks, bonds, shareholder equity and subordinated liabilities.

DEVELOPMENT OF BUSINESS VOLUMES DURING THE YEAR

Portfolio development

Total lending amounted to SEK 88.8 billion (70.7 billion) as of December 31, 2022, with approximately 85% of growth driven by new lending and approximately 15% driven by currency effects. All products contributed to the increase in volume.

Personal loans and credit cards

In 2022, all portfolios relating to both personal loans and credit cards exhibited good growth. As of December 31, 2022, the total volume of personal loans and credit cards amounted to SEK 73.0 billion (58.0 billion), with approximately 80% of growth driven by new lending and approximately 20% driven by currency effects.

Mortgage lending for housing

In 2018, Nordax launched its mortgage product to the Swedish market. The main target group is customers with some form of non-traditional employment, such as the self-employed and temporary employees, e.g. project contractors, part-time employees. Thorough credit assessments and personalized contact with customers facilitate lending to this customer group, members of which are often denied credit by the major banks despite having stable finances. Interest in our offering has been substantial and new lending continues to develop positively.

At the end of Q1 2019, Nordax also launched its mortgage loan product in Norway. As in Sweden, the target group in Norway is the non-standard employment sector, i.e. customers falling outside the tight restrictions imposed by the major banks.

During the year, new lending has seen a positive trend in both Sweden and Norway, with the total mortgage portfolio amounting to SEK 6.9 billion as at December 31, 2022 (5.1 billion).

Equity release mortgages

Nordax offers equity release mortgages through its wholly-owned subsidiary Svensk Hypotekspension, which was acquired in January 2019. The portfolio has continued to develop well during 2022 thanks to 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 and strong customer interest. The total volume of equity release mortgages amounted to SEK 8.8 billion as at December 31, 2022 (7.6 billion).

PROFIT AND PROFITABILITY

The Group

The operating profit amounted to SEK 1,329 million (-33 million). This increase is due to Bank Norwegian's operations affecting 2022 in its entirety while in the comparison period they only affected the months of November and December 2021, in addition to growth in lending and the negative accounting effects of the comparison period in relation to credit losses associated with the acquisition of Bank Norwegian. The profit also includes costs, which were driven by costs related to the ongoing work to integrate Bank Norwegian, start-up costs in Germany and Spain, the impairment of intangible assets attributable to Lilienthal Finance Ltd in the amount of SEK 201 million during Q4, and increased provisions for future credit losses.

Net interest income amounted to SEK 6,747 million (2,532 million). Net interest income increased primarily as a result of the consolidation of Bank Norwegian. In addition, net interest income was affected positively by a growth in lending and as a result of the review carried out during Q1 in relation to the effective interest rate.

Other general administrative expenses amounted to SEK -1,876 million (-1,319 million). This increase is primarily due to the consolidation of Bank Norwegian, but also relates to investments in the business partly due to ongoing integration work, increased personnel costs and work related to a new core banking platform.

Depreciation and impairments of tangible and intangible assets amounted to SEK -449 million (-62 million). The increase is primarily driven by the impairment of intangible assets attributable to Lilienthal Finance Ltd in the amount of SEK 201 million during Q4 and planned depreciation of intangible assets upon the acquisition of Bank Norwegian ASA in the amount of SEK 143 million. Additionally, depreciation related to the previous acquisition of SHP and other depreciation in the amount of SEK 105 million are included.

Other operating costs amounted to SEK -875 million (-269 million). The increase is due to the consolidation of Bank Norwegian and rising marketing costs driven by higher rates of activity.

Credit losses amounted to SEK -2,425 million (-1,013 million), equivalent to 3.0% (2.1%) of average lending. This increase is primarily due to the consolidation of Bank Norwegian, the establishment of new businesses in Germany and Spain and also the assessed effective rate of interest, as well as increased provisions for future credit losses. Credit losses were also negatively affected by increased provisions related to the deterioration in the macro climate, which led to SEK -120 million in increased credit losses during Q4 and SEK -162 million across the whole of 2022. Adjusted for credit losses associated with the new businesses in Germany and Spain and the increased macro provisions, there is an underlying credit loss level that is in line with the aggregate level for the preceding year. Given the uncertain macro outlook, Nordax sees a risk of higher credit losses in 2023.

Tax amounted to SEK -356 million (10 million) for the full year. The impairment of intangible assets is the main explanation for the deviation from the nominal tax rates in the Group.

Parent company

The operating profit amounted to SEK 1,053 million (1,061 million). The unadjusted profit includes an increase driven by a dividend paid by former subsidiary Bank Norwegian, as well as increased income as a result of a growth in lending and a reduction in terms of increased costs and credit losses. The profit was affected by credit losses in the amount of SEK 79 million and an impairment of shares in the amount of SEK 141 million attributable to Lilienthal Finance Ltd. As of the merger date on November 30, 2022, the Norwegian branch's earnings are included in those of the Parent Company.

Net interest income amounted to SEK 2,320 million (1,481 million). Net interest income increased due to the growth in lending in the Swedish business, contributions from the branch arising from the merger date and a review of the effective interest rate.

Credit losses amounted to SEK -984 million (-213 million), of which SEK 79 million were attributable to Lilienthal Finance Ltd. Total credit losses correspond to 1.8% (0.9%) of average lending. The increase is primarily due to increased lending, increased provisions for future credit losses and a review of the effective interest rate.

Operating costs amounted to SEK -1,282 million (-809 million). The increase is primarily due to increased costs related to the merger of Bank Norwegian and due to investments in the business, increased personnel costs and sale-related expenses.

Tax amounted to SEK 91 million (-79 million). The deviation from the nominal tax rate is primarily due to non-taxable items such as dividends from subsidiaries and revaluation of fair value hedges relating to shares in subsidiaries.

Deposits and savings

Deposit inflows have remained strong during the period and as at December 31, 2022 total deposits stood at SEK 77.1 billion (67.4 billion).

Borrowing

In October, Nordax subsidiary Nordax Sweden Mortgages 1 AB (publ) reached an agreement concerning new bilateral secured financing in the amount of SEK 2.3 billion via an international bank.

During Q4, two of Nordax's non-covered bonds of app- roximately SEK 1.7 billion matured. Total maturities and repurchases of non-covered bonds during 2022 thus amounted to approximately SEK 3.7 billion.

During Q2, Nordax Bank AB (publ) ended a number of financing arrangements. Following approval by the Financial Supervisory Authority of Norway, Bank Norwegian, which was still a subsidiary at the time, redeemed a subordinated loan in the amount of NOK 200 million and one Tier 1 capital loan in the amount of NOK 300 million. Additionally, a bilateral financing arrangement for SEK 500 million was redeemed via the subsidiary SHP.

During Q1, SHP obtained new bilateral secured financing of SEK 1.75 billion with an international bank via its subsidiary Svensk Hypotekspension 5 AB (publ). This new financing was paid out in April and helped to further strengthen the Group's liquidity and financing position.

Portfolio events

In December, Nordax completed the sale of two NPL portfolios in Norway and Sweden. This resulted in a reduced gross lending volume of SEK 2,328 million. Together with the sale of six portfolios earlier in the year, total portfolio sales for 2022 amounted to SEK 5,681 million, including a positive earnings impact of just under SEK 50 million. These sales have contributed in reducing Nordax's total provision ratio for future credit losses due to the ratio between Stage 3 gross lending and total gross lending having reduced to 10.3% for the full year of 2022 compared with 16.7% for the full year of 2021.

Rating

On November 14, 2022, Nordic Credit Rating awarded Bank Norwegian a credit rating valid until the date of the merger including the long-term credit rating of BBB, stable outlook, and the short-term credit rating N3.

On November 11, 2022, S&P Global Ratings revoked its BBB-/A-3 credit rating for Bank Norwegian at the request of Bank Norwegian. S&P Global Ratings assessed Bank Norwegian's outlook as stable at the time of the annulment of the credit rating.

In June 2022, Nordax received a confirmed credit rating from Nordic Credit Rating of BBB, stable outlook. This rating strengthens Nordax's ability to seek further market financing on attractive terms and to attract new investors in the capital markets.

Capital and liquidity[1]

Nordax's consolidated situation has very good capital and liquidity position.

As at "December 31, 2022 Common Equity Tier 1 Capital Ratio amounted to 15.05% (16.21), the Tier 1 capital ratio amounted to 17.06% (18.75) and the total capital ratio was 18.88% (20.83). The CET1-capital ratio requirement for the period is 10.36% (13.79), Tier 1 requirement was 12.15% (14.41) and the total capital ratio requirement was 15.02% (17.48). The lower capital ratios was mainly because the increase in CET1 capital, as a result of earnings, was lower than the growth in risk exposure amount.

The decrease in the capital requirements was mainly due to the systemic risk buffer which, at the end of year 2021 amounted to 1.91%, is no longer applicable for Nordax after the legal merger with Bank Norwegian. At the same time, the countercyclical capital buffer in Denmark and Norway has increased to 2%, from 0% and 1% respectively, and Sweden from 0% to 1%, which has increases Nordax's countercyclical capital buffer requirements to 1.04% (0.31).

Nordax's CET1 capital increased during the year and amounted to SEK 10.7 billion (SEK 9.8 billion) mostly driven by the positive net profit but also by repossessed credit provisions.

The leverage ratio was 10.41% (10.78)

Nordax's liquidity reserve amounts to SEK 20.3 billion (SEK 27.8 billion) and consists mainly of covered bonds, treasury bills and deposits with central banks and Nordic credit institutions. The liquidity coverage ratio (LCR) was 253.2% (124.0).

Net stable funding ratio (NSFR) was 122.0% (135.0). Nordax has a diversified funding structure with different sources allocated between credit institutions, the capital market and deposits from the public. Deposits from the public is the largest funding source and amounts to SEK 77.1 billion for the period (67.4 billion). For additional information on capital and liquidity, see Note 5 Capital adequacy.

Other events

Uncertainty in the financial and real economic markets remained during Q4. Both the impact of the war in Ukraine and high rates of inflation continued to put both households and businesses under pressure. This was exacerbated in December when already high energy prices reached new record peaks. The central banks thus continued down their chosen path with further increases in interest rates from both the Swedish and Norwegian central banks, as well as from their counterparts in other countries. These interest rate rises and high energy prices, together with otherwise rising prices, have had an impact on Nordax's customers and society as a whole, and Nordax has continued to monitor the situation closely. As a result of generally rising interest rates, Nordax continued to implement its own interest rate increases on lending and retail deposits during Q4 in all markets in line with increases in the preceding quarter.

In April 2022, Stabelo, in which Nordax holds an approximately 9% stake, carried out a new share issue worth SEK 200 million. Nordax subscribed to its full pro rata share in the new share issue, worth SEK 19 million.

1 After the merger, Nordax continued to take the capital requirements for pillar 2 of Bank Norwegian which has been determined by the Norwegian Financial Supervisory Authority. During the first quarter of 2023, an internal capital assessment has been carried out in accordance with the Swedish Financial Supervisory Authority's methods and requirements for all risks. If this assessment had been applied as of 31 December 2022, the Pillar 2 requirement would have amounted to 1.31% instead of 3.48% of the total risk-weighted exposure amount.

Significant events after balance sheet date

In mid-March, there was unrest in the financial markets as a result of several niche banking providers in the U.S being affected by considerable and rapid outflows from their deposit accounts when customers suddenly lost confidence in these banks. This was driven by significant realized losses related to certain assets which lost value amidst rising interest rates, and the subsequent uncertainty spread to other banks including major banks in Europe. Nordax has a well-diversified financing structure in place with a low concentration of risk, as well as good levels of high quality liquidity. Additionally, Nordax seeks to actively manage its interest rate risk. Nordax has not encountered any significant concerns relating to these events.

On March 8, 2023, Nordax initiated a process to change the name of the company to NOBA Bank Group AB (publ). The name change is part of a process seeking to establish a new group name that brings all three existing brands – Bank Norwegian, Nordax Bank and Svensk Hypotekspension – under the single name of NOBA. The brands, including Nordax Bank, will continue to operate separately as previously, and customers will not be affected by the change to the Group's name. The name change requires approval from the Swedish Financial Supervisory Authority prior to being registered with the Swedish Companies Registration Office, which is expected to take place during Q2 2023.

In early 2023, Anna Storåkers stepped down from Nordax's Board of Directors and Ragnhild Wiborg was elected to replace her. Klara-Lise Aasen announced at the beginning of the year her intention to step down as branch manager and on April 1, 2023 she was replaced by Merete Gillund, who was previously part of the Group management team and responsible for Innovation and Strategic Projects. In February, Tore Andresen, COO of Nordax Bank's Norwegian branch Bank Norwegian, became a member of the Group management team.

The Norwegian Ministry of Finance announced April 14th that it had requested the European Systemic Risk Board, ESRB, to lower their recommended materiality threshold for application of the Norwegian Systemic Risk Buffer from 32 to 5 billion NOK REA from Norwegian exposures, applicable as of December 31, 2023. With such a reduction Nordax' exposures would be above the materiality threshold.
The request had been sent to the ESRB in December 2022 and the ESRB had, in March 2023, followed the Ministry's request. The ESRB is thus recommending national authorities to reciprocate the new threshold within three months of its publication in the Official Journal of the EU. If the SFSA reciprocates the recommendation Nordax will thus be required to hold a Systemic Risk Buffer for Norwegian exposures. The Buffer would for Nordax amount to approximately 1% of total Risk Exposure Amount and due to come in force December 31, 2023.

After the balance sheet date, Nordax concluded the sale of its NPL portfolio in Finland on the gross lending volume of SEK 545 million. The sale resulted in a positive impact on results.

Risk and risk management

RISK MANAGEMENT FRAMEWORK
Nordax has established a risk framework for the Bank and the Group that ensures the healthy and efficient management of risks and control of operations.

Value creation risk management
The overall purpose of the Nordax risk management framework relates to the creation of value for the bank's and Group's businesses through ensuring effective internal governance, management and control of the bank's and Group's risks.

Effective risk management and the control of risk within Nordax is based on a healthy and robust risk culture, an effective control environment and a common working approach. A healthy and robust risk culture is also at the heart of ensuring that the bank and Group are able to implement their business plans and strategies.

Nordax's risk culture encompasses respect between colleagues and vis-à-vis customers, investors and other external stakeholders. An important aspect of Nordax's risk culture is a high level of risk awareness among employees, as well as upholding a responsibility for value creation. Nordax and the Group take clear ownership of risks and likewise take clear responsibility in terms of managing those risks in an effective, appropriate and responsible manner.

Nordax's risk management framework is regulated by the bank's and Group's internal governance documents, and encompasses strategic objectives, risk appetite, risk strategy, risk culture, internal risk limits, significant process, the overarching governance model and Nordax's overall risk management process.
Nordax's Risk Management Process comprises the following components:

- identification and assessment of risks;
- management and/or mitigation of risks;
- monitoring and control of risks;
- reporting of risks.

Nordax has established an effective governance model for risk management within the bank and Group based on three lines of defense. The governance model creates a clear division of responsibility within the business in relation to which function:

- own risks (first line of defense);
- monitors, controls and supports work relating to risk management (second line of defense);
- conducts independent reviews (third line of defense)

The Nordax management model is also an effective way to manage regulatory requirements, ensure that internal rules are observed and that any breaches are quickly identified and efficiently mitigated.

Risk appetite and risk limits
Nordax's and the Group's risk appetites are defined in a framework consisting of qualitative risk appetite formulations that are made more explicit via quantitative risk limits at both the Board of Directors and senior management levels. The risk appetite framework also incorporates roles, responsibilities, reporting procedures and escalation procedures in the event that these limits are exceeded. In the event that these limits are exceeded, such violations are escalated on an immediate basis to Risk Control, the CEO, and – in the event of Board limits – to the Board of Directors. The responsibility for continuously monitoring levels of exposure in relation to the risk limits lies with the risk owner. Nordax's independent risk control function monitors levels of exposure on a monthly basis in relation to all risk limits for the Bank and the Group and reports their findings to the CEO and management team. Results from the risk control function's monitoring activities are also included in the function's reporting to the Nordax Board of Directors on at least a quarterly basis.

Development of risk management
In 2022, Nordax completed a merger between Nordax Bank and Bank Norwegian, which also resulted in the creation of Nordax Bank's Norwegian branch. Due to the previous acquisition of Bank Norwegian by Nordax in 2021 and the merger in 2022, the bank and the Group adapted and updated their governance model and framework for risk management and risk appetite. This has included the addition to and amendment of governing documents, the updating of risk taxonomies and risk appetites to adjust both the existing business activities and the risks assumed by the new Group. The rapid increase in size and complexity of the business operations has been matched with changes in risk assessments, model risk management and new processes and tools for risk control and compliance purposes.

Nordax's updated risk taxonomy now includes:

- Aggregate risk
- Credit risk
- Market risk
- Liquidity risk
- Operational risk
- Financial crime
- Compliance risk
- Business Risk and Strategic Risk

Nordax manages risks related to the environment, social responsibility and corporate governance based on the risks listed above. This is described in further detail in Nordax's sustainability reporting.

Aggregated risk

Within Aggregated risk, Nordax and the Groups compliance of central capital- and liquidity requirements are ensured. The capitlal- and liquiditypositions shall support the strategic and financial goals on medium term and the financial statement shall be resilient under periods of severe stress. Nordax and the Group has established a numerous of risk management processes, -analysis, and controls in order to ensure that internal and external requirements are followed in the current business operations.

Credit risk

Nordax and the Group's credit risk consists of the fact that customers, counterparties and issuers are sometimes unable to pay in accordance with payment schedules. Nordax and the Group's primary exposures to credit risk arises from consumer lending, credit cards, domestic mortgages, equity release mortgages, investments and derivative agreements that have been entered into.

Nordax and the Group's issued credit is diversified across markets and segments to balance risk against expected returns, which provides for long-term sustainable risk-adjusted returns. Unsecured lending is supported by robust and precise credit processes, which is why Nordax is able to operate in a segment typified by higher risks while assuming lower risks itself. Nordax and the Group continuously monitor credit risks and credit risk trends in their portfolios via statistical analysis, as well as by regular validation of its credit risk models. Furthermore, analyses and segmentations pertinent to Nordax's exposures to credit risk and its development are carried out on an ongoing basis. The results of these analyses then form the basis of the continuous credit risk assessment, as well as the foundations of developments in and changes to credit risk models.

Nordax's credit risk exposure from residential mortgages is assessed as being medium risk based on the fact that they are offered to customers regardless of employment form and are customized to the needs of customers. Risk relating to residential mortgages is also managed via the deployment of robust and precise credit processes and individual assessments, as well as Nordax's policy of only accepting high quality collateral. Nordax and the Group have a low risk appetite in relation to investments of their liquidity. Funds should preferably be invested with institutions benefitting from high credit ratings and in secured assets such as sovereign debt and covered bonds. Investments are diversified in order to reduce Nordax's exposure to counterparty risk.

Market risk

Exposures to market arise as a natural part of Nordax's business model and activities, and primarily consists of interest rate risk, foreign exchange risk, credit spread risk and share price risk. Nordax and the Group manage their market risk through effective governance and by matching currencies, interest rates and maturities pertaining to the bank's and the Group's assets and liabilities. Derivatives are used to hedge against negative derivatives in exchange rates and market interest rates, thus minimizing Nordax's exposure to residual market risks. Nordax accepts market positions as a result of strategic investments. Nordax's appetite for market risk is low, and its approach to market risk management must be capital efficient.

Liquidity risk

Nordax and the Group have a low risk appetite in terms of liquidity risk. Nordax manages Liquidity risk via the well-balanced selection of a combination of assets and liabilities distributed across a mix of desired terms and currencies. In light of the fact that Nordax and the Group invest in high quality assets with a low counterparty risk, it is expected that these can be sold – and within 30 days – even in a distressed situation. Nordax monitors and forecasts the bank's and the Group's regulatory requirements relating to LCR (liquidity coverage ratio) and NSFR (net stable funding ratio) to ensure that these are maintained both in the short and long term.

Operational risk

Nordax has a low risk appetite in terms of operational risks. However, all areas of the Bank's and the Group's business are exposed to operational risks. These risks are related to human error, processes, information security, legal risks and external factors. To manage and minimize these operating risks, the bank and Group have implemented the use of various tools and processes, such as the self-assessment of operational risks and the design of checks, incident management, continuity and crisis management, control testing, monitoring of risk indicators and the approval process for new products, services and processes.

Financial crime

Nordax and the Group have a low risk appetite in relation to financial crime as this not only poses a risk of harm to the bank and the Group as a whole, but also to the entire financial system. Financial crime includes money laundering, terrorist financing, violations of international sanctions, fraud, bribery, and corruption. Nordax works to identify and manage these types of risks via analysis of its business for inherent risks and subsequent management of them. This can include monitoring transactions, identifying lending patterns, and maintaining comprehensive processes for the analysis and approval of customers prior to embarking upon a business relationship.

Compliance risk

Nordax has low risk appetite in terms of compliance risks. Compliance risk constitutes the risk that the Company does not comply with applicable internal and external regulations and the risk that internal governance procedures are inadequate. Nordax and the Group manage compliance risk by following the bank's and the Group's process for regulatory monitoring, which aims to identify, evaluate and implement new and amended requirements that are mandated by external legislative and regulatory requirements. Nordax has also developed its own processes and procedures to regularly check compliance with internal and external regulations in day-to-day operations.

Business Risk and Strategic Risk

Nordax and the Group ensure that the business model is sustainable in the long-term via the creation of competitive products and services. Given the good adaptability of Nordax and the Group to technological, customer and market change, Nordax and the Group are able to have a higher appetite for risk relating to business risks. Business Risk and Strategic Risk relate partly to changes in macroeconomic conditions and technologies, external risks and changes to the markets and segments that Nordax operates within, as well as specific risks in relation to the bank and the Group's business model and strategies. Nordax is in an expansive stage and has a stated strategy to grow the business. Such an expansion is taking place at a time when the financial market is undergoing change in terms of technological solutions, regulatory requirements and customer behavior and expectations. Nordax has well-proven processes in place for managing business risk, both in relation to strategies for efficiently handling and mitigating external market-related changes and for ensuring that the bank's and Group's financial and strategic objectives are achieved.

Other

Sustainability Report and Corporate Governance Report

A Sustainability Report and a Corporate Governance Report is provided separately from the Directors' Report on pages 13–28 and 40–44 respectively.

Five-Year Summary

GROUP

KEY FIGURES	2022	2021	2020	2019	2018
Common Equity Tier 1 Capital Ratio, %	15.1	16.2	16.2	14.0	17.0
Return on equity, %	5.0	-0.2	17.9	13.5	13.8
Return on assets, %	0.8	-	1.7	1.1	1.7
Cost/Income ratio, %	46	63	38	52	41
K/I ratio excludes acqusition costs	-	41	-	-	-
Credit loss level, %	3.0	2.1	1.6	1.4	2.7
Credit loss level in % excluding initial effect upon acquisition	-	1.0	-	-	-
Net interest margin	8.5	5.1	6.6	7.0	9.3
New lending	37,976	15,525	9,623	10,815	5,986
Number of employees	592	474	329	269	217
Summary income statements					
Net interest income	6,747	2,532	1,753	1,507	1,325
Commission income	414	166	71	74	18
Net profit from financial transactions	-207	-68	-10	-11	37
Total income	6,954	2,630	1,814	1,570	1,380
Total operation expenses	-3,200	-1,650	-694	-821	-571
Credit losses	-2,425	-476	-416	-286	-380
Credit losses including initial effect at acqusition	-	-537	-	-	-
Operating profit	1,329	-33	704	463	429
Tax	-356	10	-155	-111	-103
Profit of the year	973	-23	549	352	326
Summary balance sheets					
Lending to central banks	3,723	1,924	728	100	-
Lending to creditinstitutions	3,332	3,080	1,101	1,152	2,681
Lending to the general pubiic	88,756	70,681	27,656	25,271	15,140
Bonds and other fixed-income securities	13,608	23,318	2,329	3,120	1,187
Other assets	9,906	9,577	1,257	1,345	556
Total assets	**119,325**	**108,580**	**33,071**	**30,988**	**19,564**
Liabilities to credit institutions	9,739	6,609	1,605	3,068	2,831
Deposits from the general public	77,104	67,424	24,180	19,222	11,278
Securities issued	8,416	10,866	3,330	5,105	2,581
Other liabilities	4,312	4,728	604	818	434
Equity	19,754	18,953	3,352	2,775	2,440
Total liablities and equity	**119,325**	**108,580**	**33,071**	**30,988**	**19,564**

Proposed dividend

THE FOLLOWING PROFITS ARE AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:

All amounts in SEK	
Retained earnings	12,028,370,000
Provided group contribution	-14,603,000
Tax on group contribution	3,008,000
Net profit/loss for the year	1,144,250,000
Total	13,161,025,000

THE BOARD OF DIRECTORS PROPOSES THAT THE PROFITS BE APPROPRIATED AS FOLLOWS:

All amounts in SEK	
Carried forward to new acount	13,161,025,000
Total	13,161,025,000

Group contributions have been received from Nordax Nordic 2 AB in the amount of SEK – (50,000), from Nordax Sverige 4 AB in the amount of SEK – (50,000), from Nordax Sverige AB in the amount of SEK 50,000 (50,000), from Nordax Nordic 4 AB in the amount of SEK – (50,000), from Nordax Sverige 5 AB in the amount of SEK 50,000 (50,000), and from Nordax Sweden Mortgage 1 AB in the amount of SEK 50,000 (–).

Corporate governance report 2022

NORDAX BANK AB (publ)

Introduction

Nordax Bank AB (publ) ("Nordax Bank" or "Nordax") has issued transferrable securities that are listed for trading on Nasdaq Stockholm.

On November 30, 2022, an intra-Group cross-border merger took place between Nordax Bank and Bank Norwegian ASA ("Bank Norwegian"). The merger was carried out with Nordax Bank as the acquiring company and Bank Norwegian as the company being acquired. Bank Norwegian's operations continue to be run through a Norwegian branch of Nordax Bank, whose legal name is Bank Norwegian, a branch of Nordax Bank AB (publ). As a result of the merger, Nordax Bank has become the issuer and debtor in relation to those bonds originally issued by Bank Norwegian that were listed on the Oslo Børs and Nordic ABM.

Nordax Bank is a wholly owned subsidiary of Nordax Group AB, which in turn is a wholly owned subsidiary of Nordax Holding AB (formerly NDX Intressenter AB). Nordax Holding AB is controlled by Nordic Capital and Sampo (see also below, in the section "Direct or indirect shareholdings in Nordax that represent at least one-tenth of the voting rights for all shares of Nordax").

