

February 27, 2015

# Nordax Holding AB

## Year-end and fourth quarter report 2014

### Full-year 2014

*(Numbers compared with full-year 2013)*

- Operating income increased 21.8% to 817 MSEK (671)
- Profit before credit losses increased 18.2% to 468 MSEK (396)
- Net credit losses unchanged -114 MSEK (-114), credit loss level 1.2% (1.5%)
- Operating profit increased 25.5% to 354 MSEK (282)
- Vision Capital, Nordax's principal shareholder, will evaluate strategic options in respect of its shareholding in Nordax. This may result in an initial public offering, although all options will be considered
- Synnöve Trygg elected non-executive Director of the Board.

### Fourth quarter 2014

*(Numbers compared with fourth quarter 2013)*

- Operating income increased 9.5% to 207 MSEK (189)
- Profit before credit losses was 115 MSEK (116) impacted by enhancement of resources in compliance and risk management
- Net credit losses decreased to -27 MSEK (-37), credit loss level 1.1% (1.8%)
- Operating profit increased 15.8% to 88 MSEK (76)
- Restructuring of ownership increases capital cover ratio
- Nordax granted license to conduct banking business.

### Volumes, capital and funding

*(Numbers compared with December 31, 2013)*

- New loans amounted to 3,843 MSEK (3,180)
- Lending to the general public increased 1,664 MSEK to 10,009 MSEK (8,345)
- Deposits increased 1,726 MSEK to 6,479 MSEK (4,753)
- Liquidity reserve 3,246 MSEK (1,807), liquidity coverage ratio 3.15 (3.85).

### KEY FIGURES

	Q4 2014	Q3 2014	Q4 2013	FY 2014	FY 2013
Common equity Tier 1 capital ratio %	12.3	10.9	12.0	12.3	12.0
Total capital ratio %	13.9	12.5	14.5	13.9	14.5
Return on equity %	30	41	35	33	34
Credit losses %	1.1	1.1	1.8	1.2	1.5
C/I-ratio %	44	36	39	43	41
Number of full time equivalents	163	160	138	163	138

# Comments from the Chairman

2014 was another successful year for Nordax. Since being acquired by its present owners in 2010, Nordax has consistently grown both revenues and profitability, and the Board of Directors see opportunities for further growth ahead. We are also happy to welcome Synnöve Trygg as a new non-executive board member, pending the Swedish Financial Supervisory Authority's assessment. Synnöve brings considerable experience from the banking sector having worked as CEO of SEB Card for 20 years. Vision Capital, Nordax's principal shareholder, has mandated Lazard and Morgan Stanley as financial advisors to evaluate strategic options in respect of its shareholding in Nordax. All options will be considered, including an initial public offering, but there can be no certainty that a transaction will take place. We will provide further details in due course.

## Comments from the CEO

Last year, we increased new lending by more than 20% and our loan portfolio to the general public now amounts to over 10bn SEK. Over the past five years, lending has increased at an annual compound growth rate of 18% proving that we have earned our customers' trust through a competitive and sound offering.

Today we are one of the leading niche banks in the Nordic region. In 2014, Norway passed Sweden as our largest market with a loan portfolio to the general public of 3.9bn SEK at year-end. In relative numbers, our loan portfolio in Germany grew the most last year. Having commenced product testing in Germany in 2012, the credit portfolio has now grown to 299 MSEK. Market fundamentals in Germany are supportive and our expansion there is on track.

Last year, we passed a significant milestone when the Swedish Financial Supervisory Authority granted us a license to conduct banking business. The bank license will allow us to further strengthen our brand in the Nordic and German consumer finance markets. It will also enable us to further develop our product portfolio within savings as well as potentially into new areas.

Nordax was founded by risk managers and underwriting is one of our core competencies, it's thorough, sound and data driven. We pride ourselves in taking no short cuts to achieve the objective of containing the risk in our loan portfolio through responsible lending to our customers. This approach combined with macro-economic factors and the current portfolio maturity profile, has driven a reduction in our credit loss ratio over the past three years from 1.8% to 1.2% in 2014.