Nordax Bank conducts a banking business and is regulated by the Swedish Financial Supervisory Authority. Nordax Bank complies with the various relevant laws and regulations pertaining to the principles of good corporate governance and business ethics, and guidelines for the control of the operations of the Company. These include the Swedish Companies Act (2005:551), the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559), the Nasdaq Stockholm Nordic Main Market Rulebook for Issuers of Shares, the Oslo Børs Rulebook I and II for Issuers, the Swedish Banking and Financing Business Act (2004:297), the Special Supervision of Credit Institutions and Investment Firms Act (2014:968) and the International Financial Reporting Standards (IFRS).

Nordax Bank is also obligated to comply with a number of regulations and guidelines issued by the Swedish Financial Supervisory Authority and other public authorities such as the European Banking Authority (EBA).

Nordax Bank has prepared this corporate governance report in accordance with the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559).

In accordance with the basic principles regarding the governance and organization of limited liability companies, Nordax Bank is governed by its Annual General Meeting, the Board of Directors appointed by the shareholders at the AGM, the Chief Executive Officer (CEO) appointed by the Board and the Board's supervision of Nordax Bank's Management. The auditor appointed by the Annual General Meeting shall present an Auditor's Report its audit of the Company's statutory financial statements and consolidated financial statements, on the appropriation of profits, and on the management of the Company and its activities by the Board of Directors and the Chief Executive Officer.

The most important elements in the company's system for internal control and risk management in connection with the financial reporting

The internal control of financial reporting is based on the six cornerstones of internal control presented below: control environment, risk management, control activities, information and communication, follow-up, and evaluation of and opinion on internal audits.

System of internal control and risk management for financial reporting

Internal control of financial reporting is a process that ensures that the principles established for internal control and financial reporting are complied with, and that the Company's financial reporting is prepared in accordance with the law, regulations, applicable financial reporting standards and generally accepted accounting practice, as well as with other requirements of companies whose transferrable securities are listed for trading in a regulated market.

Control environment

Fundamental to Nordax Bank's control of financial reporting is its control environment described in the Corporate Governance Report, including a clear and transparent organizational structure, clear definition of authorizations and responsibilities and governing documents such as internal policies, instructions, guidelines and manuals. This also includes the ethical guidelines that are communicated to all employees and represent a fundamental condition for an effective control environment.

Examples of policies, instructions, guidelines and manuals include the Board's Rules of Procedure, CEO instructions, Branch Manager instructions, policy for the risk control function, compliance policy, policy for internal audit function and policy for accounting and attestation. Governing documents are evaluated continuously, although at least annually, and are updated as required by reason of new or amended regulations and/or in the event of internal changes in the business.

Another component of the control environment is risk assessment, i.e. identification and management of the risks that can affect the financial reporting as well as the control activities that are designed to prevent, detect and correct errors and breaches.

To assure adequate risk management and compliance with laws, regulations and internal control documents, Nordax Bank's risk management and internal control environment are built on the three lines of defense.

Risk management

Risk management at Nordax Bank, applied to risks associated with financial reporting, takes a proactive and monitoring role with an emphasis on evaluation, controls, and training initiatives. Nordax Bank uses available techniques and methods for managing risk in a cost-efficient way.
Risk management is an integral part of business activities.

Control activities
Various control activities are built into the financial reporting process. These control activities include both general and detailed checks designed to prevent, reveal and remedy errors, deviations and any irregularities that may have a material impact on financial reporting. The control activities are produced and documented at the corporate and department levels, on a reasonable level relative to the risk of errors and the effects of such errors. The person responsible in each department is firstly responsible for managing risks that are linked to the activities and financial reporting processes of the department concerned. In addition, a high level of IT security is essential to effective internal control of financial reporting. On that basis, rules and guidelines are in place to ensure the availability, accuracy, confidentiality, and traceability of information in the business systems.

Nordax Bank has developed a governance framework tied to IFRS 9 that comprises a committee meeting chaired by the CFO, where all relevant functions are represented. Moreover, a control framework has been developed where controls for the material aspects of the IFRS 9 process are formalized.

The purpose of these controls is to control and verify, for example, inputs and outputs, and to ensure that material prepared for committee meetings has been produced in accordance with the duality principle.
Furthermore, the risk control function carries out independent controls of provisions and impairments under IFRS 9. The purpose of these controls is partly to validate the outcome and results of controls carried out by the first line, partly to independently validate the accuracy of the input data for the models, the models' performance and trends in the results and outcomes of the models.

Information and communications
The Company has information and communication channels intended to support completeness and accuracy in financial reporting. Governing documents in the form of internal policies, instructions, guidelines and manuals for financial reporting have been made available and known to the personnel concerned via the Nordax Bank intranet, and they are supplemented by descriptions of procedures and processes in place.
Ongoing information, dialogue, training initiatives, and checks are used to ensure that employees are acquainted with and understand the internal system of regulation. The internal system of regulation, consisting of policies, instructions, guidelines and manuals, supplemented by descriptions of procedures and processes in place, is the most important tool of information provision in securing the quality of financial reporting. The system used for financial reporting encompasses the entire Group as a whole.

The aim of external communications is to provide an accurate picture of Nordax Bank and is governed by the communication policy.

Nordax Bank holds investor and analyst meetings, and participates in investor seminars.

Measures taken by the Board of Directors to monitor internal control over financial reporting.
The Board's Audit and Risk Committee is responsible for the preparation of the Board of Directors work with quality assurance of the financial reporting. The Committee takes part of and prepare reports from Nordax external auditors, internal auditors and compliance.

Economic follow-up
The Board of Directors receives monthly financial reports and every Board meeting considers the Company's and the Group's financial position. The follow-up takes place of the Company's and the Group's financial position and results, key figures, costs in relation to budget, forecasts, etc.

Nordax Bank's Accounting and Reporting Department regularly compiles and reports financial and operational figures and analyses to the heads of units, the senior management, and the Board of Directors. Nordax Bank's Accounting and Reporting unit actively monitors income and expenses in relation to the budget and forecast. This work is done in close consultation with the management team and the rest of the organization.

Monitoring
The control functions Risk Control, Compliance and Internal Audit monitor compliance with internal policies, instructions, guidelines and manuals.

At least quarterly, the Board of Directors is presented with reports from Risk Control and Compliance. The reports include monitoring and follow-up of the business and its risks as well as an evaluation of the efficiency and practicality in terms of risk management and compliance and apply to the full organization.

The Group's information and communication channels aremonitored continuously by the Board of Directors to ensure their appropriateness in terms of financial reporting.

Evaluation of and opinion on the internal audit

Nordax Bank's Internal Audit function is appointed by, and reports directly to, the Board of Directors via the Audit and Risk Committee. The role of Internal Audit is governed by the policy on the Internal Audit function, and the function's work is based on an audit plan which is scrutinized annually by the Audit and Risk Committee and adopted by the Board of Directors.

The plan is based on a risk analysis performed jointly with the Risk Control and Compliance functions and the Chair of the Audit and Risk Committee. The work of Internal Audit includes scrutinizing and determining whether systems, internal control mechanisms and routines are appropriate and effective, verifying compliance with current recommendations and at least once a year reporting in writing to the Board of Directors and its Audit and Risk Committee.

Internal Audit has been outsourced to an external party to guarantee quality and independence in evaluation and auditing.

Direct or indirect shareholdings in the Company that represent at least one-tenth of the voting rights for all shares of the Company

Nordax Holding AB (publ) owns and controls 100 percent of the shares of Nordax Group AB (publ) as at December 31, 2022. In turn Nordax Group AB owns and controls 100 percent of the shares of Nordax Bank AB (publ) as at December 31, 2022. The largest shareholders in Nordax Holding AB (publ) were Cidron Xingu Sarl, Cidron Humber Sarl and Sampo Oyj. Via its direct and indirect holdings, Cidron Humber Sarl owns and controls a total of 34.74 percent of shares and 34.76 percent of voting rights in Nordax Holding AB (publ), of which 33.13 percent is via direct ownership. Via its direct and indirect holdings, Cidron Xingu Sarl owns and controls a total of 45.16 percent of shares and 45.21 percent of the voting rights in Nordax Holding AB (publ), of which 41.31 percent is via direct ownership. Via its direct and indirect holdings, Sampo Oyj owns and controls a total of 20.01 percent of shares and 20.02 percent of voting rights in Nordax Holding AB (publ), of which 19.07 percent is via direct ownership. Nordic Capital Fund VIII has an indirect ownership in Nordax Holding AB (publ) by its holding in Cidron Humber Sarl and Nordic Capital fund XI has an indirect ownership in Nordax Holding AB (publ) through its holding in Cidron Xingu Sarl.

Restrictions on how many votes each shareholder can cast at the AGM

The share capital consists of one class, where all shares carry the same rights and shareholders may cast votes for all the shares they own or represent.

Provisions in the Articles of Association on the appointment and dismissal of members of the Board of Directors and amendment of the Articles of Association

The Articles of Association have no provisions regarding the appointment or dismissal of Members of the Board of Directors, except for one provision on the minimum and maximum number of Members.

A notice convening an Extraordinary Meeting of Shareholders (EGM) at which amendment of the Articles of Association is to be considered must be issued no earlier than six weeks and no later than four weeks before the shareholders meeting. Nordax Bank's current Articles of Association were adopted at the Extraordinary Meeting of Shareholder on March 16, 2018.

The AGM's authorization to the Board of Directors to resolve that the company issue new shares or acquire its own shares

The Annual General Meeting has not authorized the Board of Directors in 2022 to decide that the Company be authorized to issue new shares or acquire own shares.

Financial reports and notes 2022

NORDAX BANK AB (publ)

Nordax Bank

Consolidated income statement

GROUP

MSEK	Note	JAN–DEC 2022	JAN–DEC 2021
Operating income			
Interest income	9	8,025	3,011
Interest expense	9	-1,278	-479
Total net interest income		**6,747**	**2,532**
Net commission income	10	414	166
Net profit from financial transactions	11	-207	-68
Other operating income	12	0	0
Total operating income		**6,954**	**2,630**
Operating expenses			
General administrative expenses	13	-1,876	-1,319
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	14	-449	-62
Other operating expenses	15	-875	-269
Total operating expenses		**-3,200**	**-1,650**
Profit before credit losses		**3,754**	**980**
Net credit losses[1]	16	-2,425	-476
Credit losses, initial effect of acquisitions[2]	16	–	-537
Operating profit		**1,329**	**-33**
Tax on profit for the period	18	-356	10
NET PROFIT FOR THE PERIOD		**973**	**-23**

[1] Relates to expected credit losses excluding initial effect upon acquisition in 2021.
[2] Relates to expected credit losses in relation to the initial effect arising in connection with the acquisition of Bank Norwegian in 2021 as the acquisition of Bank Norwegian entailed an increase in retail lending by the Nordax Group as a whole in the amount of SEK 36,398 million.

Consolidated statement of comprehensive income

GROUP

MSEK	JAN-DEC 2022	JAN-DEC 2021
NET PROFIT FOR THE PERIOD	973	-23
Items to be reclassified in the income statement		
Gains and losses on revaluation during the year	203	3
Tax on gains and losses on revaluation during the year	-46	0
Total cash flow hedges	157	3
Translation of foreign subsidiaries	582	402
Hedge accounting of net investment before tax	-911	-369
Tax on hedge accounting	188	76
Tax on translation differences	18	-
Total translation differences	-123	109
Items not to be reclassified in the income statement		
Changes in value in other shares	4	-
Total	4	-
Total other comprehensive income	38	112
COMPREHENSIVE INCOME	1,011	89
Attributable to:		
The Parent Company's shareholders	964	72
Holders of Tier 1 capital	47	17

Parent company income statement

PARENT COMPANY

MSEK	Note	JAN–DEC 2022	JAN–DEC 2021
Operating income			
Interest income	9	3,341	2,008
Interest expense	9	-1,021	-527
Total net interest income		**2,320**	**1,481**
Received group contribution		907	387
Commission income	10	133	62
Net profit from financial transactions	11	-266	-66
Other operating income[1]	12	366	219
Total operating income		**3,460**	**2,083**
Operating expenses			
General administrative expenses[2]	13	-985	-664
Depreciation and impairment of property, plant and equipment and intangible assets	14	-62	-10
Other operating expenses[2]	15	-235	-135
Total operating expenses		**-1,282**	**-809**
Profit before credit losses		**2,178**	**1,274**
Net credit losses	16	-984	-213
Impairment loss on financial fixed assets	17	-141	-
Operating profit		**1,053**	**1,061**
Tax on profit for the period	18	91	-79
NET PROFIT FOR THE PERIOD		1,144	982

[1] Other operating income refers to income from securitised loans.
[2] A transfer of costs of SEK 52 million has been made between general administrative costs and other operating costs since the year-end report.

Parent company statement of comprehensive income

PARENT COMPANY

MSEK	JAN-DEC 2022	JAN-DEC 2021
NET PROFIT FOR THE PERIOD	1,144	982
Items to be reclassified in the income statement		
Gains and losses on revaluation during the year	113	3
Tax on gains and losses on revaluation during the year	-23	-
Total cash flow hedges	90	3
Translation of foreign subsidiaries	-197	-
Hedge accounting of net investment before tax	95	-
Tax on hedge accounting	-19	-
Tax on translation differences	18	-
Total translation differences	-103	-
Items not to be reclassified in the income statement		
Changes in value of other shares	4	-
Total	4	-
Total other comprehensive income	-9	3
COMPREHENSIVE INCOME	1,135	985
Attributable to:		
The Parent Company's shareholders	1,111	968
Holders of Tier 1 capital	24	17

Statement of financial position

MSEK	Note	GROUP 31 December 2022	GROUP 31 December 2021	PARENT COMPANY 31 December 2022	PARENT COMPANY 31 December 2021
ASSETS					
Lending to central banks	19	3,723	1,924	3,723	1,088
Lending to credit institutions	19	3,332	3,080	2,650	1,503
Lending to the general public	20	88,756	70,681	79,957	26,647
Bonds and other fixed-income securities	21	13,608	23,318	13,608	2,531
Other shares	22	168	154	168	127
Shares in subsidiaries	23	–	–	1,030	21,115
Change in the value of currency-hedged shares in subsidiaries	24	–	–	–	369
Derivatives	25	419	140	419	3
Intangible assets	26	8,892	9,044	7,579	8
Tangible assets	27	77	93	10	7
Current tax assets	18	2	2	94	15
Deffered tax assets	18	–	–	–	51
Other assets	28	282	81	2,214	1,670
Prepaid expenses and accrued income		66	63	55	38
TOTAL ASSETS		119,325	108,580	111,507	55,172
LIABILITIES, PROVISIONS AND EQUITY					
LIABILITIES					
Liabilities to credit institutions	29	9,739	6,609	–	–
Deposits from the general public	30	77,104	67,424	77,104	30,035
Issued securities	31	8,416	10,866	6,166	1,480
Liabilities to securitization firms[1]		–	–	4,373	2,528
Derivatives	25	307	437	307	295
Current tax liabilities	18	186	485	265	–
Deferred tax liability	18	701	787	758	1
Other liabilities	32	1,128	810	1,300	527
Accrued expenses and deferred income		459	476	430	244
Subordinated liabilities	33	1,531	1,733	1,531	972
TOTAL LIABILITIES		99,571	89,627	92,234	36,082
EQUITY					
Share capital		73	73	73	73
Other reserves		4,476	4,476	4,476	4,476
Other funds		–	–	1	5
Fair value reserve		39	35	39	35
Cash flow hedges		161	3	161	3
Tier 1 capital instruments		1,470	1,757	1,470	1,320
Translation of foreign operations, net		-42	109	-108	–
Retained earnings, incl. profit for the year[2]		13,577	12,500	13,161	13,178
TOTAL EQUITY		19,754	18,953	19,273	19,090
TOTAL LIABILITIES, PROVISIONS AND EQUITY		119,325	108,580	111,507	55,172

[1] Liabilities to securitization companies relate wholly to liabilities to subsidiaries for securitized loans which are recognized in the accounts of Nordax Bank AB since the derecognition provisions of IFRS 9 have not been met.
[2] Of which unconditional shareholder contributions SEK 9,652 million.

Statement of cash flows

	GROUP		PARENT COMPANY	
MSEK	2022-12-31[3]	2021-12-31	2022-12-31	2021-12-31
Operating activities				
Operating profit[1]	1,329	-33	1,053	1,061
Adjustment for non-cash items				
Exchange rate effects	-232	23	32	-76
Depreciation and impairment of property, plant & equipment	449	61	62	10
Amortization of financing costs	22	8	12	4
Reversal of acquired surplus value in lending to the general public	184	35	6	–
Unrealized changes in value of bonds and other fixed income securities	-10	-2	4	6
Net changes in hedged items in hedge accounting	-548	-290	-1,037	-366
Value change shares and participations	4	–	4	–
Credit losses	3,633	1,583	1,557	734
Impairment of shares in subsidiaries	–	–	141	–
Reclassification in connection with business combinations	–	-5	–	–
Income tax paid	-696	-202	-63	-157
Dividend to parent company	–	-150	–	-150
Change in operating assets and liabilities				
Decrease/Increase in lending to the general public	-20,830	-6,608	-9,819	-5,861
Decrease/Increase in other assets	-170	170	1,801	1,335
Decrease/Increase in deposits from the general public	8,452	4,254	9,719	5,325
Decrease/Increase in other liabilities	-98	1 621	-624	781
Cash flow from operating activities	-8,511	465	2,848	2,646
Investing activities				
Purchase of shares	-19	10	-19	12
Business combinations	–	-13,651	–	-15,593
Purchase of equipment & intangible assets	-41	-10	-12	-1
Investment in bonds and other interest bearing securities	-31,503	-47,426	-43,389	-41,994
Sale/disposal of bonds and other fixed income securities	41,823	46,971	41,823	41,819
Cash flow from investing activities	10,260	-14,106	-1,597	-15,757
Financing activities				
Change to liability to credit institutions	3,124	4,002	–	–
Change issued securities	-2,562	1,369	-1,973	400
Change subordinated liabilities	-241	619	-7	620
Tier 1 capital instruments issued, net[2]	–	1,310	–	1,310
Dividend Tier 1 capital instruments	-81	–	-62	–
Redemption Tier 1 capital instruments	-311	–	–	–
Shareholder contributions received	202	9,450	202	9,450
Change in deemed loan liabilities	–	–	1,845	2,224
New share issue	–	0	–	0
Cashflow from financing activities	131	16,750	5	14,004
Cash flow for the period	1,880	3,109	1,256	893
Cash and cash equivalents at beginning of year	5,004	1,829	2,591	1,678
Infused cash and cash equivalents from merger from subsidiaries	–	–	2,337	–
Exchange rate differences and cash equivalents	171	66	189	20
Cash and cash equivalents at end of year	7,055	5,004	6,373	2,591

[1] Whereof received interest MSEK 6,913 (2,590) and paid interest MSEK 1,120 (454) for the Group and whereof received interest MSEK 2,590 (1,868) and paid interest MSEK 768 (230) for the parent company.

[2] Tier 1 capital issued refers to the cash received less transaction costs and interest paid.

3 Figures updated since the year-end report for 2022.

Cash and cash equivalents are defined as lending to credit institutions. Pledged cash and cash equivalents according to Note 34 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 are therefore current. The statement of cash flows has been prepared with the indirect method.

Reconciliation of net debt

GROUP

MSEK	OB 2022	Cash flows	Other non-cash flow changes	Foreign exchange effects	CB 2022
Liabilities to credit institutions	6,609	3,124	6	–	9,739
Issued securities	10,866	-2,562	293	-181	8,416
Total	17,475	562	299	-181	18,155

MSEK	OB 2021	Cash flows	Other non-cash flow changes	Foreign exchange effects	CB 2021
Liabilities to credit institutions	1,605	4,940	64	–	6,609
Issued securities	3,330	1,369	6,026	141	10,866
Total	4,935	6,309	6,090	141	17,475

PARENT COMPANY

MSEK	OB 2022	Cash flows	Other non-cash flow changes	Foreign exchange effects	CB 2022
Liabilities to credit institutions	–	–	–	–	–
Issued securities	1,480	-1,973	6,719	-60	6,166
Total	1,480	-1,973	6,719	-60	6,166

MSEK	OB 2021	Cash flows	Other non-cash flow changes	Foreign exchange effects	CB 2021
Liabilities to credit institutions	–	–	–	–	–
Issued securities	1,080	400	0	–	1,480
Total	1,080	400	0	–	1,480

Consolidated statement of changes in equity

GROUP

MSEK	Share capital	Other reserves	Translation of foreign operations	Fair value reserv	Cash flow hedges	Retained earning	Sum	Tier 1 capital instruments	TOTAL
OPENING BALANCE 1 JANUARY 2021	50	7	–	35	–	3,260	3,352	–	3,352
Comprehensive income									
Net profit/loss for the year	–	–	–	–	–	-40	-40	17	-23
Other comprehensive income[1]	–	–	109	–	3	–	112	–	112
Total comprehensive income	–	–	109	–	3	-40	72	17	89
Reclassification	–	–	–	–	–	-5	-5	–	-5
Tier 1 capital instruments acquired[1]	–	–	–	–	–	–	–	428	428
Tier 1 capital instruments issued[2]	–	–	–	–	–	–	–	1,316	1,316
Change in Tier 1 capital instruments	–	–	–	–	–	-10	-10	-4	-14
Transactions with shareholders									
Non-cash issue[3]	23	4,469	–	–	–	–	4,492	–	4,492
New share issue[4]	0	–	–	–	–	–	0	–	0
Shareholder contribution[4]	–	–	–	–	–	9,450	9,450	–	9,450
Capital contributions	–	–	–	–	–	-6	-6	–	-6
Tax effect on capital contribution	–	–	–	–	–	1	1	–	1
Dividend to parent company	–	–	–	–	–	-150	-150	–	-150
Total transactions with shareholders	23	4,469	–	–	–	9,295	13,787	–	13,787
CLOSING BALANCE 31 DECEMBER 2021	73	4,476	109	35	3	12,500	17,196	1,757	18,953
OPENING BALANCE 1 JANUARY 2022	73	4,476	109	35	3	12,500	17,196	1,757	18,953
Comprehensive income									
Net profit/loss for the year	–	–	–	–	–	954	954	19	973
Other comprehensive income	–	–	-151	4	158	–	11	28	38
Total comprehensive income	–	–	-151	4	158	954	965	47	1,011
Tier 1 capital instruments acquired	–	–	–	–	–	-81	-81	–	-81
Tier 1 capital instruments issued[5]	–	–	–	–	–	–	–	-311	-311
Change in Tier 1 capital instruments[5]	–	–	–	–	–	14	14	-23	-8
Transactions with shareholders									
Shareholder contribution	–	–	–	–	–	202	202	–	202
Dividend to parent company	–	–	–	–	–	-15	-15	–	-15
Tax effect on capital contribution	–	–	–	–	–	3	3	–	3
Total transactions with shareholders	–	–	–	–	–	190	190	–	190
CLOSING BALANCE 31 DECEMBER 2022	73	4,476	-42	39	161	13,577	18,284	1,470	19,754

[1] Acquired Tier 1 capital instruments of SEK 437 million in Bank Norwegian as at December 31, 2021 which corresponded to SEK 428 million upon acquisition.
[2] Issued Tier 1 capital instruments of SEK 1,316 million deemed to meet the condition for own capital instruments.
[3] The issue of shares in Bank Norwegian occurred in connection with the completion of the acquisition of 100% of the shares. Conditional shareholders' contribution of SEK 8,449 million and an internal loan of SEK 202 million were converted to unconditional shareholder contributions in November and December 2022.
[4] A new share issue occurred and shareholder contributions were obtained as part of the financing for the acquisition of Bank Norwegian.
[5] As of June 2022, Bank Norwegian has repaid NOK 300 million of its Tier 1 capital instruments.

Parent company statement of changes in equity

PARENT COMPANY

MSEK	Restricted equity: Share capital	Restricted equity: Other reserves	Restricted equity: Other funds	Non restricted equity: Fair value reserve	Non restricted equity: Translation of foreign operations	Non restricted equity: Cash flow hedges	Non restricted equity: Retained earnings	Sum	Tier 1 capital instrument	TOTAL
OPENING BALANCE 1 JANUARY 2021	50	7	10	35	–	–	2,917	3,019	–	3,019
Comprehensive income										
Net profit/loss for the year	–	–	–	–	–	–	971	971	11	982
Other comprehensive income[1]	–	–	–	–	–	3	–	3	–	3
Total comprehensive income	–	–	–	–	–	3	971	974	11	985
Reclassifcation	–	–	–	0	–	–	-10	-10	–	-10
Tier 1 capital instruments issued[2]	–	–	–	–	–	–	–	–	1,316	1,316
Change in Tier 1 capital instruments[2]	–	–	–	–	–	–	–	–	-7	-7
Other reserves										
Capitalization	–	–	–	–	–	–	–	–	–	–
Depreciation	–	–	-5	–	–	–	5	–	–	–
Total other reserves	–	–	-5	–	–	–	5	–	–	–
Transactions with shareholders										
Non-cash issue[3]	23	4,469	–	–	–	–	–	4,492	–	4,492
New share issue[4]	0	–	–	–	–	–	–	0	–	0
Shareholder contribution[4]	–	–	–	–	–	–	9,450	9,450	–	9,450
Capital contribution	–	–	–	–	–	–	-6	-6	–	-6
Tax effect on capital contribution	–	–	–	–	–	–	1	1	–	1
Dividend to parent company	–	–	–	–	–	–	-150	-150	–	-150
Total transactions with shareholders	23	4,469	–	–	–	–	9,295	13,787	–	13,787
CLOSING BALANCE 31 DECEMBER 2021	73	4,476	5	35	–	3	13,178	17,770	1,320	19,090
OPENING BALANCE 1 JANUARY 2022	73	4,476	5	35	–	3	13,178	17,770	1,320	19,090
Comprehensive income										
Net profit/loss for the year	–	–	–	–	–	–	1,125	1,125	19	1,144
Other comprehensive income	–	–	–	4	-108	90	–	-14	5	-9
Total comprehensive income	–	–	–	4	-108	90	1,125	1,111	24	1,135
Paid interest in Tier 1 capital instruments	–	–	–	–	–	–	-62	-62	–	-62
Change in Tier 1 capital instruments[2]	–	–	–	–	–	–	7	7	-7	–
Acquired Tier 1 capital	–	–	–	–	–	–	–	–	133	133
Effect of legal merger	–	–	–	–	–	68	-1,281	-1,213	–	-1,213
Other reserves										
Capitalization	–	–	–	–	–	–	–	–	–	–
Depreciation	–	–	-4	–	–	–	4	–	–	–
Total other reserves	–	–	-4	–	–	–	4	–	–	–
Transactions with shareholders										
Capital contribution[4]	–	–	–	–	–	–	202	202	–	202
Dividend to parent company	–	–	–	–	–	–	-15	-15	–	-15
Tax effect on capital contribution	–	–	–	–	–	–	3	3	–	3
Total transactions with shareholders	–	–	–	–	–	–	190	190	–	190
CLOSING BALANCE 31 DECEMBER 2022	73	4,476	1	39	-108	161	13,161	17,803	1,470	19,273

The share capital comprises 72,676,783 shares of the same class with a quotient value of SEK 1 per share.

[1] Issued Tier 1 capital instruments deemed to meet the condition for own capital instruments.

[2] The issue of shares in Bank Norwegian occurred in connection with the completion of the acquisition of 100% of the shares.

[3] A new share issue occurred and shareholder contributions were obtained as part of the financing for the acquisition of Bank Norwegian. Conditional shareholders' contribution of SEK 8,449 million and an internal loan of SEK 202 million were converted to unconditional shareholder contributions in November and December 2022.

Notes

Amounts stated in the notes are in MSEK unless otherwise stated.

Note 1 General information

Nordax Bank AB (publ) (Corporate Identity Number 556647-7286), with its registered office in Stockholm, Sweden is a wholly owned subsidiary of Nordax Group AB (publ) (Corporate Identity Number 556993-2485), with its registered office in Stockholm. Nordax Group AB (publ) is owned by Nordax Holding AB (publ), which is primarily owned directly and indirectly by Nordic Capital Fund VIII, Nordic Capital Fund IX and Sampo Oyi. The Nordax Group includes Svensk Hypotekspension AB and its affiliated subsidiaries, Bank Norwegian which is a branch of Nordax Bank AB (publ) and a number of direct subsidiaries to Nordax Bank AB (publ).

The Group's business encompasses retail lending to individual consumers, providing them with personal loans, mortgage loans, equity release mortgages and credit cards in Sweden, Norway, Denmark, Finland, Germany and Spain. The operations of certain of the subsidiaries consist of acquiring loan portfolios originating from Nordax Bank AB (publ) and Svensk Hypotekspension AB, respectively, in return for the raising of loan or bond financing. Some of these companies are dormant and not currently operational.

On November 30, 2022, an intra-Group cross-border merger took place between Nordax Bank AB (publ) and Bank Norwegian ASA. This merger was completed with Nordax as the acquiring company and Bank Norwegian as the company being acquired. Bank Norwegian's business continues to be run as a Norwegian branch of Nordax under the legal name of Bank Norwegian, a branch of Nordax Bank AB (publ) ("the Branch"). Lilienthal Finance Limited, a former subsidiary company Bank Norwegian ASA, has been a directly owned subsidiary of Nordax Bank AB since the merger. Lilienthal Finance Limited has entered into an agreement with the Norwegian Air Shuttle group relating to a partnership in banking services in Europe outside of Scandinavia, and some of these rights have subsequently been licensed to the Bank Norwegian branch to be exercised in Germany and Spain. Lilienthal Finance Limited does not carry out any independent business with the exception of owning an intangible asset.The merger has no effect on the products and services offered by Nordax and the former Bank Norwegian ASA entity.

CORPORATE INFORMATION

Name	Nordax Bank AB (publ)
Domicile	Sweden
Legal form	Public limited company
Country of incorporation	Sweden
Address, registered office	Gävlegatan 22, 113 30 Stockholm
Corporate number	556647-7286
LEI code	2138005HUGFEAF25W84
Principal place of business	Sweden
Nature of operations and principal activities	Bank
Name of parent entity	Nordax Bank AB (publ)
Name of ultimate parent of group	Nordax Holding AB
Website	www.nordaxgroup.com

Note 2 Accounting and measurement policies

The most significant accounting policies applied in preparing these Consolidated Financial Statements are described below.

The Consolidated Financial Statements for the Nordax Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the Group applies the amendments stipulated by the Swedish Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559), the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Accounting Regulations for Groups, and the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding Annual Reports at Credit Institutions and Securities Companies (FFFS 2008:25).

New and revised financial reporting standards applied by the Group

The changes to the accounting regulations that took effect from January 1, 2022 have not had any impact on the Group's accounting.

Changes in accounting policies applied as of 2022

The accounting principles and methods of calculation applied by the Group during the financial year are otherwise consistent with the principles applied in the Annual and Sustainability Report for 2021.

New applicable standards, amendments and interpretations of existing standards that have not yet become effective and have not been adopted early by the Group
No IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on the Group.

Consolidated Financial Statements
The Consolidated Financial Statements have been prepared based on the cost method, except for financial instruments measured at fair value via profit and loss.

Consolidation of subsidiaries
Subsidiaries are entities over which the Group has a controlling influence. The Group controls an entity when it is exposed to or has the right to variable returns from its holding in the entity and can affect this return via its influence in the entity. Subsidiaries are included in the Consolidated Financial Statements from the date when control passes to the Group. They are deconsolidated from the date on which control ceases.

Intra-Group transactions, balance sheet items and unrealized profits and losses on transactions between Group companies are eliminated. Intra-Group losses may be an indication of impairment which must be recognized in the Consolidated Financial Statements. The accounting policies for subsidiaries have, if applicable, been revised to guarantee the consistent application of the Group's policies.

Business combinations
The acquisition method is used for reporting the Group's business combinations, regardless of whether the acquisition consists of shareholder equity or other acquired assets. The purchase price of a subsidiary consists of the fair value of:
-transferred assets
-liabilities that the Group incurs to previous owners
-shares issued by the Group
-assets or liabilities that are a result of an agreement on contingent consideration
-previous equity share in the acquired company

Identifiable acquired assets, assumed liabilities and assumed contingent liabilities in a business combination are initially measured, with few exceptions, at fair value on the acquisition date. For each acquisition, i.e. acquisition by acquisition, the Group determines whether any non-controlling interest in the acquired company should be recognized at fair value or at the holding's proportional share of the carrying amount of the acquired company's identifiable net assets.

Goodwill refers to the amount by which transferred consideration, any non-controlling holding in the acquired company, and the fair value on the acquisition date of a previous share of equity in the acquired company (if the business combination is implemented in stages) exceeds the fair value of identifiable acquired net assets. If the amount is less than the fair value of the acquired net assets, in the event of a bargain purchase, the difference is recognized directly via the Profit & Loss Statement.

Translation of foreign currency
Translation of foreign subsidiaries in financial statements
Assets and liabilities in subsidiaries are translated to Swedish kronor (SEK) using the currency exchange rate at the close of the reporting period. Income and costs are translated to the Group's reporting currency using an average exchange rate. Differences in currency conversion arising from the translation of subsidiaries' assets and liabilities are recognized in Other comprehensive income and accumulated in a translation reserve in shareholder equity. Goodwill arising from the acquisition of foreign subsidiaries, in addition to adjustments to the fair value of assets and liabilities made in connection with such acquisitions are recognized as assets and liabilities in the foreign Group company and translated to using the exchange rate at the close of the reporting period.

Functional currency and reporting currency
Items included in the financial statements for the different units in the Group are measured in the currency used in the economic environment in which the Company concerned is mainly active (functional currency). The functional currency and reporting currency of the Parent Company, which is the Swedish krona (SEK), is used in the Consolidated Financial Statements.

Transactions and balance sheet items
Transactions in foreign currencies are translated to the functional currency at the spot exchange rate applicable on the transaction date. Exchange rate gains and losses arising in the payment of such transactions and in the translation of monetary assets and liabilities in foreign currencies at the exchange rate prevailing at the close of the reporting period are recognized in the Profit & Loss Statement in the item Net gains from financial transactions.

Tangible fixed assets
Items of property, plant and equipment are recognized at cost and depreciated on a straight-line basis over their useful lifetime. The depreciation schedule for property, plant and equipment is between three and five years. Impairment testing takes place if there is an indication of a decline in value.

Intangible assets
Internally developed software
Costs for software maintenance are recognized as an expense when they arise. Development costs directly attributable to the development and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:
- it is technically possible to complete the software so that it can be used,
- the entity's intention is to complete the intangible asset and use or sell it,
- the prerequisites exist for using or selling the software,
- it can be shown how the software generates probable future financial benefits,
- adequate technical, financial and other resources are available to complete the development and to use or sell the software, and the expenditure attributable to the software during its development can be calculated in a reliable manner.

Development costs that do not meet the criteria for capitalization are expensed as incurred. Development costs which have previously been expensed are not recognized as an asset in the subsequent period. Development costs for software recognized as an asset are amortized over its estimated useful lifetime, which is not more than five years.

Goodwill and customer relations
The carrying amount of goodwill is attributable to the acquisition of SHP and Bank Norwegian. The recognized value of customer relationships is attributable to these acquisitions, and is an estimate of the value of acquired customer records which are depreciated over a period of 13 to 20 years. Goodwill is monitored and tested acquired company.

Impairment of non-financial assets
With respect to impairment, goodwill and intangible assets with an indefinite useful life or intangible assets which are not ready for use are not written down and instead are tested annually or when there is an indication of diminished value. Impaired assets are assessed whenever events or changes in conditions indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling costs and its value in use. In assessing whether impairment is necessary, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units).

Calculation of the value in use
The recoverable amount was calculated at the end of the financial year based on value in use. The value in use has been calculated through the application of a Divided Discount Model (DDM), which means that the value of shareholder equity for each cash-generating unit is derived via the discounting of that unit's expected cash flow from dividends. The cash flow is valued in the present through the use of a discount rate that reflects the return on equity requirements in order to mirror the relative risk of the investment and the time value of money. Expected future cash flows have been estimated using a projection period of an average of seven years at the end of which the growth rate is expected to have stabilized.

Financial assets
The Group classifies its financial assets in the following categories:

- financial assets measured at fair value either through profit and loss or via other comprehensive income,
- financial assets measured at amortized cost.

The classification is based on Nordax's business model for managing financial assets and the contractual terms for the assets' cash flows. Reclassification only occurs in cases where the defined business model has changed.

Measurement
Financial assets are initially recognized at fair value plus transaction costs directly attributable to the acquisition, provided that the asset is not measured at fair value through profit or loss. Transaction costs attributable to financial assets measured at fair value through profit or loss are recognized directly through profit or loss.

Initial recognition and derecognition
Purchases and sales of financial assets are recognized on the trade date, i.e. the day Nordax is committed to either purchase or sell the asset. Financial assets are derecognized from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred all significant risks and benefits associated with ownership.

Amortized cost
Assets held for the purpose of collecting contractual cash flows, where the cash flows are solely payments of interest and principal (according to the SPPI test) and where Nordax's management team has not made an irreversible decision to measure these assets at fair value, are measured at amortized cost. Received origination fees are included in the loan assets' initial carrying amount. Interest income recognized for such assets is recognized in the item Net interest income via the application of the effective interest rate method. Foreign currency translation effects are recognized in the item Net gains from financial transactions.
Gains and losses arising at a derecognition event are recognized in the item Net gains from financial transactions. This category includes Lending to credit institutions, Retail lending, Cash and bank balances with central banks, and Other assets in the Balance Sheet.

Fair value through profit or loss
Nordax measures bonds and other fixed-income securities at fair value through profit or loss, since these assets do not meet the requirements for recognition at amortized cost or fair value via other comprehensive income. The business model for these investments indicates that performance is monitored on a fair value basis and that Nordax's management team has the mandate to sell these assets.
Changes in fair value and any gain or loss on a debt instrument recognized at fair value through profit or loss are recognized in the item Net gains from financial transactions in the period the gain or loss arises.

Fair value through other comprehensive income
Upon initial recognition, equity instruments that are not held for trading may be irrevocably classified as measured at fair value through other comprehensive income. This valuation principle is applied for certain shareholdings in companies which engage in activities to support the Bank, such as participating interests in clearing organisations and infrastructure collaboration in the Bank's home markets. Subsequent changes in value, both realised and unrealised and including exchange gains/losses, are recognised in other comprehensive income. Realised changes in value are reclassified in equity to retained earnings, i.e. not to the income statement. Only dividend income from these holdings is recognised in the income statement.

Investments in equity instruments
Nordax has only equity instruments which are not held for trading. The Group has chosen to report changes in the fair value of equity instruments via other comprehensive income. This means that there are no subsequent reclassifications of fair value changes recognized when the instrument is removed from the Balance Sheet. Dividends from any such investments are recognized as income from other securities and long-term receivables once the Group's right to receive payment has been determined.

Impairments
The Group values expected future credit losses in relation to investments in debt instruments recognized at amortized cost based on future prognoses. The method for calculating loan loss reserves depends upon whether there has been a material increase in credit risk or not.

In the statement of financial position provisions for expected credit losses are recognized as a contra asset paired with the gross carrying amount for the asset. A write-off decreases the carrying amount of the financial asset. Credit losses and write-offs are recognized in the Profit & Loss Statement as credit losses. Write-offs are made when losses are considered to be finally determined and represent the amount prior to the claim of previously made provisions. Recoveries of write-offs and recoveries of provisions are recognized as income under Net credit losses.

Expert assessments
The Group uses both models and expert assessments to estimate expected credit losses. The extent of the assessments needed to value expected credit losses depends on the outcomes of the models, materiality and access to underlying information. The outcome of the models constitutes guidance for how financial events may affect the impairment requirement of financial assets. Expert assessments may be carried out on model outcomes to incorporate into the estimated effect factors that are not captured by the model. These kinds of assessment-based adjustments to the model-based expected credit losses may be carried out in relation to significant counterparty exposures. These adjustments are determined by the IFRS 9 committee based on the modeled expected credit losses.

Modifications
A loan is considered to be modified when the terms and conditions governing the cash flow are amended from those set out in the original agreement as a result of a concession or commercial renegotiations. Concessions are changes to terms and conditions connected to restructuring or other financial forbearance measures. These changes to terms and conditions are implemented in order to ensure full repayment or the maximize the repayment of the outstanding loan amount for those borrowers who are in financial difficulties or face being so. Commercial renegotiations are changes to terms and conditions that are not related to the borrower's financial difficulties, e.g. changes to cash flow for a loan due to changes in market conditions relating to amortization or interest. If the cash flow from a financial asset classified at amortized cost has been modified but the asset's cash flow does not materially change, the modified financial asset is not ordinarily removed from the balance sheet. In such cases, an assessment is subsequently carried out on material increases in the credit risk compared with the original credit risk for the purposes of impairment and the adjusted amount, modification gain or loss, and this is recognized in the income statement in the credit losses item. Modifications are carried out for various reasons and there is thus no unconditional relationship between modifications and the assessed credit risk, hence it does not automatically reduce in a reduction of credit risk and all qualitative and quantitative indicators continue to be assessed. Once a loan has been modified and remains on the balance sheet, it is classified as Stages 1–3 based on the assessment carried out in connection with the modification. This assessment encompasses a check of whether there is a need to make provision for a credit loss or any other circumstances that entail classification as Stage 3. If a loan is modified in such a way that it results in a materially different cash flow, the loan is removed from the balance sheet and replaced by a new agreement. When a loan is modified and subsequently derecognized, the date of modification is regarded as initial recognition for the new loan in order to assess the impairment requirements, including the assessment of significant increases in credit risk.

Purchased or originated credit-impaired assets
Financial instruments that are considered impaired at initial recognition are categorized as purchased or originated credit-impaired assets. Expected credit losses for such assets are always measured at an amount corresponding to the expected credit losses for the remaining maturity of the asset. However, the expected credit losses at initial recognition are considered to be reflected in the gross carrying amount. Thus, the recognized credit loss reserve only represents the change to the expected credit losses for the asset's remaining maturity following initial recognition. The estimation of future cash flows takes into account a number of relevant factors including the sum and the source of the cash flow, the level and quality of the borrower's income, the realizable value of the security, the Group's position vis à vis other creditors, the likely cost and duration of recovery and sale and the present and future economic outlook. The sum and time of future recoveries depends on the borrower's future ability to pay and the value of the security, both of which are affected by the future economic outlook. Assessments and levels of credit loss provisions change as new information becomes available or as a result of changes to recovery strategies. Beneficial changes in lifetime expected credit losses are recognized as impairment gains, even if the beneficial change is greater than the earlier amount recognized in the Profit & Loss Statement as an impairment loss.

Shares and participations
Shares listed on an active market are valued at their market price. When valuing unlisted shares and participations, the choice of valuation model is governed by what is judged appropriate for the instrument in question. Unlisted shares are in all material aspects classified at fair value via Other comprehensive income.

Derivatives
Derivatives are used to financially hedge the risks associated with exposure to changes in interest rates and currency exchange rates that the Group is subject to. Derivatives are recognized in the statement of financial position on the trade date and are measured at fair value, both initially and at subsequent measurement dates.

Hedge accounting
The Group has chosen to apply the rules contained in IAS 39 in relation to all hedging matters. The Group applies cash flow hedging and hedges its net investment in foreign operations. The Parent Company applies cash flow hedging and fair value hedging. When the transaction is initiated, the relationship between the hedging instrument and the hedged item is documented, as are the business's goals in relation to risk management and the risk management strategy pertaining to the hedge in question. Documentation is prepared, both at the inception when the hedge is entered into (prospective test) and on an ongoing basis (retrospective test), to assess whether the derivative instruments used in hedging transactions have been and will remain effective (80–125%) in terms of offsetting changes in fair value or cash flows that are attributable to the hedged items. In the event that the required preconditions for hedge accounting are no longer in place, the use of hedge accounting will be terminated.

Cash flow hedging
Cash flow hedges aim to provide protection against variations in future cash flows from recognized liabilities as a result of changes in market factors. Interest rate swaps as hedging instruments in cash flow hedging are valued at fair value. To the extent that a change in value of a swap is effective and corresponds to the future cash flow attributable to the hedged item, the change in value is recognized in Other comprehensive income and the cash flow hedge reserve in shareholder equity.
Inefficiencies are recognized in the Profit & Loss Statement as Net gains from financial items. Gains or losses that are recognized in the reserve for cash flow hedges in equity via Other comprehensive income are reclassified and recognized in the Profit & Loss Statement in the same period that the hedged item has an effect on the Profit & Loss Statement.

Hedging of net investments

Net investment hedges in foreign operations are used for the purpose of mitigating the Group's exposure to changes in value of its net investment in a foreign operation as a result of changes in foreign exchange rates and protecting it against foreign exchange losses. Currency derivatives are used as hedging instruments. To the extent that the hedging instrument is effective, the gain or loss attributable to the hedged risk is recognized in Other comprehensive income and credited or charged in shareholder equity as a translation relating to foreign operations. The ineffective portion is recognized directly in the Profit & Loss Statement as Net gains from financial items. Accumulated gains or losses in shareholder equity are recognized in the Profit & Loss Statement upon disposal of the foreign business.

Fair value hedging

Fair value hedging was applied to the currency risk in shares of subsidiary companies before the merger. In the case of fair value hedging, the hedging instrument (the derivative) is valued at fair value at the same time as the hedged asset or liability is valued with an add-on for changes in value relating to the hedged risk. These changes in value are recognized directly in the Profit & Loss Statement as Net gains from financial items.

Fair value

Fair value of listed securities is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group determines fair value by applying measurement techniques such as the use of information pertaining to recent transactions on an arm's length basis, reference to the fair value of another instrument which is essentially equivalent and analysis of discounted cash flows. In this respect, market information is used to as great an extent as possible, while company-specific information is used to as small an extent as possible.

Cash and cash equivalents

Cash and cash equivalents are defined as treasury bills eligible for refinancing and lending to credit institutions. Pledged cash and cash equivalents are available to Nordax in connection with monthly settlement under financing arrangements and are thus defined as cash and cash equivalents.

Financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities measured at fair value through profit or loss and amortized cost.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified in this category if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading in the event that hedge accounting is not applied. Change in fair value is recognized in the Profit & Loss Statement in the item Net gains from financial transactions. Liabilities in this category are recognized in the item Other liabilities.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are recognized in the items Liabilities to credit institutions, Deposits from the public, Issued securities and Subordinated liabilities with application of the effective interest method. Where material covenants exist, this should be disclosed.

Leasing

The Group leases office space, parking spaces and motor vehicles. Leasing agreements are recognized as right-of-use assets and are included among tangible assets with a corresponding lease liability including in other liabilities from the date on which the leased asset became available for use by the Group. The exception is payments for short contracts and low-value leases, which are expensed on a straight-line basis in the Profit & Loss Statement. With respect to vehicles, Nordax applies the exemption in IFRS 16 and does not recognize non-lease components separately.

The lease liability is initially recognized at the present value of the Group's future lease payments. The lease payments are discounted by the lease's implicit interest rate if this interest rate can easily be determined. Otherwise Nordax uses its marginal loan rate, which is the interest rate that the Group would have to pay to finance a loan for a corresponding period, and with corresponding collateral, for the right to use an asset in a similar economic environment. Each lease payment is distributed between amortization of the liability and financial expense. The financial expense is divided over the lease term in accordance with the effective interest method.

Options to extend leases are included in a number of the Group's office leases. The opportunity to extend a lease can only be utilized by Nordax, not the lessor. When the lease term is determined, management takes into account all available information that provides a financial incentive to exercise the extension option, or not to exercise an option to terminate the contract. Opportunities to extend a contract are only included in the lease term if it is reasonably certain that the contract will be extended (or not terminated).

Right-of-use assets are initially measured at cost and include the amount which the lease liability was originally measured at, adjusted for lease fees which have been paid on or before the initial date and any initial direct charges. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's right of use and the lease term.

Tier 1 capital instruments

The Group's Tier 1 capital instruments entitle holders to dividend, but in light of the fact that payment of this interest and the repayment of the nominal amount are within the Group's control, the instrument is classified as equity. Agreed payments to holders of Tier 1 capital instruments are recognized in shareholder equity. Costs associated with the issue of Tier 1 capital instruments are amortized over the anticipated maturity period directly against shareholder equity.

Interest income and interest expenses

Interest income and interest expenses are recognized as income using the effective interest method. Transaction costs such as initial set-up fees are included in the calculation of the effective interest rate.

Commission income

Commission income consists of insurance commissions and administrative fees. The Group recognizes commission income when the performance obligation is fulfilled, i.e. during the period when the brokerage service is performed and Nordax has the right to receive a commission from the insurance company. The revenue is measured at an amount corresponding to what has been received or will be received by the Group for services performed.

Commission costs
Commission costs consist of insurance costs for credit cards, transaction fees and other commission costs. Commission costs are transaction-dependent and are directly related to transactions whose income is recognized as Commission income.

Net gains from financial transactions
Net gains from financial transactions include realized gains and losses due to changes in the exchange rates, changes in the fair value of derivatives, hedge accounted items and the result of investments in bonds and other fixed-income securities.

General administrative expenses
General administrative expenses refer to employee benefit expenses and other administrative expenses, such as IT expenses, external services (audit, other services), cash points, marketing expenses payable to Norwegian Air Shuttle, costs of premises, telephone and postage, and other expenses.

Taxes
Income taxes consist of current tax and deferred tax. Income taxes are recognized in the Profit & Loss Statement except when the underlying transaction is recognized in Other comprehensive income, whereby the associated tax effect is also recognized in Other comprehensive income, or when the underlying transaction is recognized directly against shareholder equity the associated tax effect is also recognized against shareholder equity. Current tax is the tax that is payable or determined in relation to the current year via the application of prevailing tax rates as established, or determined in practice, at the close of the reporting period. Any adjustments made to current tax attributable to previous periods are also included here.

Deferred tax is calculated using the balance sheet method based on temporary differences between the recognized and taxable values of assets and liabilities. The following temporary differences are not taken into consideration. The initial recognition of assets and liabilities that are not business combinations and at the time of the transaction do not affect either the recognized or taxable profit or loss. The valuation of deferred tax is based on how the recognized value of assets or liabilities is expected to be realized or regulated. Deferred tax is calculated via the application of the tax rates and regulations that are determined upon, or determined in practice upon, at the close of the reporting period. Deferred tax assets relating to deductible temporary differences and losses carried forward are only recognized to the extent that it is likely that these will be utilized. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilized.

Employee benefits
Pension expenses
The Group's pension plans are funded via payments to insurance companies. The Group only has defined contribution pension plans. A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. There are no legal or constructive obligations for the Group to pay additional contributions in the event that this legal entity lacks sufficient assets to pay all employee benefits related to the employees' employment in the current or prior periods. For defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as the pension is vested. Prepaid contributions are recognized as an asset to the extent that cash repayment or decrease in future payments can accrue to the Group.

Share-based payments
Until the delisting in April 2018, Nordax had a long-term management incentive plan for persons in senior management combining the following components: 40% of the variable remuneration was paid out in cash in the same year that the decision to grant remuneration was made, and 60% of the variable remuneration has been deferred for up to 3 years or, for the CEO, 5 years (the qualifying period). When the incentive plan was terminated, the previous future right to allocations of restricted share units was converted to variable cash remuneration. The cash remuneration for each restricted share unit amounts to SEK 60, which corresponds to the price of the Nordax share in the cash mandatory bid presented in February 2018. Deferred variable remuneration was paid out for the last time in 2021.

Transactions with related parties
All related-party transactions are conducted according to the arms-length principle.

Operating segments
The segment information is presented based on the perspective of the chief operating decision-maker, and the segments are identified on the basis of internal reporting to the Chief Executive Officer, who is identified as the chief operating decision-maker. Nordax has the following operating segments: Sweden, SHP, Norway, Finland, Germany and Spain, and Denmark, which reflects Nordax's lending portfolio. Income not directly attributable to segments is allocated with effect from 2014 with allocation keys in accordance with internal principles which the senior management considers providing a fair allocation to the segments. The chief operating decision-maker mainly follows the income concept of operating income.

Parent company
The Parent Company's Annual Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 2 "Accounting for legal entities," and the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding Annual Reports at Credit Institutions and Securities Companies (FFFS 2008:25) as well as statutory IFRS.

Shares in Group companies
Shares in Group companies are recognized at cost in the Parent Company. Dividends received are recognized as revenue when the right to receive payment is virtually certain. Tests for impairment are performed quarterly and impairment losses are recognized when a permanent decline is established.