In 2014, we continued our strategy to diversify funding in order to minimize liquidity and refinancing risks. We launched our fourth ABS transaction, backed by a 2.1bn NOK portfolio of Norwegian consumer loans. The transaction was supported by ratings provided by Fitch and S&P. We also succeeded in expanding our debt investor base, improving our presence in the market. Last year, our customer deposit base increased by 1.7bn SEK to approximately 6.5bn SEK. This is a testimony of the attractiveness of our product offering. Our reduced cost of funding enabled us to pass on the benefits to our customers by lowering our lending rates by 1.0% in Norway and by 1.5% in Sweden.

I am pleased to see that our operating income grew by more than 21% to 817 MSEK. We took a conscious decision last year to increase expenses by 27% in order to accommodate the growth in our deposit business, our loan business, and to invest even more in compliance, risk management and the governance of the business. Due to unchanged credit losses, operating profit increased 25.5% to 354 MSEK. Nordax has increased its operating profit at an annual compound rate of 22% in the last five years.

Taken overall, 2014 has been another very successful year and I would like to thank everyone at Nordax for their outstanding efforts, commitments and contribution to our success. I look forward to an exciting and successful business year in 2015.

# The Group

## Full-year 2014

Operating income increased by 21.8% to 817 MSEK (671), mainly driven by higher interest income earned on larger lending volumes to the general public. Operating expenses increased by 27.4% to 349 MSEK (274), reflecting Nordax's growth as well as enhancement of resources in compliance and risk management. The number of employees grew by 18.1% to a total of 163 full time equivalents at year-end. All new employees are based in Sweden since Nordax's strategy is to operate from one central platform in Stockholm. The C/I-ratio amounted to 43% (41%).

Credit losses net were unchanged in 2014 compared to the previous year and amounted to -114 MSEK (-114). The lower credit loss level of 1.2% (1.5%) is a result of external macro-economic factors and the current portfolio maturity profile.

Operating profit increased by 25.5% to 354 MSEK (282).

Tax for the financial year 2014 increased to 77 MSEK (62) which implies an effective rate of 21.7%. Net profit in 2014 increased by 25.3% to 277 MSEK (221), implying a return on equity of 32.9%.

## Fourth quarter

Operating income increased by 9.5% to 207 MSEK (189), mainly driven by higher interest income. Net profit from financial transactions decreased to -14 MSEK (8), mainly driven by exchange rate changes. Operating expenses increased by 26.0% to 92 MSEK (73) and the C/I-ratio amounted to 44% (39%). The increase in operating expenses is due to the volume growth as well as the enhancement of resources in compliance and risk management.

Net credit losses decreased to -27 MSEK (-37) and the credit loss level was 1.1% (1.8%) reflecting the same factors as for the full-year.

Operating profit in the quarter increased by 15.8% to 88 MSEK (76).

Net profit in the quarter increased by 19.0% to 69 MSEK (58), implying a return on equity of 29.8%.

## Lending volumes, capital and funding

Total assets of December 31, 2014 amounted to 13,844 MSEK (10,536). Lending to the general public increased in 2014 by 1,664 MSEK or 19.9% to 10,009 MSEK (8,345). In 2014, Norway surpassed Sweden as Nordax's largest market for lending to the general public. During the year, Nordax expanded its loan offering and now offers amounts up to 400,000 SEK/NOK and duration up to 15 years both in Sweden and Norway. Nordax started sales in Germany in 2012 and volumes are developing cautiously and according to plan. In 2007, a strategic decision to halt new sales in Denmark was made. Lending to credit institutions increased in 2014 by 604 MSEK to 2,211 MSEK (1,607) of which 542 MSEK is pledged cash holdings for the funding structure and the rest is cash liquidity.