Group contributions
Group contributions received from subsidiaries are recognized as financial income in the Profit & Loss Statement. Group contributions paid to subsidiaries are recognized as an increase in participations in Group companies to the extent impairment is not required. The tax effect of Group contributions paid and received is recognized in the Profit & Loss Statement in cases where the Group contribution is recognized in the Profit & Loss Statement.

Leasing
In the Parent Company, all lease fees are recognized on a straight-line basis over the term of the lease. The Parent Company applies the exemption to apply IFRS 16 in a legal entity in accordance with RFR2. Other than the above, there are no material differences in the Parent Company's accounting policies compared to the Group's accounting policies

Legal merger of foreign subsidiary
The Swedish Accounting Standard Board (BFN) general radvice and guidelines BFN 2020:5 Accounting by legal merger has been applied. The transferred entity's comprehensive income is included in the period's comprehensive income as from the date the cross-border legal merger is executed. The fair value of he transferred entity's assets and liabilities as per the legal merger date is included in the balance sheet. The difference between the transferred entity's value of assets and liabilities on the legal merger date is accounted for after deduction of acquired Tier 1 capital as a legal merger difference within equity.

Goodwill
In conjunction to the legal merger the Groups amortization period of 13 years is applicable.

Beyond this no material differences exist i the Parent company's accounting principles compared to the Groups accounting principles.

Note 3 Significant accounting estimates

Nordax has made a number of significant estimates and assumptions affecting the measurement of assets and liabilities in the financial statements. These estimates and assumptions are continuously evaluated against previous experience and other factors, such as anticipated future events.

Expected credit losses ("ECL")
The loss allowance for financial assets measured at amortized cost is based on assumptions relating to the risk of loss events and expected loss levels. The Nordax Group makes its own assumptions and selects input data for the models used for ECL measurement purposes. These are based upon historical performance, known market conditions and forward-looking information at end of each reporting period.

The most significant assessments carried out in the application of the criteria for the determination of the credit reserve relate to:

- Definition of criteria for measuring whether there has been a significant increase in credit risk,
- Grouping of financial assets,
- Selection of forward-looking variables and their relative weighting in the ECL measurement process for each market.

A more detailed description of the ECL models, input data, assumptions and sensitivities is provided in Note 4.

Calculation of the recoverable value of goodwil
Nordax tests whether there are any impairment requirements relating to goodwill on an annual basis. This requires that certain assumptions must be made. Since 2019, the recoverable value has been determined based on the value in use. The value in use has been calculated via the application of a DDM model (Dividend Discount Model), which means that the value of shareholder equity for each cash-generating unit is derived via the discounting of that unit's expected cash flow from dividends. The cash flow is valued in the present via the use of a discount rate that reflects the return on equity requirements in order to mirror the relative risk of the investment and the time value of money. Expected future cash flows have been estimated using an average projection period of seven years at the end of which the growth rate is expected to have stabilized.

Based on the impairment test carried out, there was no impairment requirement in relation to goodwill. A change to the discount rate, which is the most sensitive parameter, (+1 percentage point) would not precipitate any impairment. For further information on assumptions when calculating the value in use, see Note 26.

Note 4 Financial risk management

Financial risk factors
Via its business operations, the Group is exposed to both credit risks and other financial risks: market risk (including currency risk, interest rate risk at fair value, interest rate risk in cash flow and price risk) and liquidity risk. The Group's overall risk management policy focuses on managing credit risks which have been taken intentionally and minimizing the potential adverse effects of the unpredictability in the financial markets.

Risk is managed primarily by a credit department and a central treasury department in accordance with policies established by the Board of Directors. The treasury department identifies, evaluates and manages financial risks in close cooperation with the Group's operational units. The Board of Directors draws up written policies both for overall risk management and for specific areas, such as credit risk, foreign currency risk, interest rate risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity. Risk management is supervised by the risk control function, which reports to the Board of Directors in accordance with FFFS 2014:1.

Credit risk in general
Credit risk is defined as the risk of a counterparty or debtor not being able to fulfill its contractual obligations to Nordax and of the collateral received for mitigation of credit risk not being sufficient to cover losses in the event of default. Counterparty credit risk is often used instead of credit risk regarding exposures in financial instruments and represents the risk of counterparties failing to honor their obligations in a financial transaction. The Group is exposed to credit risk primarily in its lending portfolio, where borrowers might, for any of variety of reasons, fail to pay their contractual payment obligations when due.

The Group is also exposed to credit concentration risk in relation to its lending to credit institutions. Credit concentration risk represents exposure to specific counterparties/ customers, industries, and countries. Credit concentration risk is reduced by lending occurring in several countries and through multiple products. Concentrations in respect of individual counterparties are reduced by actively diversifying exposure to institutional counterparties. As Nordax only has retail customers, there are no significant concentrations in lending.

Lending is granted on the basis of the policies established by the Board of Directors and no material modifications or amortization relief took place during the year.

As consumer loans are provided without physical collateral, credit assessment is an important element. To obtain a loan, the customer and submitted application documents must fulfill a number of policy rules, such as minimum income, minimum age, maximum indebtedness and no record of bad credit history. Furthermore, credit-granting decisions are made based on the creditworthiness, calculated according to a model that calculates the probability of a borrower being able to honor the agreements entered into, known as "credit scoring." A customer's credit score determines, for instance, how much he or she will be able to borrow. The credit decision is additionally based on a calculation of affordability to ensure that the customer is able to repay the loan. The affordability calculation assesses the customer's income, housing expenses, other living expenses, and the payments on the loan. In cases where it is not possible to obtain income and debt information from credit reference agencies, the customer is required to submit further information in addition to the application documents, such as salary specifications/ payslips and tax returns, to confirm their stated income and debts. This information is used to conduct an assessment of the customer's financial situation, for instance by calculating the customer's debt ratio and a "funds-to-live-on" amount.

For mortgages, a credit assessment is performed based on the customer's creditworthiness and the quality of the colla- teral. Information on income, debt and expenses is collected from the customer and from consumer credit report data, and on that basis a household budget is calculated, including a "funds-to-live-on" calculation. and a stress test of the customer's interest rate sensitivity.

SHP has, for some time, developed a strong and robust credit assessment process for equity release mortgages and, since its launch in 2005, has not suffered any actual credit losses. The maximum loan amount is determined based on the customer's age, where a customer's potential loan-to-value ratio rises with age. In addition to age and maximum loan-to- value ratio, SHP uses a number of other criteria in its lending. Among other things, the property must be located in an app- roved municipality, SHP must have first priority and there may not be any other loans on the residence. SHP conducts a physical appraisal of most properties and ensures that there has always been direct personal contact with the borrower.

Credit risks in other counterparty relationships, such as deri- vatives and financial investments, are regulated by a policy adopted by the Board of Directors. Collateral agreements are used to limit counterparty risks in derivative contracts, and are described in further detail in the section on currency risk. Credit risk in relation to financial investments is described in the section on liquidity reserves.

Measurement of credit risk
The estimation of the credit risk exposure for risk management purposes is complex and builds upon statistical modeling techniques. The Nordax Group measures credit risk using Probability of Impairment ("PD"), Exposure at Impairment ("EAD"), and Loss Given Impairment ("LGD"). This method is also used for ECL measurement purposes under IFRS 9.
After the initial credit assessment, the debtors' payment behavior is continuously monitored in order to produce a behavioral credit risk score. All other information impacting the debtor's ability to pay installments, such as historical payment pattern, is also incorporated in the production of behavioral credit risk scores. These scores are used for the estimation of PD.

Risk management and control
The Group's continued operations depend on its ability to manage and control credit risk. Great emphasis is placed on establishing procedures to deal with this. Among other things, reporting takes place at least monthly to the management team and the Board of Directors. Credit risk reporting is also a standing agenda item at each meeting of the Board of Directors. The risk control and compliance units perform regular checks to ensure that loans are issued in accordance with the instructions adopted by the Board of Directors. Under the instructions, any deviations must be reported to the Board of Directors. When the Group has received loans from external parties, these parties also perform regular and extensive credit risk assessments.

Principles for ECL provisions
Consumer and personal loans Nordax Bank
Nordax's model for impairment of consumer and personal loans according to IFRS 9 consists of two main parts: a quantitative cash flow based model that calculates ECL and a qualitative model that adjusts the quantitative model output based on a projected macroeconomic scenario.

The qualitative model makes the assumption that there are two forward-looking macro scenarios for the depreciation model, one base scenario based on macroeconomic conditions in the instance that Nordax's relevant geographic markets have not deteriorated into a financial crisis, and a negative crisis scenario in each respective country.

The ECL in the quantitative model builds upon the base scenario and is then adjusted monthly based on the estimated probability and effect of an economic downturn.

Via analysis of historical data, Nordax has identified and incorporated macroeconomic variables that affect credit risk and credit losses for the different portfolios. These factors are based on country, debtor, and product type. Nordax continuously monitors the macroeconomic development for each country. This includes defining forward-looking macroeconomic scenarios for different markets and products and translating them into useful macroeconomic projections.

The most significant macroeconomic variables that are estimated to affect ECL are set out below:

·GDP (PPP) development
·Price trend on the market for Credit Default Swaps (CDS)

These factors are applicable to all of Nordax's geographic market areas.

The quantitative model is a three-stage model for the three different types of claims: claims where there has not occurred a SICR since initial recognition (stage 1), claims where a SICR has significantly increased since the initial recognition (Stage 2), or claims that are credit-impaired (Stage 3). During the year, the following changes were made to the estimation techniques and calculation bases which had an impact on the calculation of provisions for expected credit losses.

-In 2022, Nordax amended the macroeconomic scenario weighting. The isolated effect of this was a combined increase in provisions of SEK 38.3 million for the full year 2022. This change had an impact in all countries.

-In 2022, Nordax amended its recovery forecasts in all countries. Although expected rates of recovery changed in all countries, it remained unchanged at an overall level.

Calculation of ECL
For loans in stage 1, ECL is calculated for the following 12 months counted from each reporting date. For loans where there has been a SICR since initial recognition (Stage 2), or loans that have become credit-impaired (Stage 3), ECL is calculated based on the contractual lifetime of the loan. ECL is the discounted product of PD, EAD and LGD that are defined below. The effective interest rate is applied as discount rate.

PD for 12 months and lifetime PD correspond to the probability of impairment within the respective time horizon. A loan's probability for becoming credit-impaired within the coming 12 months is used to approximate the probability of impairment for the entire remaining maturity of the financial asset. At origination an initial risk assessment is performed, and PD is calculated by deriving a behavioral credit score from historical data.

EAD represents the estimated credit exposure at future dates for impairment where expected changes in the exposure at the reporting date are taken into consideration. The Group's approach for EAD estimation reflects current contractual terms, maturity date and future payments of principal and interest. For loans in stage 2, expected effective settlement rates are also incorporated in the estimation of EAD.

LGD corresponds to the calculated losses that are expected to arise at impairment, which builds upon the expected value of future recoveries. LGD is estimated based on the factors affecting repayment rates for loans that have become impaired. LGD for loans that are not secured by collateral is typically based on a product level due to the limited differentiation in recovery rates for these types of contracts. LGD values are primarily affected by expected future recovery rates. Recovery rates are derived from cumulative recovery curves for each of the geographic market areas that stretch beyond 20 years (15 years for Finland due to statutory time limits for collection activities).

Remaining contractual lifetime
For contracts in Stage 2 and Stage 3, Nordax Bank calculates ECL based on the PD for the remaining contractual lifetime of the loans. In general, the contractual lifetime is limited to the time up until the maximal contractual maturity date during which the Group is exposed to credit risk, even if a longer time period is used in business practice. All contractual terms are considered when defining the expected maturity, including repayment, extension and overpayment options that are binding on the bank.

Collective measurement of ECL
The calculation of ECL builds upon a collective measurement approach. Grouping is performed based on the following parameters.

Grouping has taken place on the basis of:
·Country
·Credit risk rating
·Product

Definition of impairment
Nordax's definition of an impairment (loss event, i.e. the loan is "credit-impaired") is that one or more of the criteria below exist.

Quantitative criteria:
-The borrower is more than 90 days late with payment

Qualitative criteria:
- The borrower is assessed to be "unlikely to pay" in accordance with the criteria in EBA/GL/2016/07

These criteria have been applied to all financial instruments held by Nordax. The definition has been consistently applied to estimate PD, EAD and LGD and thus the calculation of ECL. Only the quantitative criteria above are used for the internal credit risk management and for the definition of default.

Cure
A loan is allowed to cure when it no longer meets the Group's definition of impairment as specified above.

Significant increase in credit risk (SICR) since the initial credit assessment.
To determine whether a loan has experienced a SICR since the initial credit assessment, a method is used in which the loan's 12 month PD is compared to a certain threshold that is a function of the original risk class and the time since the loan was issued.

A SICR is assumed to have arisen if:
·the 12-month PD exceeds the threshold in relation to significant changes in risk.
·or when the loan is more than 30 days past due (backstop in the regulatory framework).

Consumer and personal loans Bank Norwegian
Bank Norwegian's credit risk provisions for consumer and personal loans share many principles and definitions in common with those of Nordax. Both banks use a qualitative model for expected credit losses that is adjusted using a qualitative model for forecast macro scenarios. Bank Norwegian uses 3 scenarios (base, positive and negative) and uses a range of macroeconomic variables for each respective country and product. The most important variables are:
·GDP
·Unemployment levels
·Income

·Personal consumption expenditures (PCE)
·Money supply
·Oil prices

Bank Norwegian assess whether a significant increase in credit risk has occurred using a number of criteria such as loss events on other products, previous loss events, modification of terms and conditions, and 30 days late after due date. However, the most common criterion is a comparison of PD for the remaining lifetime at time of reporting and the original PD for the lifetime of the loan set against product-specific limit values (trigger coefficients).

The recovery curves that Bank Norwegian uses in its LGD calculations are based on historical data per product and country (going back a maximum of 15 years), while LGD is calculated on an individual basis per exposure.

Credit Cards Bank Norwegian
The credit risk provisions for credit cards are made using a separate model but are based on the same methodology as consumer and personal loans. However, EAD also takes into account unused credit limits and the credit conversion factor.

The remaining lifetime of credit cards is connected to the expiration date on the plastic card which can be no more than 36 months.

– Nordax changed the macroeconomic scenario weighting in 2022, including Bank Norwegian's consumer and personal loans, as well as credit cards as mentioned above. The isolated effect of this was a combined increase in provisions of SEK 123.4 million for the full year 2022. This change had an impact in all countries.

Mortgage lending
Mortgage loans are calculated in a separate model based on the same methodology as personal loans and on market data and some historical data from the unsecured loan product. With mortgages, however, collateral received is also taken into consideration when determining LGD. See also the section on collateral below.

Equity release mortgages
Nordax's subsidiary, Svensk Hypotekspension, offers equity release mortgages to individuals over the age of 60 who own their own home, second home or condominium. The interest rate on the loan accumulates over the term of the loan, and repayment, including cumulative interest, is made in its entirety when the loan matures, which occurs in connection with the borrower's sale of the property that has been pledged as security for the loan. The Group cannot demand repayment in an amount that exceeds what the sale of the property brings in. Consequently, the loan is regarded as being a non-recourse loan.

The reserve for ECL on equity release mortgages is calculated with the help of a model in which risk is quantified for a depreciation in the value of the properties pledged as security for loans in relation to the expected outstanding loan amount upon expected redemption. The reserve is calculated individually for each loan.

The significant assumptions in the model are:
– The term of the loan
– Estimated outstanding loan amount at any given time.

– Underlying value of the mortgaged property.
– Price trend in the real estate market.
– Applied discount rate.

Definition of impairment
Nordax's definition of impairment for equity release mortgages (the loan is credit-impaired) is that the loan is sent for debt collection, or if there is objective evidence that the Group has been defrauded.

Significant increase in credit risk ("SICR")
The determination of whether there has been a significant increase in credit risk is done individually for each loan. Factors that are taken into consideration in this determination are:

·How long it has been since the loan matured, i.e. how much time has passed since the borrower sold their property, moved into a senior-living arrangement or deceased.

·High expected LTV (loan-to-value) for the loan at the expected redemption time.

Climate-related risks

Climate-related risks can be divided into two categories: physical risks and transition-related risks. Physical risks arise due to the physical impact of global warming and climate change which may, for example, change the value of collateral. Transition-related risks occur when the authorities, institutions and corporations work to accelerate the transition to a low-carbon economy. This may lead to regulatory measures, new market incentives or changes in demand and behavior that may lead to financial consequences for our customers and for Nordax as a whole.

Nordax faces both direct and indirect risks associated with climate change. Direct risks may arise as a result of regulatory requirements, disruption to Nordax's business and impacts on Nordax products and services. However, it is the indirect climate-related risks, especially those that Nordax's customers are exposed to, that are deemed most significant. Both physical and transition-related risks may affect Nordax customers' profitability, cash flows and asset values. Since Nordax largely offers products with short lifespans to retail customers, neither the physical risks nor the transition-related risks are problematic in Nordax's assessment of the credit risk associated with climate change.

LTV

	2022-12-31	2021-12-31
<=50%	8,985	7,692
50-65%	1,060	850
65-75%	1,013	784
75-85%	4,623	3,419
>85%	-	-
Total	15,681	12,745

MAXIMUM EXPOSURE FOR CREDIT RISK

	2022-12-31	2021-12-31
Credit risk exposures relate to the balance sheet as follows:		
Lending to central banks	3,723	1,924
Lending to credit institutions	3,332	3,080
Lending to the general public	88,756	70,681
Bonds and other fixed-income securities	13,608	23,318
Total	109,419	99,003

Assets above are listed at their recognized value as per the balance sheet. Lending to central banks, lending to credit institutions and bonds and other interest-bearing securities relates to exposures to, among others, Swedish and Norwegian counterparties. The geographical risk concentrations for lending to the general public are set out in the table below.

LENDING TO THE GENERAL PUBLIC
GROUP

	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Sweden	26,075	1,823	2,201	-420	-321	-1,015	28,343
SHP	8,787	38	3	-30	0	0	8,798
Norway	19,015	1,413	3,035	-104	-110	-1,248	22,001
Finland	18,476	1,673	3,540	-245	-261	-1,411	21,772
Germany and Spain	1,566	128	427	-40	-29	-311	1,741
Denmark	5,749	242	522	-93	-40	-279	6,101
Total	79,668	5,317	9,728	-932	-761	-4,264	88,756

	Gross			Provisions			
31 December 2021	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Sweden	19,050	1,264	3,030	-244	-169	-1,456	21,475
SHP	7,612	18	3	-8	0	0	7,625
Norway	16,469	1,092	4,604	-137	-88	-1,794	20,146
Finland	12,626	1,253	4,638	-211	-153	-1,886	16,267
Germany and Spain	489	29	242	-17	-6	-183	554
Denmark	4,466	134	456	-61	-21	-360	4,614
Total	60,712	3,790	12,973	-678	-437	-5,679	70,681

The acquisition of Bank Norwegian included Stage 3 lending: the gross amount stood at SEK 7,903 million, while the net amount was SEK 4,912 million. The acquired loan portfolio has decreased, but as a result of the rising Norwegian krone since the acquisition, acquired Stage 3 lending as at December 31, 2021 amounted to SEK 8,018 million gross, while the net figure was SEK 4,966 million.

PARENT COMPANY

	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Sweden	26,074	1,823	2,201	-420	-321	-1,015	28,342
Norway	19,015	1,413	3,035	-104	-110	-1,248	22,001
Finland	18,476	1,673	3,540	-245	-261	-1,411	21,772
Germany and Spain	1,566	128	427	-40	-29	-311	1,741
Denmark	5,749	242	522	-93	-40	-279	6,101
Total	70,880	5,279	9,725	-902	-761	-4,264	79,957

	Gross			Provisions			
31 December 2021	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Sweden	13,525	783	1,794	-172	-106	-905	14,919
Norway	5,289	334	1,846	-93	-42	-875	6,459
Finland	3,940	222	1,335	-83	-36	-586	4,792
Germany	386	29	242	-13	-6	-183	455
Denmark	–	–	295	–	–	-273	22
Total	23,140	1,368	5,512	-361	-190	-2,822	26,647

Assets above are listed at their recognized value as per the balance sheet. Lending to credit institutions and bonds and other interest-bearing securities relates to exposures to Swedish counterparties. The risk concentrations per product are presented below.

LENDING TO THE GENERAL PUBLIC PER PRODUCT GROUP

	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Personal loans	53,580	4,431	8,779	-800	-703	-3,929	61,358
Credit Cards	10,882	467	797	-98	-55	-320	11,673
Mortgage loans	6,419	381	149	-4	-3	-15	6,927
SHP	8,787	38	3	-30	0	0	8,798
Total	79,668	5,317	9,728	-932	-761	-4,264	88,756

	Gross			Provisions			
31 December 2021	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Personal loans	39,267	2,935	12,063	-605	-375	-5,370	47,915
Credit Cards	8,986	641	843	-62	-61	-304	10,043
Mortgage loans	4,847	196	64	-3	-1	-5	5,098
SHP	7,612	18	3	-8	0	0	7,625
Total	60,712	3,790	12,973	-678	-437	-5,679	70,681

PARENT COMPANY

	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Personal loans	53,579	4,431	8,779	-800	-703	-3,929	61,357
Credit Cards	10,882	467	797	-98	-55	-320	11,673
Mortgage loans	6,419	381	149	-4	-3	-15	6,927
Total	70,880	5,279	9,725	-902	-761	-4,264	79,957

	Gross			Provisions			
31 December 2021	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	NET
Lending to the general public							
Personal loans	18,293	1,172	5,448	-358	-189	-2,817	21,549
Mortgage loans	4,847	196	64	-3	-1	-5	5,098
Total	23,140	1,368	5,512	-361	-190	-2,822	26,647

Credit quality

The below table provides an analysis of the credit quality distribution in different credit risk classes for the gross and net carrying amount of lending to the general public. Loan contracts are assigned a risk class based on a PD score that is derived through logistic regression analysis where the risk classes represent defined PD score buckets.

GROUP

MSEK

	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	TOTAL
Credit quality for lending to the general public[1]							
A–B	38,478	245	–	-164	-33	–	38,526
C–D	17,156	918	–	-274	-194	–	17,606
E–F	5,179	510	–	-221	-97	–	5,371
G–H	1,432	1,070	–	-81	-93	–	2,328
I–J	111	1,817	–	-20	-310	–	1,598
No rating personal loans[2]	2,106	338	–	-138	-31	–	2,275
SHP (not classified A–J)	8,787	38	3	-30	0	0	8,798
Mortgage (not classifiied A–J)	6,419	381	149	-4	-3	-15	6,927
Non-performing loans	–	–	9,576	–	–	-4,249	5,327
Sum	79,668	5,317	9,728	-932	-761	-4,264	88,756

	Gross			Provisions			
31 December 2021	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	TOTAL
Credit quality for lending to the general public[1]							
A–B	26,416	48	0	-97	-1	–	26,366
C–D	14,271	322	–	-209	-16	–	14,368
E–F	4,217	850	–	-146	-65	–	4,856
G–H	1,188	1,071	–	-69	-113	–	2,077
I–J	96	1,127	–	-11	-210	–	1,002
No rating personal loans[2]	2,065	158	–	-135	-31	–	2,057
SHP (not classified A–J)	7,612	18	3	-8	–	–	7,625
Mortgage (not classifiied A–J)	4,847	196	64	-3	-1	-5	5,099
Non-performing loans	–	–	12,906	–	–	-5,674	7,232
Sum	60,712	3,790	12,973	-678	-437	-5,679	70,681

1 Credit quality is based on a rating from A to J, where A is the lowest risk and J the highest. Creditworthiness is determined using a model for calculating the probability that a borrower will be able to honor the agreements entered into, referred to as “credit scoring.”

2 Surplus relating to Bank Norwegian amounts to SEK 1,677 million.

PARENT COMPANY

MSEK	Gross			Provisions			
31 December 2022	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	TOTAL
Credit quality for lending to the general public[1]							
A-B	38,478	245	-	-164	-33	-	38,526
C-D	17,156	918	-	-274	-194	-	17,606
E-F	5,179	510	-	-221	-97	-	5,371
G-H	1,432	1,070	-	-81	-93	-	2,328
I-J	111	1,817	-	-20	-310	-	1,598
No rating personal loans[2]	2,105	338	-	-138	-31	-	2,274
Mortgage (not classifiied A-J)	6,419	381	149	-4	-3	-15	6,927
Non-performing loans	-	-	9,576	-	-	-4,249	5,327
Sum	70,880	5,279	9,725	-902	-761	-4,264	79,957

MSEK	Gross			Provisions			
31 December 2021	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	TOTAL
Credit quality for lending to the general public[1]							
A-B	9,738	42	0	-51	-1	-	9,728
C-D	6,903	209	-	-126	-10	-	6,976
E-F	1,185	430	-	-60	-42	-	1,513
G-H	56	315	-	-6	-50	-	315
I-J	0	176	-	0	-86	-	90
No rating personal loans[2]	411	0	-	-115	0	-	296
Mortgage (not classifiied A-J)	4,847	196	64	-3	-1	-5	5,098
Non-performing loans	-	-	5,448	-	-	-2,817	2,631
Sum	23,140	1,368	5,512	-361	-190	-2,822	26,647

Market risk

In financial operations, market risks consist mainly of interest rate risks, currency risks, counterparty risks and exchange rate risks for equities and bonds. The Group does not retain trading stocks, while exchange rate risks are present in the liquidity portfolio and the risk of loss in relation to these investments is limited as the investments are almost exclusively in fixed-income instruments with low levels of counterparty risk. The Board of Directors has established a policy in order to limit these risks, partly by means of limits applied to risk levels.

Counterparty risk in derivatives

The Treasury function is responsible for ensuring that exposure to market risks remains within the set limits. To this end, currency and interest derivative contracts that give rise to counterparty risk are entered into. The counterparty risk is reduced by means of ISDA agreements and CSA agreements for the exchange of collateral provided. ISDA agreements entail the exposure to a counterparty being managed on a net basis in relation to all derivative contracts between the counterparties in the event of a serious credit event. The CSA agreements reduce the exposure by pledging/obtaining cash collateral and bonds equivalent to the net exposure. All of Nordax's CSA agreements pertain to the daily exchange of collateral. See note 32 for further information.

Exchange rate risk

Exchange rate risk refers to the risk that the value of assets and liabilities may vary due to unfavorable changes in exchange rates. The Group operates in Sweden, Norway, Denmark, Finland, Germany, Spain, and the Netherlands, and is exposed to currency risks arising from currency exposures related to NOK, DKK and EUR. The most significant currency risk arises from the translation of receivables and liabilities in foreign currency into SEK. The Board of Directors has decided on a policy whereby the Group continuously measures and reports its foreign exchange risk. In the first instance, the bank's policy is to limit the effects of fluctuations in exchange rates by matching assets and liabilities in the same currency. Residual currency risk is primarily managed by means of currency derivatives.

In terms of the Consolidated Situation, the foreign currency surplus that occurred during the acquisition of Nordax Group AB is also included. As at December 31, 2022, this currency exposure amounted to NOK 158 million and EUR 23 million.

The Board of Directors has adopted a strategy that entails the hedging of currency exposures arising from the acquisition at a Nordax Holding level via the use of currency derivatives entered into by the Parent Company. This means that there is a residual currency exposure in the Parent Company as a result in the difference between the exposure that arose in Nordax Bank AB and Nordax Holding from the acquisition in relation to the currency derivatives entered into.

CURRENCY EXPOSURE AND SENSITIVITY ANALYSIS

Currency exposure according to capital adequacy rules, net (SEK millions)

	Group		Nordax Bank AB	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Currency				
NOK	157.0	38.5	-14.2	1,602.7
EUR	5.7	168.2	-248.2	-410.1
DKK	-14.6	16.5	-14.6	-504.2

SENSITIVITY ANALYSIS

Shows the net position and a sensitivity analysis of comprehensive income in which SEK fluctuates +/-5% against exposure currencies.

	Group		Parent company	
Exchange rate fluctuation +/-5% on operating profit/loss before tax	2022-12-31	2021-12-31	2022-12-31	2021-12-31
NOK	+/-0.7	+/-7.7	+/-0.7	+/-7.9
EUR	+/-12.4	+/-5.5	+/-12.4	+/-20.5
DKK	+/-0.7	+/-1.2	+/-0.7	+/-25.2

Interest rate risk in relation to cash flows and fair values

Interest rate risk relates to the risk of negative changes in the present value ("EVE") of interest-sensitive instruments due to changes in interest rates or the risk of a negative impact on net interest income ("NII") within a certain timeframe as a result of changes to interest rates. The Board of Directors has decided on a policy whereby the group continuously measures and reports its interest rate risk based on an interest rate risk model that takes into account both EVE and NII. Nordax uses an internal measurement system ("IMS") to calculate EVE and NII based on the requirements in the EBA's guideline (EBA/GL/2018/02) and the additional notes set out in the Swedish Financial Supervisory Authority's memorandum (FI Dnr 19-4434).

Interest rate risk is calculated based on assumptions for interest rate-sensitive contractual and behavioral cash flows relating to fixed interest periods and maturities. EVE is measured in six different standard scenarios and is based on a settlement balance sheet where commercial margins are excluded. NII is measured over a one-year period in two different standard scenarios and is based on a constant balance sheet where commercial margins are included.

The Group's fixed interest rate on lending and borrowing is mainly concentrated from a 1-day to a 3-month basis. The lending rate is generally tied to the Group's own borrowing costs, which means that the interest rate risk is limited both in terms EVE and NII. In order to limit interest rate risk, the Group also engages in interest rate swaps from time to time. Based on the scenario with the most negative outcome, the interest rate risk in Nordax Bank amounts to SEK 180.3 million (120.8 million), while in the Consolidated Situation the corresponding figure is SEK 203.5 million (103.9 million).

Credit spread risk

Credit spread risk is the risk of negative changes to the present value of interest-sensitive instruments due to changes in credit spreads. Credit spread risk is present in the liquidity portfolio and is limited as investments are almost exclusively made in interest-bearing instruments with a low credit risk and limited duration.

Equity-related risk

Equity-related risk is the risk of negative changes to the value of holdings in shares, including price risk upon any future sale. Nordax only has strategic holdings in shares that can be justified by its business plan. Ongoing holdings are evaluated on an annual basis as part of business planning processes. In addition to holdings in wholly owned subsidiaries, Nordax also owns shares in Stabelo AB, Vipps AS and VN Norge with a total book value as of December 31, 2022 of SEK 167.9 million.

Liquidity risk

Refer to section Information on liquidity risk under Note 5 Capital adequacy.

FINANCIAL ASSETS AND LIABILITIES

The following table analyzes the Group's financial assets and liabilities broken down by the time remaining at the close of the reporting period until the first contractual early redemption date. The contractual maturity date for issued securities is in excess of five years. See Note 31 for further details. All other amounts stated in the table are the contractual, undiscounted cash flows.

FINANCIAL ASSETS

GROUP

31 December 2022	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial assets						
Lending to central banks	3,723	-	-	-	-	3,723
Lending to credit institutions	3,332	-	-	-	-	3,332
Lending to the general public	13,453	2,105	4,901	5,870	62,427	88,756
Bonds and other fixed-income securities	1,351	3,213	3,162	5,882	-	13,608
Other shares	-	-	-	-	168	168
Derivatives	56	99	49	107	108	419
Receivable to group companies	-	-	-	10	-	10
Other assets	142	-	-	-	-	142
Total	22,057	5,417	8,112	11,869	62,703	110,158

31 December 2021	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial assets						
Lending to central banks	1,924	-	-	-	-	1,924
Lending to credit institutions	3,080	-	-	-	-	3,080
Lending to the general public	10,905	2,361	3,488	4,103	49,824	70,681
Bonds and other fixed-income securities	1,036	1,807	8,899	11,576	-	23,318
Other shares	-	-	-	-	154	154
Derivatives	24	21	92	-	3	140
Receivable to group companies	-	-	-	6	-	6
Other assets	2	-	-	-	-	2
Total	16,971	4,189	12,479	15,685	49,981	99,305

FINANCIAL LIABILITIES

GROUP

31 December 2022	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial liabilities						
Liabilities to credit institutions	-	-	2,375	7,364	-	9,739
Deposits from the general public	71,059	1,041	4,144	860	-	77,104
Issued securities	181	600	1,273	4,112	2,250	8,416
Subordinated liabilities	-	-	-	-	1,531	1,531
Derivates	96	86	125	-	-	307
Liabilities to group companies	-	-	-	159	-	159
Trade payables and other liabilities	431	-	-	-	-	431
Total	71,767	1,727	7,917	12,495	3,781	97,687

31 December 2021	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial liabilities						
Liabilities to credit institutions	-	-	614	5,995	-	6,609
Deposits from the general public	64,450	739	1,434	801	-	67,424
Issued securities	-	246	3,349	7,271	-	10,866
Subordinated liabilities	-	-	210	550	973	1,733
Derivates	33	185	219	-	-	437
Liabilities to group companies	-	-	-	51	200	251
Trade payables and other liabilities	119	-	-	-	-	119
Total	64,602	1,170	5,826	14,668	1,173	87,439

FINANCIAL ASSETS

PARENT COMPANY

31 December 2022	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial assets						
Lending to central banks	3,723	–	–	–	–	3,723
Lending to credit institutions	2,650	–	–	–	–	2,650
Lending to the general public	13,453	2,106	4,901	5,870	53,627	79,957
Bonds and other fixed-income securities	1,351	3,213	3,162	5,882	–	13,608
Other shares	–	–	–	–	168	168
Derivatives	56	99	49	107	108	419
Receivable to group companies	8	1,150	675	109	–	1,942
Other assets	142	–	–	–	–	142
Total	21,383	6,568	8,787	11,968	53,903	102,609

31 December 2021	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial assets						
Lending to central banks	1,088	–	–	–	–	1,088
Lending to credit institutions	1,503	–	–	–	–	1,503
Lending to the general public	473	2,342	43	2,338	21,451	26,647
Bonds and other fixed-income securities	–	242	488	1,801	–	2,531
Other shares	–	–	–	–	127	127
Derivatives	–	–	–	–	3	3
Receivable to group companies	–	–	1,666	–	–	1,666
Other assets	–	–	–	–	–	–
Total	3,064	2,584	2,197	4,139	21,581	33,565

FINANCIAL LIABILITIES

PARENT COMPANY

31 December 2022	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial liabilities						
Liabilities to credit institutions		–	–	–	–	–
Deposits from the general public	71,059	1,041	4,144	860	–	77,104
Issued securities	181	600	1,273	4,112	–	6,166
Subordinated liabilities	–	–	–	–	1,531	1,531
Derivates	96	86	125	–	–	307
Liabilities to securization firms	–	1,150	731	2,492	–	4,373
Liabilities to group companies	–	–	–	410	–	410
Trade payables and other liabilities	424	–	–	–	–	424
Total	71,760	2,877	6,273	7,874	1,531	90,315

31 December 2021	Up to 30 days	Less than 3 months	3-12 months	1-5 years	More than 5 years	TOTAL
Financial liabilities						
Liabilities to credit institutions	–	–	–	–	–	–
Deposits from the general public	27,062	738	1,434	801	–	30,035
Issued securities	–	–	901	579	–	1,480
Subordinated liabilities	–	–	–	972	–	972
Derivates	15	123	157	–	–	295
Liabilities to securization firms	35	0	2	160	2,331	2,528
Liabilities to group companies	–	–	–	218	200	418
Trade payables and other liabilities	87	–	–	–	–	87
Total	27,199	861	4,160	2,730	2,531	35,815

Note 5 Capital adequacy

Capital adequacy analysis

The information in this note is disclosed in accordance with Chapter 8, Section 4 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports at credit institutions and securities companies (FFFS 2008:25), as well as Chapter 8, Section 1 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding prudential requirements and capital buffers (FFFS 2014:12). Information in Article 447 of Regulation (EU) No 575/2013 and Article 473a point 6 (transitional arrangement of IFRS9 for own funds) in accordance with (EBA/ GL/2018/01) as well as the disclosure requirements of the same regulation). The liquidity and funding information is disclosed in accordance with Chapter 5, Section 2 of the Swedish Financial Supervisory Authority's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7).

Merger with Bank Norwegian

On 30 November 2022, the merger between Nordax Bank AB and Bank Norwegian ASA has been completed. The merger was implemented with Nordax as the surviving company and Bank Norwegian as the transferring company, with the operations of Bank Norwegian being continued through Nordax's Norwegian branch, the legal name of which is Bank Norwegian, a branch of Nordax Bank AB (publ) (the "Branch"). The capital requirements for the consolidated situation did not change as result of merger, however, the capital requirement for Nordax Bank AB has increased due to replacing Nordax Bank AB shares in Bank Norwegian by the assets of Bank Norwegian, as well as the excess value of lending portfolio that arose in connection with the acquisition.

Exemption as per article 352.2

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

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

IFRS9 transitional arrangement

Nordax has notified the Swedish FSA that the bank has decided to use the transitional arrangement regarding IFRS 9 which entail a gradual phasing-in of credit provisions that arise during the transition to IFRS 9 and credit provisions for stages 1 and 2 until December 31, 2019. For the calculation of own funds this means that reduction in shareholder equity is amortized during the period 2018-2022 as follows:

-2018 95% reversal of the initial negative effect on equity
-2019 85% reversal of the initial negative effect on equity
-2020 70% reversal of the initial negative effect on equity
-2021 50% reversal of the initial negative effect on equity
-2022 25% reversal of the initial negative effect on equity

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

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

Combined buffer requirement

The combined buffer requirement for the Consolidated Situation consists of the capital conservation buffer requirement and the countercyclical capital buffer requirement. Since November 2021, a system risk buffer requirement has been also added following the acquisition of Bank Norwegian. however, as a result of merger through absorption, the requirement for systemic risk buffer was abolished. The required capital conservation buffer amounts to 2.5 percent of the risk-weighted exposure amount. The countercyclical capital buffer is weighted based on geographical requirements. For Finland, Spain, and Germany, the requirement amounted to 0%, for Norway and Denmark the requirement amounted to 2% while the requirement was 1% for Sweden.

Information on the consolidated situation

The top company in the Consolidated Situation is Nordax Holding AB (publ). The following companies are included in the Consolidated Situation when calculating capital requirements: Nordax Holding AB, Nordax Group AB, Nordax Bank AB (publ), Noba Sverige AB, Nordax Sverige 5 AB (publ), Nordax Sweden Mortgages 1 AB, Svensk Hypotekspension AB and affiliated subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ), in addition to Lilienthal Finance Ltd.

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

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

Nordax Bank also financed the acquisition via an issue for noncash consideration of Bank Norwegian shares amounting SEK 4.4 billion, unconditional shareholder contributions amounting to SEK 1 billion, conditional shareholder contributions amounting to SEK 8.4 billion and a loan from Nordax Holding AB amounting to SEK 200 million. As a result of the merger, the conditional shareholder contribution has been changed to unconditional. On 20 December 2022, the loan from Nordax Holding AB including accrued interest of the loan has been converted to unconditional shareholder contribution amounting SEK 203 million.

The own funds of the Consolidated Situation includes, in addition to the capital instruments issued above, the additional Tier 1 capital amounting SEK 90 million and Tier 2 capital amounting SEK 676 million issued by Nordax Bank AB.

CAPITAL ADEQUACY[1]	GROUP		Parent company	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
OWN FUNDS				
Common Equity Tier 1 capital	23,254	22,409	18,557	9,360
Deduction from own funds	-12,544	-12,573	-7,759	-11
Total Common Equity Tier 1 capital	**10,710**	**9,836**	**10,798**	**9,349**
Additional Tier 1 Capital[2]	1,428	1,545	1,470	1,320
Sum Tier 1 Capital	**12,138**	**11,381**	**12,268**	**10,669**
Tier 2 Capital[3]	1,296	1,261	1,531	972
Total Capital	**13,434**	**12,642**	**13,799**	**11,641**
Risk exposure amount for credit risk	65,183	54,965	62,490	41,340
Risk exposure amount for market risk	0	0	277	1,145
Risk exposure amount for operational risks	5,782	5,526	5,278	1,495
CVA	183	200	183	130
Total risk exposure amount (risk weighted assets)	**71,148**	**60,691**	**68,228**	**44,110**
Common Equity Tier 1 capital ratio	15.05%	16.21%	15.83%	21.20%
Tier 1 capital ratio	17.06%	18.75%	17.98%	24.19%
Total capital ratio	18.88%	20.83%	20.22%	26.39%
Total Common Equity Tier 1 capital requirement including buffer requirement	8.04%	9.22%	8.04%	7.60%
- of which, capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
- of which, countercyclical capital buffers	1.04%	0.31%	1.04%	0.60%
-of which systemic risk buffer	-	1.91%	-	-
Common Equity Tier 1 capital available for use as buffer [4]	8.05%	9.21%	8.83%	14.20%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	20,920	20,920	4,549	4,553
-of which share capital	2	2	73	73
- of which other contributed capital	20,917	20,918	4,476	4,476
-of which other funds	-	-	0	4
Retained earnings	389	612	12,018	3,547
Other comprehensive income	-	-	-	-
Deferred tax liabilities attributable to other intangible assets	564	593	420	-
Other transition adjustments of common equity Tier 1 capital	358	275	334	240
Minority interest	-	-	-	-
Independently audited interim results after deductions foreseeable dividends	1,024	9	1,236	1,020
Common Equity Tier 1 capital before regulatory adj.	**23,254**	**22,409**	**18,557**	**9,360**
Regulatory adjustments:				
(-)Intangible assets	-12,364	-12,550	-7,579	-8
(-) Prudent valuation	-180	-23	-180	-3
Total regulatory adjustment to Common Equity Tier 1	**-12,544**	**-12,573**	**-7,759**	**-11**
Common Equity Tier 1	**10,710**	**9,836**	**10,798**	**9,349**
Tier 1 capital				
- AT1 capital instrument, directly issued	1,338	1,332	1,470	1,320
-AT1 capital instrument, issued by subsidiaries and recognized in AT1 Capital	90	213	-	-
Tier 1 capital, total	**12,138**	**11,381**	**12,268**	**10,669**
Tier 2 capital instrument				
-tier 2 capital instrument	620	634	1,531	972
-tier 2 capital instrument, issued by subsidiaries and recognised in T2 Capital	676	627	-	-
Total capital	**13,434**	**12,642**	**13,799**	**11,641**
Total risk exposure amount	**71,148**	**60,691**	**68,228**	**44,110**
Specification of risk exposure amount				
Exposures to national governments and central banks	0	187	0	129
Exposures to regional governments and local authorities	179	1,159	179	-
Institutional exposures	868	772	724	353
Covered bonds	708	1,191	708	134
Household exposures	50,909	38,205	50,510	14,121
Exposures secured by mortgages on immovable property	5,535	4,479	2,426	1,771
Equity exposures	168	154	1,197	21,611
Past due items	6,169	8,310	6,099	2,916
Corporate exposures	-	-	-	-
Other items	647	507	647	305
Total risk exposure amount for credit risk, Standardized Approach	**65,183**	**54,964**	**62,490**	**41,340**

CAPITAL ADEQUACY

	GROUP		Parent company	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Exchange rate risk	0	0	277	1,145
Total risk exposure amount for market risk	**0**	**0**	**277**	**1,145**
Operative risk according to Alternative Standardized Approach	5,782	5,526	5,278	1,495
Total risk exposure amount for operational risks	**5,782**	**5,526**	**5,278**	**1,495**
Credit valuation adjustment risk (CVA)	183	200	183	130
Total risk exposure amount for credit valuation adjustment risk	**183**	**200**	**183**	**130**
Total risk exposure amount	**71,148**	**60,691**	**68,228**	**44,110**
Specification of capital requirement[2]				
Credit risk				
Exposures to national governments and central banks	0	15	-	10
Exposures to regional governments and local authorities	14	93	14	0
Institutional exposures	69	62	58	28
Covered bonds	57	95	57	11
Household exposures	4,073	3,057	4,041	1,130
Exposures secured by mortgages on immovable property	443	357	194	142
Equity exposures	13	12	96	1,729
Past due items	494	665	488	233
Corporate exposures	-	0	-	0
Other items	52	41	52	24
Total capital requirement for credit risk	**5,215**	**4,397**	**4,999**	**3,307**
Market risk				
Exchange rate risk	0	0	22	92
Total capital requirement for market risk	**0**	**0**	**22**	**92**
Operational risk				
Operational risk	463	442	422	120
Total capital requirement for operational risks	**463**	**442**	**422**	**120**
Credit valuation adjustment risk (CVA)				
Credit valuation adjustment risk (CVA)	15	16	15	10
Total capital requirement for CVA risk	**15**	**16**	**15**	**10**
Total capital requirements	**5,693**	**4,855**	**5,458**	**3,529**
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	3.48%	4.76%	3.55%	1.04%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	1.04%	0.31%	1.04%	0.60%
Systemic risk buffer - Norway	-	1.91%	-	-
Total Capital Requirement	**15.02%**	**17.48%**	**15.09%**	**12.14%**
Capital Requirement, MSEK				
Pillar 1	5,692	4,855	5,458	3,529
Pillar 2	2,475	2,892	2,421	460
Capital conservation buffer	1,779	1,517	1,706	1,102
Institute-specific countercyclical buffer	738	185	709	266
Systemic risk buffer - Norway	-	1,159	-	-
Total Capital Requirements	**10,683**	**10,608**	**10,294**	**5,357**
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	116,650	105,585	107,622	54,123
Tier 1 capital	12 ,138	11,381	12,269	10,669
Leverage ratio[6]	**10.41%**	**10.78%**	**11.40%**	**19.71%**
Requirements for leverage ratio, MSEK	3,500	3,168	3,229	1,624
Requirements for leverage ratio, percentage	3%	3%	3%	3%

[1] Some figures in the table have been adjusted and they differ from the figures given in the interim report Q4-2022. The Common Equity Tier1 capital in the interim report Q4-2022 was 10 724 MSEK and the risk exposure amount was 71 161 MSEK. The CET1 capital ratio, T1 capital ratio and total capital ratio were 15.07 %, 17.08 % and 18.90 %. The total capital requirement for consolidated situation is marginally adjusted and was reported as 15.01%. The leverage ratio was stated as 10.42% in the interim report Q4-2022.

[2] In November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued Additional Tier 1 capital instrument amounting MSEK 1,400. At the time of the merger the bank has taken over Bank Norwegian's Additional Tier 1 capital previously issued on solo-level amounting NOK 125 million. During the period, SEK 90 million of these were qualified to be included the capital base of the Consolidated Situation.

[3] Nordax Bank has previously issued Tier 2 capital, however, during the merger the bank has taken over Bank Norwegian's subordinated loan. These could only be included in the capital base of the Consolidated Situation with the part required to cover the bank's capital requirements. As of 31 December 2022, the eligible amount of Tier 2 capital to be included has amounted to SEK 679 million. During October and November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB has issued additional amount of Tier 2 capital of SEK 650 million.

[4] Available CET1 capital that can be used as buffer after deducting CET1 capital required to fulfill the requirements under Pillar 1 and the capital conservation buffer requirement given as a percentage of REA.

[5] Nordax Bank AB and its consolidated situation applies the transitional arrangements in accordance with article 473a of Regulation (EU) no. 575/2013 with application of paragraphs 2 and 4. Template "Final report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA/GL/2018/01 can be read at the end of the report.

Template EU KM1 – Key metrics template
GROUP

MSEK		a	b	c	d	e
Available own funds (amounts)		20221231	20220930	20220630	20220331	20211231
1	Common Equity Tier 1 (CET1) capital	10,710	10,270	9,844	9,659	9,836
2	Tier 1 capital	12,138	11,691	11,262	11,276	11,381
3	Total capital	13,434	12,827	12,397	12,536	12,642
Risk-weighted exposure amounts						
4	Total risk exposure amounts	71,148	67,485	65,162	63,161	60,691
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.05%	15.22%	15.11%	15.29%	16.21%
6	Tier 1 ratio (%)	17.06%	17.32%	17.28%	17.85%	18.75%
7	Total capital ratio (%)	18.88%	19.01%	19.03%	19.85%	20.83%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.48%	3.46%	3.46%	3.56%	3.69%
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.33%	2.35%	2.35%	3.56%	3.69%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.61%	2.59%	2.59%	–	–
EU 7d	Total SREP own funds requirements (%)	11.48%	11.46%	11.46%	11.56%	11.69%
Combined buffer and overall capital requirement (as a percentage of risk- weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	1.04%	0.85%	0.42%	0.30%	0.31%
EU 9a	Systemic risk buffer (%)	–	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	1.79%	1.79%	1.84%	1.91%
11	Combined buffer requirement (%)	3.54%	5.14%	4.71%	4.64%	4.72%
EU 11a	Overall capital requirements (%)	15.02%	17.07%	16.75%	16.66%	17.48%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.23%	8.37%	8.26%	7.23%	8.02%
Leverage ratio						
13	Total exposure measure	116,650	109,848	109,165	109,173	105,585
14	Leverage ratio (%)	10.41%	10.64%	10.32%	10,33%	10,78%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	of which: to be made up of CET1 capital (percentage points)	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	–	–	–	–	–
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
Liquidity Coverage Ratio[1]						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	9,532	8,060	7,830	7,236	6,008
EU 16a	Cash outflows – Total weighted value	10,216	9,451	7,622	5,738	3,857
EU 16b	Cash inflows – Total weighted value	4,550	4,514	4,029	3,461	3,154
16	Total net cash outflows (adjusted value)	5,666	4,937	3,593	2,277	964
17	Liquidity coverage ratio (%)	168.24%	163.26%	217.94%	317.73%	623.03%
Net Stable Funding Ratio						
18	Total available stable funding	108,873	104,763	104,949	105,445	102,580
19	Total required stable funding	89,268	85,342	81,800	79,357	76,258
20	NSFR ratio (%)	121.96%	122.76%	128.30%	132.87%	134.52%

1 Expressed as simple averages of the observations at the end of the month during the twelve months before the end of each quarter.

The tabel below presents information in accordance with Regulation EU No 575/2013 Article 473a paragraph 6 and the disclosure requirement in Part 8 of the same Regulation.

Template IFRS 9-FL: Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

	MSEK	T 20221231	T-1 20220930	T-2 20220630	T-3 20220331	T-4 20211231
1	Common Equity Tier 1 (CET1) capital	10,710	10,270	9,844	9,659	9,837
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,352	10,096	9,706	9,522	9,562
3	Tier 1 capital	12,138	11,691	11,262	11,276	11,382
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,780	11,517	11,124	11,139	11,107
5	Total capital	13,434	12,827	12,397	12,536	12,643
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,076	12,653	12,260	12,398	12,368
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	71,148	67,485	65,162	63,161	60,690
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	70,790	67,311	65,025	63,023	60,416
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.05%	15.22%	15.11%	15.29%	16.21%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.62%	15.00%	14.93%	15.11%	15.83%
11	Tier 1 (as a percentage of risk exposure amount)	17.06%	17.32%	17.28%	17.85%	18.75%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.64%	17.11%	17.11%	17.67%	18.38%
13	Total capital (as a percentage of risk exposure amount)	18.88%	19.01%	19.03%	19.85%	20.83%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.47%	18.80%	18.85%	19.67%	20.47%
	Leverage ratio					
15	Leverage ratio total exposure measure	116,650	109,848	109,165	109,173	105,310
16	Leverage ratio	10.41%	10.64%	10.32%	10.33%	10.81%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10.10%	10.48%	10.19%	10.20%	10.55%

Internal capital requirement

As at 31 December 2022, the internally assessed capital requirement for Consolidated Situation amounted to SEK 2,475 million (2,892 million). The reduction is mainly explained by changes associated with the merger as described below.

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

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

During the first quarter of 2023, an internal capital adequacy assessment has been carried out in accordance with the Swedish FSA's methods and requirements for all risks. If this assessment had been applied as of December 31, 2022, the Pillar 2 requirement in the consolidated situation would have amounted to SEK 930 million.

Total capital requirement

The total capital requirement for the period amounts to SEK 10,686 million (SEK 10,608 million) and is entirely covered by CET1 capital. The total capital requirement has decreased primarily due to the buffer requirement for others systemically important institutions of 3% of Bank Norwegian's total risk-weighted exposure amounts which was no longer applicable due to merger through absorption.

Leverage ratio

Following amendments to the Capital requirements Directive, a minimum leverage ratio of 3.0 percent was implemented effective June 28, 2021. As of 31 December 2022, the Consolidated Situation's leverage ratio was 10.41% (10.78), which is well in excess of the 3% requirement.