## MARKET SEGMENT OVERVIEW – LENDING TO THE GENERAL PUBLIC

MSEK	Sweden	Norway	Denmark	Finland	Germany	Total
December 31, 2014	3,867	3,921	245	1,682	294	<b>10,009</b>
December 31, 2013	3,520	3,288	295	1,172	70	<b>8,345</b>
Growth	347	633	-50	510	224	<b>1,664</b>
Of which FX effects	-	-57	16	88	14	<b>60</b>
Growth % incl FX	9.9	19.2	-17.0	43.5	320.0	<b>19.9</b>

Deposits from the general public increased in 2014 by 36% to 6,479 MSEK (4,753). In 2014, Nordax expanded its savings products offering in Sweden with a new deposit product. Nordax's loan-to-deposit-ratio was 154% at year-end 2014 compared to 176% year-end 2013.

Nordax has diversified its funding risk through three additional funding sources; covered bonds, senior unsecured bonds and collateralized loans. At year-end, Nordax was funded with 3,110 MSEK in covered bonds (issued under Nordax's ABS programs), 500 MSEK in senior unsecured bonds, 2,274 MSEK in collateralized loans provided by two international banks and 6,460 MSEK in deposits (all in nominal amounts). During 2014, Nordax launched its fourth ABS transaction, backed by a 2.1bn NOK portfolio of Norwegian consumer loans. The sale of notes was supported by ratings provided by Fitch and S&P.

At year-end, Nordax had a liquidity coverage ratio of 3.15 and net stable funding ratio of 1.46. The liquidity coverage ratio is 2.6 times the required level as stipulated by Basel III. The liquidity reserve amounted to 3,246 MSEK (1,807). Of these holdings 51% were Swedish banks, 19% Swedish covered bonds and 30% Swedish municipality bonds. All investments had a credit rating between AAA and A+, with an average of AA.

## RISK EXPOSURE AND CAPITAL RATIOS ACCORDING TO BASEL III

	Dec 31, 2014	Sep 30, 2014	Dec 31, 2013
Risk exposure amount, MSEK	10,046	9,559	7,959
Common equity Tier 1 capital ratio %	12.3	10.9	12.0
Tier 1 capital ratio %	12.3	10.9	12.0
Total capital ratio %	13.9	12.5	14.5
Leverage ratio %	8.9	7.7	9.0

The capital ratios improved as a result of a group restructuring in December, 2014. At year-end, the Common equity Tier 1 ratio of 12.3% was significantly in excess of the regulatory minimum of 8.0%. The Group restructured its ownership in order to achieve a structure allowing all capital injected by the owners to be included in Common equity Tier 1 in accordance with new regulations from the European Parliament and of the Council on prudential requirements for credit institutions and investment firms No 575/2013. The restructuring increased the capital cover ratio for the Group.

## Bank license granted

On December 5, 2014, the Swedish Financial Supervisory Authority granted Nordax Finans AB, a fully-owned subsidiary of Nordax Holding AB, a license to conduct banking business. The bank license is expected to strengthen the Group's brand in the Nordic and German consumer finance markets and will further clarify Nordax's mission in relation to stakeholders. The bank license will also enable further development of the product offering within savings as well as potential expansion into new products such as bank cards and self-service. Nordax Finans AB changed its name to Nordax Bank AB as of December 10, 2014.

## Risks and uncertainties

The Group is exposed to both credit risk and to other financial risks such as market risks including foreign currency risk, interest rate risk in fair value, interest rate risk in cash flow and price risk as well as liquidity risk. The Group is also exposed to IT and operational risks. The Group's overall risk and capital policy details the risk framework as well as risk management roles and responsibilities for the Group.

The risk composition of the Group as well as related risk, liquidity and capital management, is described in Nordax's Annual Report for 2013. Planning in scenarios continues to be crucial in order to be able to swiftly adapt to changed market conditions in case they should occur.

## Internal control

The Group has established independent functions for risk control and compliance in accordance with the Swedish Financial Supervisory Authority's regulations and guidelines FFFS 2014:1, FFFS 2010:7 as well as the European Banking Authority's guidelines on internal control (GL 44). These functions report directly to the Board of Directors and CEO.