Information on liquidity risk

The Group defines liquidity risk as the risk of failing to fulfill payment obligations at maturity without a significant increase in the cost of obtaining means of payment. The Group uses asset-backed borrowing in which parts of the Group's asset portfolios are pledged as collateral for the loans. The Group's long-term strategy is to match lending assets with the maturities of liabilities. The strategy strives to achieve a diversified funding platform comprising equity, subordinated debt, securitizations ("ABS"), credit facilities provided by banks, deposits from the public and senior uncovered bonds.

The goal is to use funding sources that meet the following criteria:

- Provide a high degree of matching of currencies and interest periods as well as maturities between assets and liabilities.
- Offer diversification in terms of markets, investors, instruments, maturities, currencies, counterparties, and geography.
- Give a low liquidity risk and offer a strong possibility of refinancing at maturity, as evidenced by price stability, regularity of issuance and a broad investor base.
- Provide access to relatively large volumes, to meet the funding requirements of a growing balance sheet.

The Group has an independent function for liquidity risk control. The function reports directly to the Board of Directors and CEO. Liquidity risk is reported at each meeting of the Board of Directors. Cash flows that are expected to arise from the liquidation of all assets, liabilities and off-balance sheet items are calculated. Key ratios from the Balance Sheet (such as the cash ratio, loan-to-deposit ratio, liquidity coverage ratio, net stable funding ratio and deposit usage) are calculated and monitored over time to illustrate the financial structure and the Group's liquidity risk. Liquidity risk is measured monthly under various scenarios and events (such as less favorable advance rates and changed cash flows) and specified separately and collectively. Measurement and reporting of liquidity risk is also performed by the Treasury function on a daily basis, which reports to the Company's management.

The contingency plan contains a clear division of responsibilities and instructions on how the Group should respond in a liquidity crisis. The plan specifies appropriate actions to manage the consequences of various types of crises and contains definitions of events that trigger and escalate the contingency plan. The contingency plan has been tested and updated. As of 31 December 2022, Nordax consolidated situation's Liquidity Coverage Ratio (LCR) was 253.2% (124.0[1]). The net stable funding ratio (NSFR) was122.0% (135.0), calculated in accordance with the definition in Regulation (EU) No. 575/2013.

The consolidated situation's liquidity reserves as of 31 December 2022 amounts to SEK 20.3 billion (SEK 27.8 billion). Of these investments, 34.8% (43.0) are invested in covered bonds, 18.3% (7.0) invested with central banks, 14.6% (9.0) in Nordic credit institutions. The remaining balances are invested in interest bearing securities issued by central governments, municipalities and supra nationals. The credit assessment of these investments is generally high and therefore have high credit rating, between AAA and AA, from leading credit rating agencies. As a rule, Norwegian municipalities do not have a credit rating, but are considered from risk management and risk measurement view as AA assets in line with the Norwegian FSA recommendation, which corresponds to a credit rating lower than the Norwegian government. The average maturity of the liquidity reserve amounts to 391 (457) days.

As of 31 December 2022, Nordax's consolidation situation funding sources comprises of SEK 2,250 million (2,250 million) financing via the asset backed securities market (securitized), SEK 6,166 million (8,605 million) in corporate bonds, SEK 9,739 million (6,608 million) financing against pledges with international banks, and SEK 77,104 million (67,424 million) of retail deposits.

[1] When calculating the LCR of the Consolidated Situation, Nordax has chosen to include only the liquidity buffer required to cover Bank Norwegian's net outflow, as Nordax does not consider that liquidity exceeding 100% of Bank Norwegian's net outflow can be freely used by the Consolidated Situation. In the event that Bank Norwegian surplus liquidity was included in the Consolidated Situation, the LCR could stand at 358%.

[2] Nordax has revised the Q4 2020 LCR following a reclassification of the buffer that was previously reported as 472 percent.

Note 6 Classification of financial assets and liabilities

GROUP

31 December 2022	Fair value through profit or loss[1]	Amortised cost	Fair value via other comprehensive income	TOTAL
Assets				
Lending to central banks	–	3,723	–	3,723
Lending to credit institutions	–	3,332	–	3,332
Lending to the general public	–	88,756	–	88,756
Bonds and other fixed-income securities	13,608	–	–	13,608
Other shares	18	–	150	168
Derivates	419	–	–	419
Receivable to group companies	–	10	–	10
Other assets	–	142	–	142
Total assets	14,045	95,963	150	110,158
Liabilities				
Liabilities to credit institutions	–	9,739	–	9,739
Deposits from the general public	–	77,104	–	77,104
Issued securities	–	8,416	–	8,416
Subordinated liabilities	–	1,531	–	1,531
Derivates	307	–	–	307
Liabilities to group companies	–	159	–	159
Other liabilities	–	431	–	431
Total liabilities	307	97,380	–	97,687

31 December 2021	Fair value through profit or loss[1]	Amortised cost	Fair value via other comprehensive income	TOTAL
Assets				
Lending to central banks	–	1,924	–	1,924
Lending to credit institutions	–	3,080	–	3,080
Lending to the general public	–	70,681	–	70,681
Bonds and other fixed-income securities	23,318	–	–	23,318
Other shares	27	–	127	154
Derivates	140	–	0	140
Receivable to group companies	–	6	–	6
Other assets	–	2	–	2
Total assets	23,485	75,687	127	99,305
Liabilities				
Liabilities to credit institutions	–	6,609	–	6,609
Deposits from the general public	–	67,424	–	67,424
Issued securities	–	10,866	–	10,866
Subordinated liabilities	–	1,733	–	1,733
Derivates	437	–	–	437
Liabilities to group companies	–	251	–	251
Other liabilities	–	119	–	119
Total liabilities	437	87,002	–	87,188

[1] Mandatorily at fair value through profit and loss.

PARENT COMPANY

31 December 2022	Fair value through profit or loss[1]	Amortised cost	Fair value via other compre-hensive income	TOTAL
Assets				
Lending to central banks	–	3,723	–	3,723
Lending to credit institutions	–	2,650	–	2,650
Lending to the general public	–	79,957	–	79,957
Bonds and other fixed-income securities	13,608	–	–	13,608
Other shares	18	–	150	168
Derivates	419	–	–	419
Receivable to group companies	–	1,942	–	1,942
Other assets	–	142	–	142
Total assets	14,045	88,414	150	102,609
Liabilities				
Liabilities to credit institutions	–	77,104	–	77,104
Deposits from the general public	–	6,166	–	6,166
Issued securities	–	4,373	–	4,373
Subordinated liabilities	–	1,531	–	1,531
Derivates	307	–	–	307
Liabilities to group companies	–	410	–	410
Other liabilities	–	424	–	424
Total liabilities	307	90,008	–	90,315

31 December 2021	Fair value through profit or loss[1]	Amortised cost	Fair value via other compre-hensive income	TOTAL
Assets				
Lending to central banks	–	1,088	–	1,088
Lending to credit institutions	–	1,503	–	1,503
Lending to the general public	–	26,647	–	26,647
Bonds and other fixed-income securities	2,531	–	–	2,531
Other shares	–	–	127	127
Derivates	3	–	–	3
Receivable to group companies	–	1,666	–	1,666
Other assets	–	–	–	–
Total assets	2,534	30,904	127	33,565
Liabilities				
Liabilities to credit institutions	–	30,035	–	30,035
Deposits from the general public	–	1,480	–	1,480
Issued securities	–	2,528	–	2,528
Subordinated liabilities	–	972	–	972
Derivates	295	–	–	295
Liabilities to group companies	–	418	–	418
Other liabilities	–	87	–	87
Total liabilities	295	35,102	–	35,815

[1] Mandatorily at fair value through profit and loss.

Note 7 Fair value measurements of financial assets and liabilities

GROUP

31 December 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	3,723	3,723	–
Lending to credit institutions[1]	3,332	3,332	–
Lending to the general public[2,4]	88,756	97,995	9,239
Bonds and other fixed-income securities	13,608	13,608	–
Other shares	168	168	–
Derivatives	419	419	–
Receivable to group companies	10	10	–
Other assets	142	142	–
Total Assets	110,158	119,397	9,239
Liabilities			
Liabilities to credit institutions[1]	9,739	9,739	–
Deposits from general public[1]	77,104	77,104	–
Issued securities [3]	8,416	8,301	-115
Derivatives	307	307	–
Liabilities to group companies	159	159	–
Other liabilities	431	431	–
Subordinated liabilities[3]	1,531	1,455	-76
Total liabilities	97,687	97,496	-191

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	1,924	1,924	–
Lending to creditinstitutions[1]	3,080	3,080	–
Lending to the general public[2]	70,681	74,375	3,694
Bonds and other fixed-income securities	23,318	23,318	–
Other shares	154	154	–
Derivatives	140	140	–
Receivable to group companies	6	6	–
Other assets	2	2	–
Total Assets	99,305	102,999	3,694
Liabilities			
Liabilities to credit institutions[1]	6,609	6,609	–
Deposits from general public[1]	67,424	67,424	–
Issued securities [3]	10,866	10,947	81
Derivatives	437	437	–
Liabilities to group companies	251	251	–
Other liabilities	119	119	–
Subordinated liabilities[3]	1,733	1,756	23
Total liabilities	87,439	87,543	104

1 Fair value is deemed to correspond to the recognized value since this is short-term by nature.

2 The valuation includes observable and non-observable data.

3 The fair value disclosure relating to issued securities and subordinated loans for valuation is based on quoted prices either directly or indirectly.

4 Surplus value has been corrected for retail lending compared with 2022 year-end report.

PARENT COMPANY

31 December 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	3,723	3,723	-
Lending to creditinstitutions[1]	2,650	2,650	-
Lending to the general public[2,4]	79,957	89,144	9,187
Bonds and other fixed-income securities	13,608	13,608	-
Other shares	168	168	-
Derivatives	419	419	-
Receivable to group companies	1,942	1,942	-
Other assets	142	142	-
Total Assets	102,609	111,796	9,187
Liabilities			
Deposits from the general public[1]	77,104	77,104	-
Liabilities to securitisation firms[1]	4,373	4,373	-
Issued securities	6,166	6,070	-96
Derivatives	307	307	-
Liabilities to group companies	410	410	-
Other liabilities	424	424	-
Subordinated liabilities[3]	1,531	1,455	-76
Total liabilities	90,315	90,143	-172

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	1,088	1,088	-
Lending to creditinstitutions[1]	1,503	1,503	-
Lending to the general public[2]	26,647	30,279	3,632
Bonds and other fixed-income securities	2,531	2,531	-
Other shares	127	127	-
Derivatives	3	3	-
Receivable to group companies	1,942	1,942	-
Other assets	-	-	-
Total Assets	33,841	37,473	3,632
Liabilities			
Deposits from the general public[1]	30,035	30,035	-
Liabilities to securitisation firms[1]	2,528	2,528	-
Issued securities	1,480	1,485	5
Derivatives	295	295	-
Liabilities to group companies	418	418	-
Other liabilities	87	87	-
Subordinated liabilities[3]	972	983	11
Total liabilities	35,815	35,831	16

1 Fair value is deemed to correspond to the recognized value since this is short-term by nature.

2 The valuation includes observable and non-observable data.

3 The fair value disclosure relating to issued securities and subordinated loans for valuation is based on quoted prices either directly or indirectly.

4 Surplus value has been corrected for retail lending compared with 2022 year-end report.

Calculation of fair value
Valuation technique for measuring fair value – level 1.

The fair value of financial instruments traded in an active market (e.g., financial assets held for trading and available-for-sale financial assets) is based on quoted market prices on the balance sheet date. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or monitoring authority are readily and regularly available and these prices represent real and regularly occurring arm's length market transactions. The quoted market price used for the Group's financial assets is the current purchase price.

Valuation techniques for measuring fair value – level 2.

Fair value for bonds is measured, as in level 1, from market prices, with the difference that the prices are not considered from an active market. The market price derived in this case from buy and sell position prices, but regular trading does not take place in the bond. If market prices are missing, the value is calculated by discounting expected cash flows. For discounting, the current market interest rate on securities issued by similar issuers.

The fair value of currency futures contracts is measured as the present value of future cash flows based on currency futures rates at the balance sheet date.

Fair value measurement using material, unobservable inputs – level 3.

In those cases, one or more essential inputs are not based on observable market information the instrument is classified as level 3. The table below shows the financial instruments valued at fair value, regarding how the classification has been constructed by the fair value hierarchy.

Nordax has a holding of unlisted shares in Stabelo AB that is valued at fair value based on unobservable inputs.
As of 30 September 2022, the value has been determined based on the issue price at the latest new issue which was in May 2022. Nordax subscribed for its pro rata share in the new issue, the value of which has been determined based on the issue price at the latest new issue. Fair value on shares in VN Norge AS has as per 2022-12-31 been calculated based on the shares price for Visa Inc, foreign exchange USD/NOK, a liquidity discount as well as a conversion rate.

The table below shows the changes that have occurred in relation to level 3 instruments:

Unlisted shares	MSEK
Opening balance 1 January 2021	127
Transfers from level 2	-
Acquisitions	27
Sales	-
Losses recognized in the other comprehensive income	-
Profits recognized in the other comprehensive income	-
Closing balance 31 December 2021	**154**
Acquisitions	19
Currency change	1
Sales	-10
Losses recognized in the other comprehensive income	-
Profits recognized in the other comprehensive income	4
Closing balance 31 December 2022	**168**

The value of lending to the general public has been measured based on observable market data by discounting the expected future cash flows of the assets to present value using a discount factor. The expected future cash flows have been based on the size of the portfolio at the end of the balance sheet date and an expected future cash flow on the maximum maturity of the portfolio

GROUP

31 December 2022	Level 1	Level 2	Level 3	TOTAL
Assets				
Bonds and other fixed-income securities	11,356	2,252	–	13 ,608
Other shares	–	–	168	168
Derivatives	–	419	–	419
Total assets	11,356	2,671	168	14,195
Liabilities				
Derivatives	–	307	–	307
Total liabilities	–	307	–	307

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

1 A basic review was conducted in Q2 2022 of what is regarded as an active market.

PARENT COMPANY

31 december 2022	Level 1	Level 2	Level 3	TOTAL
Assets				
Bonds and other fixed-income securities	11,356	2,252	–	13,608
Other shares	–	–	168	168
Derivatives	–	419	–	419
Total assets	11,356	2,671	168	14,195
Liabilities				
Derivatives	–	307	–	307
Total liabilities	–	307	–	307

31 December 2021	Level 1	Level 2	Level 3	TOTAL
Assets				
Bonds and other fixed-income securities	1,716	815	–	2,531
Other shares	–	–	127	127
Derivatives	–	3	–	3
Total assets	1,716	818	127	2,661
Liabilities				
Derivatives	–	295	–	295
Total liabilities	–	295	–	295

1 A basic review was conducted in Q2 2022 of what is regarded as an active market.

Note 8 Operating segments

Segment information is presented based on the chief operating decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief operating decision-maker. Profit and Loss that cannot be attributed to a single segment is allocated using a distribution matrix according to internal principles that management believes to provide a fair allocation to the segments. The chief operating decision-maker mainly follows the income concept of operating income. The business models of both Nordax and Bank Norwegian are to conduct cross-border banking activities in Sweden, Norway, Denmark, Finland, and Germany. During the year, Bank Norwegian has also begun cross-border activities in Spain. Activities are also conducted in the form of SHP's lending of equity release mortgages.

GROUP

JAN–DEC 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	2,242	426	2,488	2,116	131	622	8,025
Interest expenses	-467	-154	-402	-182	-21	-52	-1,278
Total net interest income	1,775	272	2,086	1,934	110	570	6,747
Commission income	149	2	180	58	-1	26	414
Net profit from financial transactions [1]	-32	0	-67	-38	0	-11	-207
Total operating income	1,892	274	2,199	1,954	109	585	6,954
General administrative expenses[2]	-614	-31	-799	-287	-65	-80	-1,876
Depreciation and impairment of property, plant and equipment and intangible assets[2]	-28	-4	-298	-60	-4	-55	-449
Other operating expenses	-167	-41	-224	-210	-126	-107	-875
Total operating expenses	-809	-76	-1,321	-557	-195	-242	-3,200
Profit before credit losses	1,083	198	878	1,397	-86	343	3,754
Net credit losses	-926	-22	-540	-608	-193	-136	-2,425
Operating profit	157	176	338	789	-279	207	1,329
Balance sheet							
Lending to the general public	28,343	8,798	22,001	21,772	1,741	6,101	88,756

GROUP

JAN–DEC 2021	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	1,106	308	839	621	50	87	3,011
Interest expenses	-189	-104	-128	-53	-4	-1	-479
Total net interest income	917	204	711	568	46	86	2,532
Commission income	67	2	57	32	0	8	166
Net profit from financial transactions [1]	15	1	-23	-6	0	0	-68
Total operating income	999	207	745	594	46	94	2,630
General administrative expenses[2]	-547	-30	-512	-187	-24	-19	-1,319
Depreciation and impairment of property, plant and equipment and intangible assets[2]	-14	-3	-22	-13	-1	-9	-62
Other operating expenses	-86	-36	-74	-41	-14	-18	-269
Total operating expenses	-647	-69	-608	-241	-39	-46	-1,650
Profit before credit losses	352	138	137	353	7	48	980
Net credit losses	-463	-1	-55	-408	-3	-83	-1,013
of which initial effect of acquisitions	*-132*	–	*-104*	*-229*	–	*-72*	*-537*
Operating profit	-111	137	82	-55	4	-35	-33
Balance sheet							
Lending to the general public	21,475	7,625	20,146	16,267	554	4,614	70,681

[1] FX effects amount to -59 MSEK for Q1 -Q4 2022 (-55 MSEK) and is not allocated.

Note 9 Net interest income

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Interest income from the general public [1,2,3]	7,742	2,963	3,264	1,993
Interest income from credit institutions	28	1	20	1
Interest income from fixed-income securities[4]	255	47	57	14
Total interest income	8,025	3,011	3,341	2,008
Interest expenses to the general public	-952	-404	-491	-267
Interest expenses to credit institutions	0	-7	0	-7
Interest expenses from fixed income securities[4]	-244	-41	-56	-16
Interest expenses debenture loans	-79	-26	-52	-21
Interest expenses group liabilities	-1	0	-422	-217
Interest expenses leasing	-2	-1	-	-
Total income expenses	-1,278	-479	-1,021	-528
Net interest income	6,747	2,532	2,320	1,481

1 The difference between recognized and received interest income on financial assets is SEK 429 million (144 million) for the Group.

2 Interest income from financial instruments not valued at fair value through profit or loss amounts to SEK 8,025 million (3,011 million) for the Group, and SEK 3,341 million (2,008 million) for the parent company. Interest costs arising from financial instruments not valued at fair value through profit or loss amounts to SEK -1,278 million (-479 million) for the Group, and SEK -1,021 million (-528 million) for the Parent Company.

3 The Parent Company includes interest income from its subsidiary SHP amounting to SEK 62 million (73 million).

Note 10 Net Commission income

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Payments	417	69	33	-
Insurance[1]	192	134	115	71
Other	90	52	57	38
Total commission income	699	255	205	109
Payments	-143	-22	-12	-
Insurance[1]	-117	-61	-58	-47
Other	-25	-6	-2	0
Total commission expense	-285	-89	-72	-47
Total Net commission income	414	166	133	62

[1]Insurance commission is attributable to financial instruments not measured at fair value.

Note 11 Net profit from financial transactions

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Fx effect	-61	-53	-246	-57
Fair value through profit or loss	-146	-15	-20	-9
-of which interest bearing securities	*-158*	*-15*	*-32*	*-9*
-of which shares	*12*	*0*	*12*	*0*
Net profit from financial transactions	-207	-68	-266	-66

Nordax uses currency derivatives to manage currency risks that arise. Currency risk occurs both in the Group and the Parent Company primarily as a result of cross-border operations.

Note 12 Other operating income

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Income from securitized loans	–	–	366	219
Total	–	–	366	219

Note 13 General administrative expenses

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Employee benefit expenses				
Salaries and fees	-394	-244	-241	-199
Pension expenses	-37	-22	-26	-18
Social security contributions	-104	-66	-80	-59
Other employee benefit expenses	-28	-14	-22	-12
Total employee benefit expenses	-563	-346	-369	-288
Other administrative expenses				
IT expenses	-372	-210	-253	-194
Sales and marketing	-374	-50	-36	–
External services	-481	-679	-281	-143
Costs of premises	-11	-9	-23	-21
Telephone and postage	-38	-23	-23	-18
Other	-37	-2	0	0
Total other administrative expenses	-1,313	-973	-616	-376
Total general administrative expenses	-1,876	-1,319	-985	-664

GROUP

MSEK	2022-12-31	2021-12-31
Specification of salaries and fees[1]		
Directors, Chief Executive Officer and other senior executives	-13	-11
Other employees	-381	-233
Total	-394	-244
Breakdown of social security contributions		
Directors, Chief Executive Officer and other senior executives	-4	-4
Other employees	-100	-62
Total	-104	-66
Breakdown of pension expenses		
Directors, Chief Executive Officer and other senior executives	-2	-2
Other employees	-35	-20
Total	-37	-22
Breakdown of average number of employees (converted to full-time equivalents)		
Women	373	281
Men	293	232
Total	666	513
The average number of employees[2]	610	356

[1] Senior executives include those holding senior management roles in addition to the CEO and CFO who are employees of Nordax Holding AB and Nordax Group AB respectively.
[2] Average number of employees for 2021 covers only two months for Bank Norwegian ASA.

GROUP

Breakdown between women and men	2022-12-31	2021-12-31
Breakdown between women and men on the Board of Directors		
Women	1	1
Men	6	6
Total	7	7
Breakdown between women and men in the senior management		
Women	6	4
Men	5	4
Total	11	8

GROUP

TSEK	Basic salary/ Board fees	Variable renumeration	Pension cost	Total
Remuneration and other benefits 2022[1]				
Chairman Hans-Ole Jochumsen	-640	-	-	-640
Director Christopher Ekdal	-175	-	-	-175
Director Christian Frick	-175	-	-	-175
Director Henrik Källén	-408	-	-	-408
Director Anna Storåkers	-349	-	-	-349
Director Ville Talasmäki	-204	-	-	-204
Director Ricard Wennerklint	-116	-	-	-116
Director Daniella Bertlin (employee representative)	-	-	-	-
Other senior management (11 persons)	-10,992	-	-2,319	-13,311
Total	-13,059	-	-2,319	-15,378

TSEK	Basic salary/ Board fees	Variable renumeration	Pension cost	Total
Remuneration and other benefits 2021				
Board of directors (7 persons)	-1,503	-	-	-1,503
Other senior management (8 persons)	-9,402	-	-2,056	-11,458
Total	-10,905	-	-2,056	-12,961

1 The Board of Directors consists of 8 (7) persons. Director's fees were paid to the Chairman and members of the Board of Directors in accordance with the decision at the Annual General Meeting 2021. At the end of the period, there were 11 (8) persons in the ordinary management Group. The CEO and CFO are employees of Nordax Holding AB and Nordax Group AB respectively.

Information on remuneration system
Information on remuneration according to the Swedish Financial Supervisory Authority's Regulations regarding Prudential Requirements and Capital Buffers (FFFS 2011:1) is provided on Nordax's website www. nordaxgroup.com.

Share-based remuneration
Until the delisting in April 2018, Nordax had a long-term management incentive plan for persons in senior management combining the following components: 40% of the variable remuneration was paid out in cash in the same year that the decision to grant remuneration was made, and 60% of the variable remuneration was deferred for up to 3 years or, for the CEO, 5 years (the qualifying period). When the incentive plan was terminated following the delisting, the previous future right to allocations of restricted share units was converted to variable cash remuneration. The cash remuneration for each restricted share unit amounted to SEK 60, which corresponded to the price of the Nordax share in the cash mandatory bid presented in February 2018. The deferred variable remuneration was paid for the last time in June 2021.

CEO and other persons in senior management
The CEO is not employed by Nordax Bank AB but is instead employed by Nordax Holding AB (formerly NDX Intressenter AB).

The minimum notice period for others in senior management positions is 4 months for the employee and 9 months for the Company. If the notice of termination of employment is given during the period November 20 – January 1 or May 20 – July 20, the minimum notice period is 6 months instead of 4 months. For persons in senior management hired since 2018, there is a mutual minimum notice period for resignation/termination of employment of 6 months. There are no employees who are eligible for severance pay upon termination, and this includes the CEO.

All employees including the CEO are entitled to an occupational pension according to the following premium scale:
· Salary components up to 7.5 income base amounts 4.5%
· Salary components over 7.5 income base amounts 30%
· Annual pensionable salary is calculated as monthly salary x 12.2 = annual pensionable salary

The following applies to all employees in the Branch in terms of occupational pensions:
· Salary components 0–7.1 (G) basic amount in national insurance scheme – 7%
· Salary components 7.1–12 (G) basic amount in national insurance scheme – 25.1%
The Branch is subject to Norwegian Act concerning mandatory occupational pension schemes. The Branch has a pension premiums system in place applicable to all employees. Deposits to the system are paid on an ongoing basis and the bank has no obligations beyond these ongoing payments:

With respect to the incentive plans, reference is made to the section of the accounting policies on employee benefits, as well as the section on share-based remuneration.

Fees to auditors	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Deloitte				
Audit engagement	-11	-7	-7	-5
Audit work in addition to the Audit assignment	0	0	0	0
Tax advisory services	0	0	0	0
Other services	-3	-1	-3	-1
Total expense for audit fees	-14	-8	-10	-6

Note 14 Depreciation and impairment of property, plant and equipment and intangible assets

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Depreciation of property, plant and equipment	-5	-4	-3	-4
Depreciation of right-of-use assets	-20	-15	-	-
Depreciation of intangible assets	-80	-19	-6	-6
Depreciation of acquired customer relationships	-143	-24	-12	-
Depreciation of intangible assets (Lilienthal Finance Ltd)	-	-	-41	-
Impairment of intangible assets (Lilienthal Finance Ltd)	-201	-	-	-
Depreciation and impairment at the end of year	-449	-62	-62	-10

Note 15 Other operating expenses

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Marketing	-819	-258	-231	-135
External expense assignable to credit cards	-56	-11	-4	-
Other services	0	0	0	0
Total	-875	-269	-235	-135

Note 16 Credit losses, net

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Credit losses – lending to the general public				
Stage 1	-209	-335	-92	-27
of which initial effect of acquisitions	-	*-304*	-	-
Stage 2	-295	-154	-180	77
of which initial effect of acquisitions	-	*-233*	-	-
Stage 3	-1,921	-524	-712	-263
Credit losses for the year, net	-2,425	-1,013	-984	-213
Total of which initial effects of acquisitions	-	*-537*	-	-

[1]Relates to credit losses in the Parent Company attributable to retail lending, including the intra-Group loan issued by Lilienthal Finance Ltd.
[2]The Parent Company includes SEK 79 million attributable to Lilienthal Finance Ltd in Q4.

Collateral received

Part of Nordax's loan portfolio includes mortgages and equity release mortgages (via the subsidiary SHP), and this lending is secured by mortgages on real property or rights in co-op apartments. The valuation of collateral is part of Nordax's credit origination process and collateral values are continuously monitored through updated valuations.

Nordax's policies for received collateral have not significantly changed during the period and there has been no significant change in the quality of collateral. As at December 31, 2021, Nordax had 43 mortgages with a total volume of SEK 64 million and 2 equity release mortgages with a total volume of SEK 3 million that were classified as being in Stage 3.

Sensitivity analysis

As a general rule, deteriorating macroeconomic development in society leads to higher customer losses. Similarly, improvements in the developments result is lower customer losses.

In calculating the future need for customer loss reserves, an assessment is made of the probability of various future scenarios occurring. This probability-weighted outcome is the amount recognized as the customer loss reserve. The table below shows how the loan loss reserves would be affected if it was based respectively on a negative and a positive scenario.

The sensitivity analysis is based on analysis of the combined sensitivity of the ECL models applied within the group. For Nordax loans the Negative scenario entails increasing the likelihood of the Negative macro scenario from a base assumption of 5% to 30% (Currently [20%] applied). For Bank Norwegian loans the Negative scenario is based on applying 100% weighting of the pessimistic scenario (currently weighting is 32.5% Base, 30% optimistic and 37.5% pessimistic). For Nordax loans the Positive scenario entails reducing the likelihood of the negative macro scenario to 1% and for BANO applying 100% weighting of the optimistic scenario. Out of the ECL impact from the negative scenario of 192 MSEK, 91 MSEK relate to Nordax loans and 101 MSEK to Bank Norwegian loans

31 December 2022 MSEK	Loans loss reserves Probability-weighted	Negative scenario	Positive scenario	Difference compared with probability-weighted in % Negative scenario	Positive scenario
GROUP	5,957	192	-115	3.2%	-1.9%
PARENT COMPANY	5,927	192	-115	3.2%	-1.9%

31 December 2021 MSEK	Loans loss reserves Probability-weighted	Negative scenario	Positive scenario	Difference compared with probability-weighted in % Negative scenario	Positive scenario
GROUP	6,794	187	-142	2.8%	-2.1%
PARENT COMPANY	3,373	66	-10	2.0%	-0.3%

Reconciliation of the ECL provision

The ECL provision was affected by a variety of factors in 2022:

Stage transfers impacting horizon over which ECL is recognized
· New provision amounts recognized for newly issued loans including lending that was part of the Bank Norwegian acquisition and the release of reserves for derecognized assets
· Changes in model components in input data which changes the calculation of credit risk and estimation of future recoveries
· Changes in approach, methodologies and assumptions for calculation of ECL
· Movements due to FX effects

Below is an analysis that explains in further detail how these factors have contributed to the change in the reserve for expected credit losses arising from retail lending during the year.

GROUP

31 December 2022	Gross Stage 1	Stage 2	Stage 3	Provisions Stage 1	Stage 2	Stage 3	NET
Closing provision 31 December 2021	**60,712**	**3,790**	**12,973**	**-678**	**-437**	**-5,679**	**70,681**
Stage transfers	-	-	-	-	-	-	-
Transfer to/from Stage 1	-2,430	-	-	67	-	-	-2,363
Transfer to/from Stage 2	-	271	-	-	-158	-	113
Transfer to/from Stage 3	-	-	2,159	-	-	-839	1,320
Origination of new loans	29,115	1,267	403	-316	-206	-269	29,994
Derecognition	-8,537	-678	-5,837	104	97	2,668	-12,183
Changes in risk components	-	-	-	-92	-14	-263	-369
Changes in model methodologies and assumptions	-	-	-	32	-10	-36	-14
FX effects	805	66	236	-8	-6	-90	1,003
Others	3	601	-206	-41	-27	244	574
Closing provision 31 December 2022	**79,668**	**5,317**	**9,728**	**-932**	**-761**	**-4,264**	**88,756**

31 December 2021	Gross Stage 1	Stage 2	Stage 3	Provisions Stage 1	Stage 2	Stage 3	NET
Closing provision 31 December 2020	**24,629**	**1,304**	**4,665**	**-319**	**-246**	**-2,376**	**27,657**
Stage transfers	-	-	-	-	-	-	-
Transfer to/from Stage 1	-1,083	-	-	36	-	-	-1,047
Transfer to/from Stage 2	-	-136	-	-	92	-	-44
Transfer to/from Stage 3	-	-	1,219	-	-	-461	758
Origination of new loans	41,917	2,745	8,207	-428	-306	-3,165	48,970
Derecognition	-5,360	-220	-1,310	58	38	442	-6,352
Changes in risk components	-	-	-	-21	3	-117	-135
Changes in model methodologies and assumptions	-	-	-	-	-	-	-
FX effects	927	70	251	-9	-8	-97	1,134
Others	-318	27	-59	5	-10	95	-260
Closing provision 31 December 2021	**60,712**	**3,790**	**12,973**	**-678**	**-437**	**-5,679**	**70,681**

*The acquisition of Bank Norwegian included stage 3 lending: the gross amount stood at SEK 7,903 million, while the net amount was SEK 4,912 million. The acquired loan portfolio has decreased, but as a result of the rising Norwegian krone since the acquisition, acquired stage 3 lending as at December 31, 2021 amounted to SEK 8,018 million gross, while the net figure was SEK 4,966 million. The table above includes Bank Norwegian's loan loss reserves for stage 3 loans upon acquisition.

PARENT COMPANY

31 december 2022	Gross Stage 1	Gross Stage 2	Gross Stage 3	Provisions Stage 1	Provisions Stage 2	Provisions Stage 3	NET
Closing provision 31 December 2021	23,140	1,368	5,512	-361	-190	-2,822	26,647
Stage transfers	–	–	–	–	–	–	–
Transfer to/from Stage 1	-1,261	–	–	29	–	–	-1,232
Transfer to/from Stage 2	–	255	–	–	-77	–	178
Transfer to/from Stage 3	–	–	1,006	–	–	-408	598
Origination of new loans	54,420	3,652	6,180	-596	-485	-2,434	60,737
Derecognition	-5,239	-353	-2,836	70	60	1,476	-6,822
Changes in risk components	–	–	–	-24	-3	-31	-58
Changes in model methodologies and assumptions	–	–	–	32	-10	-36	-14
FX effects	-383	-29	-60	4	4	24	-440
Others	203	386	-77	-56	-60	-33	363
Closing provision 31 December 2022	70,880	5,279	9,725	-902	-761	-4,264	79,957

31 december 2021	Gross Stage 1	Gross Stage 2	Gross Stage 3	Provisions Stage 1	Provisions Stage 2	Provisions Stage 3	NET
Closing provision 31 December 2020	17,998	1,287	4,662	-313	-246	-2,376	21,012
Stage transfers	–	–	–	–	–	–	–
Transfer to/from Stage 1	-912	–	–	30	–	–	-882
Transfer to/from Stage 2	–	-114	–	–	84	–	-30
Transfer to/from Stage 3	–	–	1,025	–	–	-404	621
Origination of new loans	9,970	437	83	-113	-45	-28	10,304
Derecognition	-3,666	-190	-273	53	33	102	-3,941
Changes in risk components	–	–	–	-25	2	-94	-117
Changes in model methodologies and assumptions	–	–	–	–	–	–	–
FX effects	–	–	–	–	–	–	–
Others	-250	-52	15	7	-18	-22	-320
Closing provision 31 December 2021	23,140	1,368	5,512	-361	-190	-2,822	26,647

Note 17 Impairment loss on financial fixed assets

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Impairment loss of shares in subsidiary (Lilienthal Finance Ltd)	–	–	-141	–
Sum	–	–	-141	–

Note 18 Tax on profit of the year

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Current tax				
Current tax on profit for the year	-323	-49	-8	-130
Tax on previous year's profit for the year	15	0	15	0
Current tax on profit of the year	-308	-49	7	-130
Deferred tax				
Change in deferred tax expense relating to temporary differences	-48	59	84	51
Total deferred tax	-48	59	84	51
Total reported tax	-356	10	91	-79
Reconciliation of effective tax				
Reported profit before tax	1,329	-33	1 053	1,061
Tax at current Swedish tax rate of 20.6%	-274	7	-217	-219
Tax effect of tax rate for operations abroad	-41	-20	-1	-
Tax effect of non-deductible expenses	-58	23	-71	64
Tax effect of non-taxable income	2	0	365	76
Tax on previous year's profit for the year	15	0	15	0
Deferred tax	-	-	-	-
Tax effect attributable to changes in tax rates	0	0	0	0
Tax on profit for the year according to the income statement	-356	10	91	-79
Tax items recognized in Other comprehensive income				
Tax on hedge accounting for net investments	188	76	-20	0
Tax on cash flow hedges	-46	0	-23	0
Tax on translation difference	19	-	19	-
Total tax attributable to Other comprehensive income	161	76	-24	0
Total tax on comprehensive income for the period	-195	86	67	-79
Tax recognised in the statement of financial position				
Actual tax liability(-)tax asset(+)	-186	-485	-173	15
Deferred tax liability (-)/ tax asset(+)	-701	-787	-758	51
Opening balance deferred tax liability(-)/deferred tax asset(+)	-787	-26	51	-
Recognized through profit and loss	-48	59	84	51
Recognized through Other comprehensive income	161	75	-24	-
Acquired deferred tax at merger	-	-	-850	-
Reclassification to actual tax after merger	-27	-	-19	-
Related through temporary differences	-	-895	-	-
Closing balance deferred tax liability (-)/deferred tax asset (+)	-701	-787	-758	51
Deferred tax liability is attributable to				
Surplus lending upon business acquisition SHP	-25	-26	-	-
Surplus lending upon business acquisition Bank Norwegian	-419	-470	-419	-
Surplus intangible assets upon business acquisition Bank Norwegian	-420	-444	-420	-
Financial instruments including derivatives and hedge accounting	77	142	81	51
Other	80	-	-	-
Deficit deduction	-	9	-	-
IFRS 9 adjustments	6	2	-	-
IFRS 16 adjustments	-	-	-	-
Accrual of acquisition costs for loans SHP	-	-	-	-
Deferred tax liability(-)/ deferred tax asset (+) according to balance sheet	-701	-787	-758	51
Deferred tax to be recovered in 12 months	-72	-131	-71	51
Deferred tax to be recovered after 12 months	-629	-656	-687	-

The current tax rate in Sweden is 20.6% and in Norway it is 25%.

Note 19 Lending to central banks and credit institutions

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Central banks	3,723	1,924	3,723	1,088
Credit institutions	3,332	3,080	2,650	1,503
Total	7,055	5,004	6,373	2,591

The Group's lending to credit institutions includes SEK 581 MSEK (412) million pledged assets for liabilities to credit institutions and issued securities.

Note 20 Lending to the general public

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Households	88,756	70,681	79,957	26,647
Total	88,756	70,681	79,957	26,647

The Group item includes SEK 13,455 million (10,007 million) in pledges for liabilities to credit institutions and issued securities. Lending takes place in the currency of each respective country. The geographical distribution is shown in Note 4. Of all lending, SEK 68,297 million (53,927 million) has a maturity in excess of one year.

Note 21 Bonds and other fixed-income securities

	GROUP					
HOLDINGS BROKEN DOWN BY ISSUER	carrying amount		nominal amount		interest duration	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Treasury bills	2,339	2,499	2,347	2,496	0.16	0.21
Municipalities	2,240	6,735	2,227	6,699	0.16	0.18
Residential mortgage institutions (covered bonds)	7,080	11,913	7,049	11,803	0.23	0.26
Other	1,949	2,171	1,915	2,137	0.17	0.19
Bonds and other fixed-income securities	13,608	23,318	13,538	23,135	0.20	0.22

	PARENT COMPANY					
HOLDINGS BROKEN DOWN BY ISSUER	carrying amount		nominal amount		interest duration	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Treasury bills	2,339	379	2,347	380	0.16	0.62
Municipalities	2,240	815	2,227	800	0.16	0.14
Residential mortgage institutions (covered bonds)	7,080	1,337	7,049	1,324	0.23	0.17
Other	1,949	0	1,915	0	0.17	0.00
Bonds and other fixed-income securities	13,608	2,531	13,538	2,504	0.20	0.23

All securities are listed and SEK 5,882 million (11,576 million) has a maturity of more than one year and the rest under one year.

Note 22 Other shares

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Carrying amount				
Shares, listed	–	–	–	–
Shares, unlisted	168	154	168	127
Total	168	154	168	127

[1] Shareholdings relate to Stabelo Group AB, Vipps AS and VN Norge AS.

Note 23 Shares in Group companies

PARENT COMPANY

31 December 2022	Corporate Identity Number	Registered office	Share of equity	Share of votes	Number of shares	Carrying amount SEK 2022-12-31	Carrying amount SEK 2021-12-31
Nordax Sverige AB	556794-0126	Stockholm	100%	100%	100,000	100,000	100,000
Nordax Sverige 4 AB (publ)	559007-7425	Stockholm	100%	100%	500,000	–	500,000
Nordax Sverige 5 AB	559229-0695	Stockholm	100%	100%	500,000	500,000	500,000
Nordax Nordic 2 AB	556823-4255	Stockholm	100%	100%	50,000	–	50,000
Nordax Nordic 4 AB (publ)	559049-5023	Stockholm	100%	100%	500,000	–	500,000
Nordax Sweden Mortgage 1 AB (publ)	559366-8733	Stockholm	100%	100%	50,000	500,000	50,000
Svensk Hypotekspension AB	556630-4985	Stockholm	100%	100%	14,882,661	1,028,405,070	1,028,405,070
Bank Norwegian ASA	991 455 671	Oslo	100%	100%	186,904,268	–	20,085,131,068
Total						1,029,050,070	21,115,186,138

Note 24 Change in the value of currency-hedged shares in subsidiaries

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Assets				
Book value at the beginning of the year	–	–	369	–
Changes during the year to shares in subsidiaries	–	–	-369	369
Book value at year-end	–	–	–	369

Note 25 Derivatives

MSEK	GROUP 2022-12-31 Nominal amount	GROUP 2022-12-31 Fair value	GROUP 2021-12-31 Nominal amount	GROUP 2021-12-31 Fair value	PARENT COMPANY 2022-12-31 Nominal amount	PARENT COMPANY 2022-12-31 Fair value	PARENT COMPANY 2021-12-31 Nominal amount	PARENT COMPANY 2021-12-31 Fair value
Derivative instruments with positive values								
Derivatives in hedge accounting								
Interest-related	4,658	215	5,069	3	4,658	215	600	3
Currency-related	5,486	44	-	-	5,486	44	-	-
Other derivatives								
Currency-related	11,322	160	6,099	137	11,322	160	-	-
Total derivative instruments	21,466	419	11,168	140	21,466	419	600	3
Offset derivatives with positive values	-	-	-	-	-	-	-	-
Total derivatives after off-setting	21,466	419	11,168	140	21,466	419	600	3
Derivative instruments with negative values								
Derivatives in hedge accounting								
Interest-related	-	-	-	-	-	-	-	-
Currency-related	6,270	106	18,718	269	6,270	106	18,718	269
Other derivatives								
Currency-related	13,592	201	10,743	168	13,592	201	4,892	26
Total derivative instruments	19,862	307	29,461	437	19,862	307	23,610	295
Offset derivatives with negative values	-	-	-	-	-	-	-	-
Total derivatives after off-setting	19,862	307	29,461	437	19,862	307	23,610	295

In order to protect itself against currency and interest rate risks that the Group's operations give rise to, financial hedges have been entered into and hedge accounting is in use. The hedging instruments comprise primarily currency forwards, currency swaps, and interest rate swaps. Derivatives with a positive market value are recognized as assets. Derivatives with a negative market value are recognized as liabilities.

HEDGE ACCOUNTING

The Group has chosen to apply the accounting principles in IAS39 regarding hedge accounting. Hedge accounting regarding net investment in the Group's foreign operations and shares in subsidiaries in the Parent Company began to be applied in connection with the acquisition of Bank Norwegian in November 2021. Hedge accounting for cash flow hedges began to be applied in December 2021.

Risk management

In connection with the acquisition of Bank Norwegian, the Board decided on a strategy for the currency exposure which occurs in the consolidated situation (capital adequacy rules) is hedged through currency derivatives. Currency exposure arising in a consolidated situation refers to the currencies NOK, DKK and EUR. Hedge accounting is applied for currency changes in NOK.

Risks and hedging instruments

The hedged risks which hedge accounting is applied for are:
-Currency risk
-Interest rate risk
In the Group, hedge accounting is applied regarding net investment in foreign operations and in the Parent company, the fair value hedge of shares in subsidiaries is applied. The Group hedges a share of the currency risk in net investment in foreign operations. The part where hedge accounting is applied corresponds to currency exposure in NOK according to capital adequacy rules an where currency derivatives have been entered to manage emerging currency risk. Hedging instruments refer to currency derivatives in NOK for both net investment in foreign operations and for shares in subsidiaries. In addition, cash flow hedges are applied regarding future interest payments where interest rate swaps have been entered to change the variable interest rate to fixed interest rate. Hedging instruments refer to interest rate swaps.

Establishing economics links and sources of inefficiency

The inefficiency that arises in a hedging relationship is reported in the income statement. Sources of inefficiency in the Group's hedging relationships are described below.

Cashflow hedging of interest rate risk

In a cash flow hedge, critical conditions have been identified such as nominal amount, final maturity date, reference interest rate and interest rate setting date. Deviations in terms between the hedged item (hypothetical derivative) and the hedging instrument's terms regarding interest payments with variable interest rates can give inefficiencies.

Hedging of net investment

The Group hedges translation differences from net investments in foreign operations by entering currency derivatives. Nominal amounts in currency derivatives amount to SEK 18 718 million at the end of the year, defined as hedges of net investments in foreign operations. Inefficiencies in the hedges are reported in Net result of financial transactions. (Note 11).

Fair value hedging of currency risk

The parent company applies fair value hedging for shares in subsidiaries. In a fair value hedging of currency risk, critical conditions have been identified such as nominal amount and currency. The hedge is expected to be very effective in achieving counteracting changes in fair value attributable to the hedged risk, in accordance with the originally documented strategy for this particular hedging relationship For the hedging relationship, the volume in the hedged item always correspond to the volume in the hedging instrument.

MSEK	Derivatives & Secured items		Assets&liabilities		Hedge accounting			
	Nominal volume		Booked value		Change in value this year		Accumulated change in value	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31	2022-12-31	2021-12-31	2022-12-31	2021-12-31
HEDGE ACCOUNTING - GROUP								
Cash flow hedges								
Interest rate related contracts								
Secured items[1]	4,658	5,069	–	–	-212	-3	-215	-3
Hedging instruments- Interest rate swaps	4,658	5,069	215	3	212	3	215	3
Hedging of net investment in foreign operations								
Currency-related contracts								
Secured item – Net investment in foreign operations[2]	11,757	18,718	–	–	-321	383	62	383
Hedging instruments – Currency derivatives	11,757	18,718	-62	-383	321	-383	-62	-383
Total secured item[1]	16,415	23,787	–	–	-533	380	-153	380
Total hedging instrument	16,415	23,787	153	-380	533	-380	153	-380
Total inefficiency	–	–	–	–	–	–	–	–
HEDGE ACCOUNTING - PARENT COMPANY								
Fair value hedges								
Currency related contracts								
Secured items - Shares in subsidiaries	–	18,718	–	369	853	369	–	369
Hedging instruments – Currency derivatives	–	18,718	–	-369	-853	-369	–	-369
Hedging of net investment in foreign operations								
Currency-related contracts								
Secured item – Net investment in foreign operations[2]	11,757	–	–	–	62	–	62	–
Hedging instruments – Currency derivatives	11,757	–	-62	–	-62	–	-62	–
Cash flow hedges								
Interest rate related contracts								
Secured items[1]	4,658	600	–	–	-125	-3	-215	-3
Hedging instruments- Interest rate swaps	4,658	600	215	3	125	3	215	3
Total secured item[1]	16,415	19,318	–	369	790	366	-153	366
Total hedging instrument	16,415	19,318	153	-366	-790	-366	153	-366
Total inefficiency	–	–	–		0	0	–	–

1 In connection with the merger, interest rate swaps relating to cash flow hedges worth a total of SEK 88 million before tax were taken over. The Parent Company discontinued its use of fair value hedging upon the merger. The accumulated change in value as at November 30, 2022, on the hedged risk amounted to SEK 1,222 million.

2 Nominal volume corresponds to secured share of net investment.

3 Refers to booked value and change in value of the secured risk.

Note 26 Intangible assets

GROUP

MSEK	Goodwill	Trademark	Acquired customer relationship	Internally developed software	Other	Total
Cost of acquisition 2022-01-01	6,806	410	1,923	33	290	9,462
Cost of acquisition of additional intangible assets	–	–	–	–	36	36
Disposals and retirements	–	–	–	–	-5	-5
Fx effect	172	11	53	–	5	241
Cost of acquisition 2022-12-31	6,978	421	1,976	33	326	9,734
Accumulated depreciation and impairment 2022-01-01	–	-63	-126	-27	-202	-418
Disposals and retirements	–	–	–	–	5	5
Depreciation for the year	–	-39	-143	-5	-36	-223
Impairment for the year	–	-201	–	–	–	-201
Fx effect	–	-2	-3	–	0	-5
Accumulated depreciation and impairment 2022-12-31	–	-305	-272	-32	-233	-842
Carrying amount 2022-12-31	6,978	116	1,704	1	93	8,892

MSEK	Goodwill	Trademark	Acquired customer relationship	Internally developed software	Other	Total
Cost of acquisition 2021-01-01	937	25	128	33	59	1,182
Cost of acquisition of additional intangible assets	6,102	400	1,866	–	240	8,608
Disposals and retirements	–	–	–	–	–	–
Fx effect	-233	-15	-71	–	-9	-328
Cost of acquisition 2021-12-31	6,806	410	1,923	33	290	9,462
Accumulated depreciation and impairment 2021-01-01	–	–	-102	-21	-55	-178
Acc. depreciation and impairment of additional intangible assets	–	-60	–	–	-141	-201
Disposals and retirements	–	–	–	–	–	–
Depriciation for the year	–	-6	-25	-6	-6	-43
Impairment for the year	–	–	–	–	–	–
Fx effect	–	3	1	–	–	4
Accumulated depreciation and impairment 2021-12-31	–	-63	-126	-27	-202	-418
Carrying amount 2021-12-31	6,806	347	1,797	6	88	9,044

Goodwill is attributable to the acquisition of Svensk Hypotekspension AB which took place in January 2019, and Bank Norwegian ASA which took place in November 2021.

The carrying amount of goodwill is attributable to Sweden in the amount of SEK 779 million (779 million) (whereof SHP in the amount of SEK 686 million), Norway in the amount of SEK 97 million (97 million), Finland in the amount of SEK 61 million (61 million), and Bank Norwegian in the amount of SEK 6,041 million.

There is no need for impairment of goodwill. A change to the discount rate, which is the most sensitive parameter, (+1 percentage point) would not precipitate any impairment.

The acquired customer relationships consist of Bank Norwegian at SEK 1,681 million (1,772 million) and SHP at SEK 23 million (24 million). The depreciation schedule for the acquired customer relationships is 13 years for Bank Norwegian and 20 years for SHP.

The most significant assumptions in the forecast period are management's assessment of future growth and net profit, including credit losses, which are approved by the Board of Directors. The assumptions are based on both historical experience and market data. After the forecast period, a long-term growth rate of 2% (2%) is assumed. When calculating value in use, a capital ratio of 12.0% (11.8%) has been applied for Nordax including SHP, and the same common equity Tier 1 capital ratio of 12.0% (18.2%) has also been applied for Bank Norwegian after the merger. The discount factor ranges from 17.3% – 17.7% (13.0%-18.8%) before tax depending on the country, and has been calculated under the assumption that the cost of equity after tax is 14.7% (13.5%) for Nordax including SHP, and 14.0% (12.5%) in the case of Bank Norwegian, which is reasonable in relation to current interest rates.

PARENT COMPANY

MSEK	Goodwill	Trademark	Acquired customer rela-tionship	Internally developed software	Other	Total
Cost of acquisition 2022-01-01	–	–	–	29	59	88
Cost of acquisition of additional intangible assets	–	–	–	–	0	0
Acquired assets related to merger	6,441		1,867		269	8,577
Disposals and retirements	–	–	–	–	-1	-1
Fx effect	-64	–	-19	–	0	-83
Cost of acquisition 2022-12-31	6,377	–	1,848	29	327	8,581
Accumulated depreciation and impairment 2022-01-01	–	–	–	-24	-56	-80
Acquired depreciation related to merger	-537		-156		-180	-83
Disposals and retirements	–	–	–	–	1	1
Depreciation for the year	-41	–	-14	-4	0	-59
Impairment for the year	–	–	–	–	–	–
Fx effect	5	–	4	–	0	9
Accumulated depreciation and impairment 2022-12-31	-573	–	-166	-28	-235	-1,002
Carrying amount 2022-12-31	5,804	–	1,682	1	92	7,579

MSEK	Goodwill	Trademark	Acquired customer rela-tionship	Internally developed software	Other	Total
Cost of acquisition 2021-01-01	–	–	–	29	59	88
Cost of acquisition of additional intangible assets	–	–	–	–	–	–
Acquired assets related to merger	–		–		–	–
Disposals and retirements	–	–	–	–	–	–
Fx effect	–	–	–	–	–	–
Cost of acquisition 2021-12-31	–	–	–	29	59	88
Accumulated depreciation and impairment 2021-01-01	–	–	–	-19	-55	-74
Disposals and retirements	–	–	–	–	–	–
Depreciation for the year	–	–	–	-5	-1	-6
Impairment for the year	–	–	–	–	–	–
Fx effect	–	–	–	–	–	–
Accumulated depreciation and impairment 2021-12-31	–	–	–	-24	-56	-80
Carrying amount 2021-12-31	–	–	–	5	3	8

Note 27 Tangible assets

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Non-current assets				
Cost at start of the year	46	39	38	38
– acquisitions during the year	5	7	12	0
– retirement during the year	-11	–	-11	–
– disposals during the year	–	–	–	–
Cost at end of the year	40	46	39	38
Accumulated and amortisation at start of the year	-37	-31	-31	-27
– depreciation for the year	-5	-4	-9	-4
– retirement during the year	11	–	11	–
– disposals during the year	–	–	–	–
– impairment during the year	–	–	–	–
Accumulated amortisation at end of year	-31	-35	-29	-31
Carrying amount	9	11	10	7

Note 28 Other assets

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Receivables Group contributions	10	6	1,942	1,666
Collateral[1]	142	–	142	–
Other	130	75	130	4
Total	282	81	2,214	1,670

[1] In 2021, collateral was classified as lending to credit institutions

Note 29 Liabilities to credit institutions

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Foreign banks	9,739	6,609	–	–
Total	9,739	6,609	–	–

For the above liabilities in the Group, collateral has been provided in the amount of SEK 11,156 million (7,724 million) for receivables attributable to Retail lending and SEK 581 million (412 million) to Lending to credit institutions. Granted credit totals SEK 9,950 million (6,700 million).