The evaluation of the organisation as regards, among other things, the internal control, is carried out with the assistance of an external internal auditor; Mazars. It has not been deemed cost effective to establish an internal auditing organisation, based on the size of the Company. Furthermore, allowing an external auditing firm to conduct the internal audit provides the Company with the opportunity to benefit from that external firm's knowledge, in the form of potential alternative solutions within areas important to the operations, gained from other audit assignments undertaken by the firm.

## Accounting principles

This year-end report has been prepared according to IAS 34, Interim Financial Reporting. The consolidated accounts for the Nordax Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, together with the Credit Institutions and Securities Companies Act (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Accounting Regulations for Groups as well as the Swedish Financial Supervisory Authority's regulations and guidelines FFFS 2008:25.

The Parent Company's annual report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Standards Council's recommendation RFR 2, Accounting for legal entities.

In all material aspects, the Group's and the Parent Company's accounting policies, basis for calculations and presentations are unchanged in comparison with the 2013 Annual Report.

## CEO's affirmation

The CEO declares that the year-end report provide a fair overview of the Parent Company's and the Group's operations, their financial positions and results and describe material risks and uncertainties facing the Parent Company and the Group.

Stockholm February 27, 2015

*Morten Falch*

CEO

# Report of Review of Interim Financial Information

## Introduction

We have reviewed the condensed interim financial information (interim report) of Nordax Holding AB as of 31 December 2014 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, Annual Accounts Act for Credit Institutions and Securities Companies and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34, Annual Accounts Act for Credit Institutions and Securities Companies regarding the Group, and the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm February 27, 2015

Öhrlings PricewaterhouseCoopers

Helena Kaiser de Carolis

Authorized Public Accountant

## Contacts

For more information, please contact

Morten Falch, CEO, +46 8 508 808 03, [morten.falch@nordax.se](mailto:morten.falch@nordax.se)

Camilla Wirth, CFO, +46 8 508 808 03, [camilla.wirth@nordax.se](mailto:camilla.wirth@nordax.se)

Peter Lindell, media contacts, +46 761 28 03 03, [plindell@brunswickgroup.com](mailto:plindell@brunswickgroup.com)

Åse Lindskog, investor relations, +46 730 24 48 72, [ase.lindskog@nordax.se](mailto:ase.lindskog@nordax.se)

## Financial calendar

The annual report 2014 will be posted on [www.nordax.se](http://www.nordax.se) on April 16, 2015

The report for the first quarter 2015 will be published on April 29, 2015

The report for the second quarter 2015 will be published on July 15, 2015

The report for the third quarter will be published on October 22, 2015

Nordax Holding AB announces this information in accordance with the Securities Market Act and/or the Act on Trading in Financial Instruments. This information was submitted for announcement on February 27, 2015 at 08.00am CET.

## About Nordax

*Nordax is one of the leading niche banks in the Nordic region providing unsecured consumer loans and deposits to about 100,000 customers in Sweden, Norway, Finland, Denmark and Germany. Nordax employs about 200 people, all working in one office in Stockholm. Nordax was founded by five entrepreneurs with extensive risk management experience and over the course of ten years the Group has developed a sound, thorough and data driven underwriting process. Nordax's customers are financially stable people in the prime of life. Through a centralized and highly scalable platform, Nordax is on a journey to become one of the leading niche banks in Northern Europe. As of December 31, 2014 lending to the general public amounted to 10.0bn SEK and deposits from customers to 6.5bn SEK. Nordax is supervised by the Swedish Financial Supervisory Authority since 2004 and deposits are covered by the Swedish deposit guarantee scheme. Read more on [www.nordax.se](http://www.nordax.se).*

# Consolidated income statement

## GROUP

All amounts in MSEK	Note	Oct-Dec 2014	Jul-Sep 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
<b>Operating income</b>						
Interest income		317	316	272	1210	1 071
Interest expense		-100	-108	-99	-415	-424
<b>Total net interest income</b>		<b>217</b>	<b>208</b>	<b>173</b>	<b>795</b>	<b>647</b>
Commission income		4	3	4	15	15
Net profit from financial transactions		-14	9	8	7	5
Other operating income		0	0	4	0	4
<b>Total operating income</b>		<b>207</b>	<b>220</b>	<b>189</b>	<b>817</b>	<b>671</b>
<b>Operating expenses</b>						
General administrative expenses		-64	-50	-53	-222	-191
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-1	-2	-1	-5	-5
Other operating expenses		-27	-27	-19	-122	-78
<b>Total operating expenses</b>		<b>-92</b>	<b>-79</b>	<b>-73</b>	<b>-349</b>	<b>-274</b>
<b>Profit before credit losses</b>		<b>115</b>	<b>141</b>	<b>116</b>	<b>468</b>	<b>396</b>
Net credit losses	1	-27	-27	-37	-114	-114
<b>Operating profit</b>		<b>88</b>	<b>114</b>	<b>79</b>	<b>354</b>	<b>282</b>
Tax on profit for the year		-19	-25	-18	-77	-62
<b>NET PROFIT FOR THE PERIOD</b>		<b>69</b>	<b>89</b>	<b>61</b>	<b>277</b>	<b>221</b>

# Consolidated statement of comprehensive income

Other comprehensive income is consistent with net profit for the period.



# Parent Company income statement

## PARENT COMPANY

All amounts in MSEK	Note	Oct-Dec 2014	Jul-Sep 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
<b>Operating expenses</b>						
Other external expenses		0	0	0	0	-
<b>Total operating expenses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Operating profit</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Profit/loss from financial investments</b>						
Group contributions		26	-	27	26	27
Interest and similar expenses		-6	-6	-6	-24	-25
<b>Profit/loss from financial investments</b>		<b>20</b>	<b>-6</b>	<b>21</b>	<b>2</b>	<b>2</b>
<b>Profit/loss after financial items</b>		<b>20</b>	<b>-6</b>	<b>21</b>	<b>2</b>	<b>2</b>
Tax on profit for the year		0	-	0	0	-
<b>NET PROFIT FOR THE PERIOD</b>		<b>20</b>	<b>-6</b>	<b>21</b>	<b>2</b>	<b>2</b>

# Parent Company statement of comprehensive income

Other comprehensive income is consistent with net profit for the period.

# Consolidated statement of financial position

## GROUP

All amounts in MSEK	Note	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>			
Lending to credit institutions	4, 5	2 211	1 607
Lending to the general public	1, 2, 4, 5	10 009	8 345
Bonds and other fixed income securities	4, 5	1 585	550
Property, plant and equipment		7	6
Intangible assets		5	5
Other assets		18	6
Prepaid expenses and accrued income		9	17
<b>TOTAL ASSETS</b>		<b>13 844</b>	<b>10 536</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>			
<b>Liabilities</b>			
Liabilities to credit institutions	4, 5	2 259	2 314
Deposits from the public	4, 5	6 479	4 753
Issued securities	4, 5	3 581	2 259
Current tax liability		16	5
Deferred tax liability		9	6
Other liabilities		23	17
Accrued expenses and deferred income		64	47
Subordinated liabilities		199	198
<b>Total liabilities</b>		<b>12 630</b>	<b>9 597</b>
<b>Equity</b>			
Share capital		5	5
Other contributed capital		6	6
Retained earnings, incl. net profit for the year		1 203	928
<b>Total equity</b>		<b>1 214</b>	<b>939</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>13 844</b>	<b>10 536</b>
<b>Memorandum items</b>			
Pledged assets for own liabilities		9 180	7 498
Contingent liabilities	6	None	None