The Group's liquidity risk strategy strives to achieve a diversified funding platform comprising equity, subordinated debt, securitizations ("ABS"), credit facilities provided by banks, deposits from the public and senior uncovered bonds.

Note 30 Deposits from the general public

MSEK	GROUP		PARENT COMPANY	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Deposit accounts	77,104	67,424	77,104	30,035
Total	77,104	67,424	77,104	30,035

Note 31 Issued securities

MSEK	Term	GROUP	
		2022-12-31	2021-12-31
Bonds issued by Nordax Bank AB (publ)			
Bond issued by Nordax Bank AB (publ) issued in i SEK	Jun 2022	–	450
Bond issued by Nordax Bank AB (publ) issued in i SEK	Sep 2022	–	450
Bond issued by Nordax Bank AB (publ) issued in i SEK	Jan 2023	181	180
Bond issued by Nordax Bank AB (publ) issued in i SEK	Dec 2024	601	400
Bond issued by Nordax Bank AB (publ) issued in i SEK	Feb 2025	503	
Bonds issued by SHP Fond 4 AB (publ)			
Bonds issued by SHP Fond 4 AB (publ) issued SEK	Dec 2067	2,250	2,250
Bonds issued by Bank Norwegian ASA (publ) before November 2021, net*			
Bond issued by Bank Norwegian ASA (publ) issued in NOK	Mar 2022	–	246
of which repurchased after acquistion 2021		–	*225*
Bond issued by Bank Norwegian ASA (publ) issued in SEK	Sep 2022	–	325
Bond issued by Bank Norwegian ASA (publ) issued in NOK	Sep 2022	–	411
Bond issued by Bank Norwegian ASA (publ) issued in NOK	Dec 2022	–	703
Bond issued by Bank Norwegian ASA (publ) issued in SEK	Dec 2022	–	1,002
Bond issued by Bank Norwegian ASA (publ) issued in NOK	Dec 2023	1,273	1,233
Bond issued by Bank Norwegian ASA (publ) issued in SEK	Dec 2023	601	601
Bond issued by Bank Norwegian ASA (publ) issued in NOK	May 2024	1,966	1,596
Bond issued by Bank Norwegian ASA (publ) issued in NOK	Mar 2025	741	719
Bond issued by Bank Norwegian ASA (publ) issued in SEK	Mar 2025	300	300
Total		8,416	10,866

* included in the acquisition of Bank Norwegian on November 2, 2021.

The currency position for securities issued in Swedish kronor is fully matched against assets in the corresponding currency. Issued securities in SHP Fond 4 are listed on Nasdaq Stockholm and securities issued in Bank Norwegian are listed on the Oslo Stock Exchange and Oslo ABM. Securities issued in Nordax Bank are listed on Nasdaq Stockholm. For the above liabilities, collateral has been provided in the amount of SEK 2,299 million (2,283 million) for receivables attributable to Retail lending and SEK 33 million (47 million) to Lending to credit institutions. The amounts above refer to issued volumes, including fees and interest, to external investors.

Note 32 Other liabilities

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Trade payables	183	96	180	73
Liability to Group companies	159	251	410	418
Collateral	198	–	198	–
Other	588	463	512	36
Total	1,128	810	1,300	527

Note 33 Subordinated liabilities

MSEK	GROUP 2022-12-31	GROUP 2021-12-31	PARENT COMPANY 2022-12-31	PARENT COMPANY 2021-12-31
Subordinated loans[1]	1,531	1,733	1,531	972
Total	1,531	1,733	1,531	972

SPECIFICATION

2022-12-31	Currency	Date of issue	Principal amount	Coupon rate	First possible call date	Maturity
Subordinated loan	SEK	2019-05-28	350	STIBOR 3 mth +415 bp	2024-05-28	2029-05-28
Subordinated loan	SEK	2021-10-29	650	NIBOR 3 mth +275 bp	2026-10-29	2031-05-28
Subordinated loan	SEK	2018-10-02[3]	550	STIBOR 3 mth+ 375bp	2023-10-02	2028-10-02

2021-12-31	Currency	Date of issue	Principal amount	Coupon rate		Maturity
Subordinated loan	SEK	2019-05-28	350	STIBOR 3 mth +415 bp	2024-05-28	2029-05-28
Subordinated loan	SEK	2021-10-29	650	NIBOR 3 mth +275 bp	2026-10-29	2031-10-29
Subordinated loan	NOK	2017-06-16[3]	200	NIBOR + 375bp	2022-06-16	2022-06-16
Subordinated loan	SEK	2018-10-02[3]	550	STIBOR 3 mth + 375bp	2023-10-02	2028-10-02

[1]For further information about terms and conditions, consult Nordax Bank's website, www.nordaxgroup.com.
[2]Early redemption at the first possible early redemption date is subject to approval by the Swedish Financial Supervisory Authority.
[3]Included in the acquisition of Bank Norwegian on November 2, 2021.

Note 34 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Pledged assets for own liabilities				
Lending to the general public	13,455	10,007	6,410	4,000
Lending to credit institutions	581	412	–	–
Cash collateral for derivatives	142	309	142	309
Total	14,178	10,728	6,552	4,309

	GROUP		PARENT COMPANY	
MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Other commitments				
Granted but unpaid loans	140	215	126	177
Granted but unutilized card credits	50,196	47,721	50,196	–
Total	50,336	47,936	50,322	177

All pledged securities relate to the Group's asset-related financing activities in the form of securitization and financing against pledges with international banks and derivative contracts. Nordax Bank AB (publ) has issued Lilienthal Finance Ltd with a letter of comfort that is extended on an annual basis. For further information about derivatives, see Note 25.

Note 35 Leases

	GROUP		PARENT COMPANY	
Right-of-use assets MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Right-of-use assets start of the year	118	83		
Additional right-of-use assets during the year	15	36	–	–
Opening balance Year's depreciation	-37	-22	–	–
Year's depreciation	-20	-15	–	–
Opening balance write-downs	–	–		
Year's write-downs	–	–	–	–
Total	68	82	–	–

	GROUP		PARENT COMPANY	
Lease liabilities MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Short term liabilities	21	20	–	–
Long term liabilities	47	62	–	–
Total	68	82	–	–

	GROUP		PARENT COMPANY	
Amounts in the income statement according to IFRS 16 MSEK	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Depreciations of right-of use-assets	-20	-15		–
Write-downs of right-of-use-assets	–	–	–	–
Interest expenses for lease liabilities	-1	-1	–	–
Total	-21	-14	–	–

The Group's leased assets classified as right-of-use assets comprise premises and vehicles. The leases do not contain any restrictions beyond the security of the leased assets. There have been no reassessments of leasing periods or changes to rates of interest during 2022.

Note 36 Financial assets and liabilities offset by or subject to netting agreements

Details about off-setting

The following table includes financial assets and liabilities that are covered by legally binding framework agreements relating to netting or other similar agreements, but which are not offset in the Balance Sheet. The Group has ISDA and CSA agreements in place with all derivative counterparties. The framework agreements relating to netting meant that parties can settle their exposures on a net basis (i.e. changes are offset against liabilities) in the event of a serious credit event.

MSEK

Financial assets and liabilities offset by or subject to netting agreements

				Related amounts not offset in the Balance Sheet		
2022-12-31	Gross amount in the Balance Sheet	Offset in the Balance Sheet	Net in the Balance Sheet	Framework agreement relating to netting	Collateral provided Received(-)/ Pledged (+)	Net amount
Assets						
Derivatives	419	-	419	-212	-198	9
Liabilities						
Derivatives	-307	-	-307	212	142	47
Repo agreement						
Total	112	-	112	0	-56	56
2021-12-31						
Assets						
Derivatives	140	-	140	-136	-	4
Liabilities						
Derivatives	-437	-	-437	136	309	8
Repo agreement						
Total	-297	-	-297	0	309	12

Note 37 Transactions with related parties

The intra-Group loan agreement in the amount of NOK 500 million entered into on market terms in December 2021 between Nordax Bank AB (publ) (as the borrower) and Bank Norwegian ASA (as the lender) was issued in January 2022.

In March 2022, Nordax Bank AB (publ) (as the borrower) and Bank Norwegian ASA (as the lender) entered into an intra-Group loan agreement for the sum of NOK 1,000 million on market terms. The loan was issued in April 2022.

In June 2022, Nordax Bank AB (publ) (as the lender) and Bank Norwegian ASA (as the borrower) entered into an agreement for a subordinated loan in the amount of SEK 700 million with a 3-year maturity. The loan is based on standard documentation from Nordic Trustee and may be included in the capital base of Bank Norwegian ASA.

In connection with the merger between Nordax Bank AB (publ) and Bank Norwegian ASA, all intra-Group receivables and liabilities ceased. Upon the merger, Nordax Bank AB (publ) took over a claim on Lilienthal Finance Ltd and a letter of comfort.

In December 2022, a dividend of SEK 150 million was paid by Svensk Hypotekspension AB to Nordax Bank AB (publ), and in April 2022 a dividend of SEK 757 million was paid by Bank Norwegian ASA to Nordax Bank AB (publ).

The below table shows these transactions from the perspective of Nordax Bank AB (publ).

MSEK	Assets		Liabilities		Income		Costs	
	22-12-31	21-12-31	22-12-31	21-12-31	22-12-31	21-12-31	22-12-31	21-12-31
Nordax Holding AB	5	4	-16	-205	-	-	-2	0
Nordax Group AB	5	3	-143	-44	1	1	-7	-7
Svensk Hypotekspension AB /Svensk Hypotekspension Fond 4 AB	1,835	1,657	-55	-35	64	75	-2	-2
Nordax Sverige AB	58	58	-63	-63	-	73	-	-
Nordax Sverige 4 AB (publ)	-	0	-	-1	-	-	-	0
Nordax Sverige 5 AB	1,696	1,510	-133	-46	261	93	-	-
Nordax Sweden Mortgage 1 AB (publ)	742	-			12			
Lilienthal Finance Ltd	-	-	-	-	-	-	-3	-
Nordax Nordic 2 AB	-	1	-	-	-	-	-	0
Nordax Nordic 4 AB (publ)	-	0	-	-23	-	0	-	-
Sum	4,341	3,233	-410	-417	338	242	-14	-9

Note 38 Disclosure regarding legal merger

MSEK	2022-11-30
Accounting values attributable to transferring entity	
Shares in subsidiares	-20,085
Fair value adjustment of shares in subsidiaries	-1,222
Total accounting values attributable to transferring company	**-21,307**
Acquired assets	
Lending to central banks[1]	1,140
Lending to credit institutions[1]	1,197
Lending to the general public[2]	44,083
Bonds and other fixed-income securities	9,479
Derivatives	219
Shares in subsidiaries	143
Other shares	32
Intangible assets	7,704
Tangible assets	35
Prepaid expenses and accrued income	301
Intra-group claim on Nordax Bank AB	1,641
Total acquired assets	**65,974**
Acquired liabilities	
Liabilities to credit institutions	24
Issued securities	6,599
Deposits from the general public	36,065
Derivatives	128
Deferred tax liability	850
Accrued expenses and deferred income	242
Other liabilities	289
Current tax liability	289
Subordinated liabilities	554
intra-group debt to Nordax Bank AB	707
Total acquired liabilities	**45,747**
Effect of merger, prior to deduction for Tier 1 capital	**-1,080**
of which acquired Tier 1 capital contribution	*-133*
Effect of merger, after deduction of Tier 1 capital	**-1,213**

At the time of the merger, the difference between the book value of Nordax Bank AB's shares in Bank Norwegian ASA and the net assets taken over was recognized, with an adjustment for Nordax Bank's remaining allocated acquisition value, as a merger difference under equity. The merger difference is recognized following deductions for obligations assumed by Nordax Bank AB in relation to Tier 1 capital that had been issued by Bank Norwegian ASA at the time of the merger.

Valuation of assets and liabilities in mergers
The valuation of assets and liabilities taken over through the merger was carried out on the basis of the conditions on the merger date and on the basis of the valuation principles applied by Nordax Bank AB when preparing the annual report. Identified acquired customer relationships and surplus value lending portfolio, after deductions for deferred tax and goodwill arising in connection with the acquisition are recognized in Nordax Bank AB as of the merger date. The valuation was carried out on the basis of the acquisition analysis prepared in connection with Nordax Bank AB's acquisition of 100% of the shares in Bank Norwegian ASA. At the time of the merger, assets and liabilities were transferred to the consolidated book value after alignment with Nordax Bank AB's accounting principles. The differences in accounting principles that were identified and where adjustments took place relate to goodwill including amortization, as well as IFRS16.

In connection with the merger of Bank Norwegian ASA and Nordax Bank AB, Nordax Bank AB assumed the responsibility for a letter of comfort issued to its wholly owned subsidiary Lilienthal Finance Ltd.

The completed merger is cross-border, which means that the newly-formed branch's profit/loss is included in Nordax Bank AB's profit/loss from the date of the merger. Until the date of the merger on November 30, 2022, Bank Norwegian ASA's operating income amounted to SEK 4,200 million and its profit before tax for the period was SEK 413 million. This represents part of the merger difference. These amounts have been calculated based on Bank Norwegian ASA's profit/loss up to and including November 30, 2022, including additional income items attributable to the Parent Company's allocated acquisition values on assets and liabilities on the merger date as set out below.

- Adjustment of interest income to reflect the effective rate of interest in the acquired loan portfolio
- Adjustment of exchange rates when translating acquired loan portfolios in foreign currencies
- Amortization of identified intangible assets, including goodwil

Note 39 Significant events after balance sheet date

In early 2023, Anna Storåkers stepped down from Nordax'a Board of Directors and Ragnhild Wiborg was elected to replace her. Klara-Lise Aasen announced at the beginning of the year her intention to step down as branch manager and on April 1, 2023 she was replaced by Merete Gillund, who was previously part of the Group management team and responsible for Innovation and Strategic Projects. In February, Tore Andresen, COO of Nordax Bank's Norwegian branch Bank Norwegian, became a member of the Group management team.

On March 8, 2023, Nordax initiated a process to change the company's name to NOBA Bank Group AB (publ). The name change is part of a process seeking to establish a new group name that brings all three existing brands – Bank Norwegian, Nordax Bank and Svensk Hypotekspension – under the single name of NOBA. The brands, including Nordax Bank, will continue to operate separately as before, and customers will not be affected by the change of the Group's name. The name change requires approval from the Swedish Financial Supervisory Authority prior to being registered with the Swedish Companies Registration Office, which is expected to take place during Q2 2023.

In mid-March, there was unrest in the financial markets as a result of several niche banking providers in the USA being affected by considerable and rapid outflows from their deposit accounts when customers suddenly lost confidence in their banks. This was driven by significant realized losses related to certain assets which lost value amidst rising interest rates, and the subsequent uncertainty spread to other banks including major banks in Europe. Nordax has a well diversified financing structure in place with a low concentration of risk, as well as good levels of high quality liquidity. Additionally, Nordax seeks to actively manage its interest rate risk. Nordax has not encountered any significant concerns relating to these events.

Following the merger, Nordax has continued to address the capital requirements arising from the Pillar 2 requirements obtained by Bank Norwegian from the Financial Supervisory Authority of Norway. During Q1 2023, an internal capital adequacy assessment was carried out in accordance with the Swedish Financial Supervisory Authority's methods and requirements for all risks. If this assessment had been applied on December 31, 2022, the Pillar 2 requirement would have been 1.31% instead of 3.48% of the total risk-weighted exposure sum.

The Norwegian Ministry of Finance announced April 14th that it had requested the European Systemic Risk Board, ESRB, to lower their recommended materiality threshold for application of the Norwegian Systemic Risk Buffer from 32 to 5 billion NOK REA from Norwegian exposures, applicable as of December 31, 2023. With such a reduction Nordax' exposures would be above the materiality threshold.
The request had been sent to the ESRB in December 2022 and the ESRB had, in March 2023, followed the Ministry's request. The ESRB is thus recommending national authorities to reciprocate the new threshold within three months of its publication in the Official Journal of the EU. If the SFSA reciprocates the recommendation Nordax will thus be required to hold a Systemic Risk Buffer for Norwegian exposures. The Buffer would for Nordax amount to approximately 1% of total Risk Exposure Amount and due to come in force December 31, 2023.

Following the balance sheet date, SHP obtained new bilateral secured financing worth SEK 250 million with an international bank via its subsidiary Svensk Hypotekspension 5 AB (publ).

After the balance sheet date, Nordax concluded the sale of its NPL portfolio in Finland on the gross lending volume of SEK 545 million. The sale resulted in a positive impact on results.

Note 40 Proposed dividend

THE FOLLOWING PROFITS ARE AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING:

All amounts in SEK	
Retained earnings	12,028,370,000
Provided group contribution	-14,603,000
Tax on group contribution	3,008,000
Net profit/loss for the year	1,144,250,000
Total	13,161,025,000

THE BOARD OF DIRECTORS PROPOSES THAT THE PROFITS BE APPROPRIATED AS FOLLOWS:

All amounts in SEK	
Carried forward to new acount	13,161,025,000
Total	13,161,025,000

Group contributions have been made to Nordax Group AB (publ) in the amount of SEK 3,800,956 (1,686,021) and to Nordax Holding AB in the amount of 10,802,431 (4,727,286). Group contributions have been received from Nordax Nordic 2 AB in the amount of SEK – (50,000), from Nordax Sverige 4 AB in the amount of SEK – (50,000), from Nordax Sverige AB in the amount of SEK 50,000 (50,000), from Nordax Nordic 4 AB in the amount of SEK – (50,000), from Nordax Sverige 5 AB in the amount of SEK 50,000 (50,000), and from Nordax Sweden Mortgage 1 AB in the amount of SEK 50,000 (–).

Board of Directors' affirmation

The Board of Directors and the President and CEO certify that the annual financial reports have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with international accounting standards as prescribed by the European Parliament and the Regulation (EC) No1606/2002 dated July 19, 2002 on the application of International Accounting Standards. The annual financial reports and the consolidated financial statements give a true and fair view of the Parent Company's and the Group's financial position and results of operations. It is further assured that the administration report for the Parent Company and Group provides a true and fair overview of the development of the Parent Company's and Group's business activities, financial position and results of operations as well as the significant risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

Stockholm 25 April 2023

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Director

Christian Frick
Director

Henrik Källén
Director

Ragnhild Wiborg
Director

Ville Talasmäki
Director

Ricard Wennerklint
Director

Jacob Lundblad
Director Chief Executive Officer

Daniella Bertlin
Member of the Board of Directors
Employee representative

Our audit report was issued 25 April 2023

Deloitte AB

Malin Lüning
Authorized Public Accountant

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

Definitions

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

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

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

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

C/I ratio
Operating expenses as a percentage of operating income.

C/I ratio excl. acquisition costs
Operating expenses, excluding acquisition costs for Bank Norwegian, as a percentage of operating income.

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

Credit loss in % excl. initial effect of acquisitions
Net credit losses, excl. initial ECL effect, as a percentage of the average loan portfolio.

Common Equity Tier 1 capital[1]
Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR2).

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

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

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

Own funds[1]
The sum of Tier 1 and Tier 2 capital.

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

Risk exposure amount[1]
Total assets and off balance sheet items, weighted in accordance with capital adequacy regulation for credit and market risks. Operational risks are measured and added as risk exposure amount.

Net Interest Marfin %
Net interest income as a percentage of the average loan portfolio.

Net Stable Funding Ratio (NSFR)
Measures and monitors the relationship between available stable funding and required stable funding over a one-year period.

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

Tier 2 capital[1]
Mainly subordinated loans that do not qualify as Tier 1 capital.

Total capital ratio[1]
Total own funds as a percentage of the risk exposure amount.

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

[1] These are reported with respect SFSA's regulations and general recommendations see note 4, capital adequacy analysis.

Financial calender

24 Mai 2023 - interim report January–March 2023

25 August 2023 - interim report January–June 2023

17 November 2023 - interim report January–September 2023

Auditors report

To the general meeting of the shareholders of Nordax Bank AB (publ), corporate identity number 556647-7286.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nordax Bank AB (publ) for the financial year 2022-01-01 - 2022-12-31, except for the corporate governance statement on pages 40-44 and the statutory sustainability report on pages 13-28. The annual accounts and consolidated accounts of the company are included on pages 6-104 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 20222 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Securities Companies. Our opinions do not cover the corporate governance statement on pages 40-44 and the statutory sustainability report on pages 13-28.

The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section.

We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Assessments and estimates regarding the valuation of loan receivables

Accounting and valuation of loan receivables is an area that largely affects Nordax's financial results and financial position. IFRS 9 requires significant assessments from the bank's management to determine the size of the provisions for expected credit losses.

Key areas of judgment include:

- The interpretation of the requirements for determining the size of the provision for expected losses according to IFRS 9, which are reflected in the bank's model for calculating expected credit losses.
- Identification of exposures with a significant deterioration in credit quality.
- Assumptions that are applied in the model for calculating expected credit losses, such as the counterparty's financial position, expected future cash flows and forward-looking macroeconomic factors.

As of December 31 2022, the Group's lending to the public amounted to SEK 88 756 million, with provisions for expected loan losses of SEK 5 957 million. Given the significant share of the total assets, the impact that the inherent uncertainty and subjectivity involved in the assessment of the need for provisions, and since the disclosure requirements under IFRS 9 are significant, we consider this to be a key audit matter for our audit.

See also the accounting principles in Note 3 regarding significant assessments and estimates, and related information on credit risk in Note 4.

Our audit procedures included, but were not limited to:

- We have evaluated that key controls within the credit impairment process have been appropriately designed and implemented during the year. We also obtained an understanding of the process for key decisions that form part of the approval process for credit loss provisions.
- We have evaluated, with the support of specialists, the modelling techniques and model methods against the requirements of IFRS 9. We have examined the appropriateness of the models developed for the calculation of the reserve for expected credit losses.
- B ased on data analysis, we examined a selection of loan commitments in detail to assess whether loan commitments with a significant deterioration in credit quality are correctly identified.

· Finally, we examined the completeness and reliability of the information in the annual report relating to the provisions for expected credit losses in order to assess compliance with the disclosure requirements according to IFRS.

IT systems that support complete and reliable financial reporting
Nordax is dependent on its IT systems to ensure complete and correct processing of financial transactions and to maintain appropriate internal control. Many of Nordax's internal controls relating to the financial reporting depend on automated application controls and the integrity and completeness of the data generated by the IT systems. Given the high degree of IT dependence, we consider this to be a key audit matter for our audit.

The following risks that could affect the financial reporting were identified:
- Incorrect and unauthorized changes to the IT environment
- Lack of operational and monitoring routines for the IT environment
- Incorrect and inadequate configuration of information security

Our audit procedures included, but were not limited to:
- We have audited the management's tests and controls in connection with changes in the IT environment.
- We have examined the process for monitoring the IT-System.
- We have reviewed the process of identity and access management, including assignment, change and removal of access rights.
- We have evaluated that processes and tools for ensuring access to information based on user needs and operational requirements, including back-up of information and restoring routines, are appropriately designed.

Valuation of goodwill and intangible assets
Goodwill and intangible assets arising from acquisitions constitute a significant item in the consolidated balance sheet. As per December 31 2022, the Group's goodwill amounted to SEK 6 978 million and the acquired surplus values in forms of intangible assets amounted to SEK 1 914 million.

The item is tested for impairment on a regular basis, but at least annually, based on the Group's cash-generating units.

The recoverable amount for each cash-generating unit is tested by comparing the carrying amount of the net assets with its value in use, which in turn is based on an assessment of forecast cash flows from each cash-generating unit discounted with an average weighted cost of capital.

Taking into account the elements of estimates, assessments and assumptions related to the valuation model's input data and the item's materiality in terms of the Group's financial position, we make the assessment that valuation of goodwill and intangible fixed assets is a key audit matter in the audit.

The Group's description of accounting principles for goodwill is set out in Note 2. Critical estimates, assessments and assumptions are presented in Note 3. A specification of the item, including information on each cash-generating unit and reflections from the most recent impairment test, can be found in Note 26.

Our audit procedures included, but were not limited to:
- Evaluation of processes related to impairment test concerning goodwill and other acquired intangible assets.
- Evaluation of the Group's cash-generating units.
- Analytical examination of the sensitivity of significant assumptions and assessments in the impairment tests.
- Evaluation of compliance with accounting principles and required disclosures for goodwill and intangible assets in accordance with IFRS.

Other information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-5 and 105-106. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act of Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to

fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

Further description of our responsibility for the audit of the annual accounts and the consolidated accounts is available on the website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordax Bank AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions. Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

Further description of our responsibility for the audit of the annual accounts and the consolidated accounts is available on the website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

The auditor's examination of the Esef report

Opinion
In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Nordax Bank AB (publ) (publ) for the financial year 2022-01-01 - 2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion
We have performed the examination in accordance with

FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Nordax Bank AB (publ) (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of The Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement
The Board of Directors is responsible for that the corporate governance statement on pages 40-44 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

The auditor´s opinion regarding the statutory sustainability report
The Board of Directors is responsible for the statutory sustainability report on pages 13-28, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Nordax Bank AB (publ) by the general meeting of the shareholders on the 2022-05-18 and has been the company's auditor since 2017-04-27.

Stockholm April 25, 2023
Deloitte AB
Signature on Swedish original

Malin Lüning
Authorized Public Accountant