# Parent Company statement of financial position

## PARENT COMPANY

All amounts in MSEK	31 Dec 2014	31 Dec 2013
<b>ASSETS</b>		
<b>Financial assets</b>		
Shares in Group companies	204	204
<b>Total financial assets</b>	<b>204</b>	<b>204</b>
<b>Total non-current assets</b>	<b>204</b>	<b>204</b>
<b>Current receivables</b>		
Receivables from Group companies	26	31
<b>Total current receivables</b>	<b>26</b>	<b>31</b>
<b>Cash and bank balances</b>	<b>20</b>	<b>13</b>
<b>Total current assets</b>	<b>46</b>	<b>44</b>
<b>TOTAL ASSETS</b>	<b>250</b>	<b>248</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	5	5
Reserves	6	6
Retained earnings, incl. net profit for the year	36	36
<b>Total equity</b>	<b>47</b>	<b>47</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Debenture loans	199	198
<b>Total non-current liabilities</b>	<b>199</b>	<b>198</b>
<b>Current liabilities</b>		
Liabilities to Group companies	4	3
<b>Total current liabilities</b>	<b>4</b>	<b>3</b>
<b>Total liabilities</b>	<b>203</b>	<b>201</b>
<b>TOTAL EQUITY, PROVISIONS AND LIABILITIES</b>	<b>250</b>	<b>248</b>
<b>Memorandum items</b>		
Pledged assets for own liabilities	None	None
Contingent liabilities	None	None

# Statement of cash flows

All amounts in MSEK	Group	Jan - Dec 2013	Parent company	Jan – Dec 2013
	Jan- Dec 2014		Jan - Dec 2014	
<b>Operating activities</b>				
Operating profit	354	282	2	2
Tax paid	-63	-61	-	-
Adjustment for non-cash items	1	5	-	-
<b>Change in operating assets and liabilities</b>				
Decrease/Increase in lending to the public	-1 664	-955	-	-
Decrease/Increase in other assets	-4	-8	5	-3
Decrease/Increase in deposits from the public	1 726	-2 412	-	-
Decrease/Increase in other liabilities	23	14	1	0
<b>Cash flow from operating activities</b>	<b>373</b>	<b>-3 135</b>	<b>8</b>	<b>-1</b>
<b>Investing activities</b>				
Purchase of equipment	0	-2	0	-
Investment in/sale of bonds and other fixed income securities	-1 035	1 442	-	-
Sale of shares	-	-	-	5
<b>Cash flow from investing activities</b>	<b>-1 035</b>	<b>1 440</b>	<b>0</b>	<b>5</b>
<b>Financing activities</b>				
Decrease/Increase in liability to credit institutions	-55	533	-	-
Decrease/Increase in issued securities	1 322	226	-	-
Decrease/Increase in subordinated liabilities	1	1	1	1
Group contribution paid	-2	-2	-2	-2
<b>Cash flow from financing activities</b>	<b>1 266</b>	<b>758</b>	<b>-1</b>	<b>-1</b>
<b>Cash flow for the period</b>	<b>604</b>	<b>-937</b>	<b>7</b>	<b>3</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1 607</b>	<b>2 544</b>	<b>13</b>	<b>10</b>
<b>Cash and cash equivalents at end of period</b>	<b>2 211</b>	<b>1 607</b>	<b>20</b>	<b>13</b>

Cash and cash equivalents are defined as treasury bills eligible for use as collateral and lending to credit institutions.

# Statement of changes in equity

## GROUP

All amounts in MSEK	Share capital	Other contributed capital	Retained earnings	Total
<b>OPENING BALANCE, 1 JANUARY 2013</b>	<b>5</b>	<b>6</b>	<b>709</b>	<b>719</b>
<b>Comprehensive income</b>				
Net profit for the year			220	220
<b>Total comprehensive income</b>			<b>220</b>	<b>220</b>
<b>Transactions with shareholders</b>				
Group contribution paid			-1	-1
Tax effect of Group contribution			0	0
<b>Total transactions with shareholders</b>			<b>-1</b>	<b>-1</b>
<b>CLOSING BALANCE, 31 DECEMBER 2013</b>	<b>5</b>	<b>6</b>	<b>928</b>	<b>939</b>

<b>OPENING BALANCE, 1 JANUARY 2014</b>	<b>5</b>	<b>6</b>	<b>928</b>	<b>939</b>
<b>Comprehensive income</b>				
Net profit for the year			277	277
<b>Total comprehensive income</b>			<b>277</b>	<b>277</b>
<b>Transactions with shareholders</b>				
Group contribution paid			-2	-2
Tax effect of Group contribution			0	0
<b>Total transactions with shareholders</b>			<b>-2</b>	<b>-2</b>
<b>CLOSING BALANCE, 31 DECEMBER 2014</b>	<b>5</b>	<b>6</b>	<b>1 203</b>	<b>1 214</b>

## PARENT COMPANY

All amounts in MSEK	Share capital	Share premium account	Retained earnings	Total
<b>OPENING BALANCE, 1 JANUARY 2013</b>	<b>5</b>	<b>6</b>	<b>36</b>	<b>47</b>
<b>Comprehensive income</b>				
Net profit for the year			1	1
<b>Total comprehensive income</b>			<b>1</b>	<b>1</b>
<b>Transactions with shareholders</b>				
Group contribution paid			-1	-1

Tax effect of Group contribution			0	0
<b>Total transactions with shareholders</b>			<b>-1</b>	<b>-1</b>
<b>CLOSING BALANCE, 31 DECEMBER 2013</b>	<b>5</b>	<b>6</b>	<b>36</b>	<b>47</b>

<b>OPENING BALANCE, 1 JANUARY 2014</b>	<b>5</b>	<b>6</b>	<b>36</b>	<b>47</b>
<b>Comprehensive income</b>				
Net profit for the year			2	2
<b>Total comprehensive income</b>			<b>2</b>	<b>2</b>
<b>Transactions with shareholders</b>				
Group contribution paid			-2	-2
Tax effect of Group contribution			0	0
<b>Total transactions with shareholders</b>			<b>-2</b>	<b>-2</b>
<b>CLOSING BALANCE, 31 DECEMBER 2014</b>	<b>5</b>	<b>6</b>	<b>36</b>	<b>47</b>

The share capital consists of 5,204,037 ordinary shares of the same share class and with a nominal value of SEK 1. All shares have equal voting rights.

# Notes

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

## Note 1 Credit risk

### (i) Credit risk – general information

Lending activities are based on policies adopted by the Board of Directors. All loans are assessed in a separate, centrally located department in the Group.

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 fulfil a number of policy rules. Decisions on loans are based on creditworthiness, which is determined using a model for calculating the probability that a borrower will be able to adhere to the concluded agreements (“credit scoring”). A customer’s credit score determines, for instance, how much he or she will be able to borrow. 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 a salary specification and tax return, to confirm his or her stated income and debts. This information is used to assess the customer’s financial situation, for instance by calculating the customer’s debt ratio and a “left to live on” amount.

Credit risks in other counterparty relationships, such as derivatives 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.

### (ii) Measurement of credit risk

The credit risk in the portfolio is measured against the specified targets on an ongoing basis. The measurements are based partly on how loans perform over time, how old the individual loans are (“vintage”) and the maturity of the overall portfolio. Measurements are made depending on the risk that a loan will fall into arrears and whether it has been impaired.

Continuous measurements are also made on a segment basis. The applicable credit regulations and scoring models are followed up continuously to ensure the effectiveness of applied regulations and

models. The results of these measurements are used as a basis for any adjustments to credit regulations and scoring models.

### (iii) Risk management and risk control

The Group’s continued operations depend on its ability to manage and control credit risk. Strong emphasis is placed on building procedures for managing this risk, for instance through monthly or more frequent reporting to the management team and Board of Directors. Credit risk reporting is also a standing agenda item at each Board meeting.

The risk control and compliance unit performs regular checks to ensure that loans are issued in accordance with the instructions adopted by the Board. Under the instructions, any deviations must be reported to the Board.

When the Group has received loans from external parties, these parties also perform regular and extensive credit risk assessments.

### (iv) Principles for credit risk provisions

Principles for credit risk provisions are indicated in the annual report for 2013, Notes 2 and 5.

When the value of a loan receivable has declined the carrying amount is written down to the recoverable amount, which is defined as the estimated future cash flow discounted by the initial effective interest rate for the instrument at the time of impairment. Management uses estimates based on historical credit losses for assets with the same credit risk and attributes as those in the loan portfolio. The methods and assumptions used to forecast future cash flows are reviewed regularly to reduce the difference between estimated and actual losses.

The calculation of provisions for groups of loans where loss events have occurred but the losses cannot be tied to individual commitments are based on a specified model. The criteria for determining whether a loss has occurred are delays in the payment of principal and interest.

## GROUP

All amounts in MSEK	Oct-Dec 2014	Jul-Sep 2014	Oct-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
<b>Credit losses</b>					
Write-offs for the year relating to actual credit losses	-6	-4	-4	-21	-15
Provision for loans with individually identified loss events <sup>1</sup>	-10	-25	-21	-80	-90
Group provision for receivables valued as a group	-11	2	-12	-13	-9
<b>Credit losses for the year</b>	<b>-27</b>	<b>-27</b>	<b>-37</b>	<b>-114</b>	<b>-114</b>

<sup>1</sup>Individually identified loss events refer to receivables which are more than 180 days past due.

## Note 2 Lending to the general public

### GROUP

31 December 2014	Sweden	Norway	Denmark	Finland	Germany	Total	Allocation of provision past due receivables	
Not yet payable	3 573	3 585	208	1 452	289	9 106		
Less than 30 days past due	45	86	8	77	3	220	-18	8%
30-60 days past due	23	32	4	27	2	89	-19	21%
61-90 days past due	13	21	6	10	1	51	-17	33%
90-180 days past due	26	20	3	14	2	65	-33	51%
More than 180 days past due	489	495	298	238	2	1 522	-957	63%
<b>Total</b>	<b>4 169</b>	<b>4 239</b>	<b>527</b>	<b>1 818</b>	<b>299</b>	<b>11 053</b>	<b>-1 044</b>	<b>54%</b>
Provision <sup>1</sup>	-302	-318	-282	-136	-5	-1 044		
<b>Total lending to the general public</b>	<b>3 867</b>	<b>3 921</b>	<b>245</b>	<b>1 682</b>	<b>294</b>	<b>10 009</b>		

31 December 2013	Sweden	Norway	Denmark	Finland	Germany	Total	Allocation of provision past due receivables	
Not yet payable	3 266	2 967	255	1 016	70	7 573		
Less than 30 days past due	45	91	9	39	0	185	-16	9%
30-60 days past due	17	26	3	13	0	60	-13	22%
61-90 days past due	15	20	7	7	0	49	-16	33%
90-180 days past due	23	19	3	10	-	55	-27	49%
More than 180 days past due	409	437	269	185	-	1 300	-805	62%
<b>Total</b>	<b>3 775</b>	<b>3 560</b>	<b>546</b>	<b>1 270</b>	<b>70</b>	<b>9 222</b>	<b>-877</b>	<b>53%</b>
Provision <sup>1</sup>	-255	-272	-251	-98	0	-877		
<b>Total lending to the general public</b>	<b>3 520</b>	<b>3 288</b>	<b>295</b>	<b>1 172</b>	<b>70</b>	<b>8 345</b>		

<sup>1</sup>Provision for receivables which are more than 180 days past due are assessed individually and total MSEK -957 (805). The group provision is MSEK 87 (72). The difference between the provision recognised above and credit losses for the year as indicated in the income statement is due to exchange rate effects, which are accounted for under Net profit from financial transactions.

## Note 3 Capital adequacy analysis

Capital adequacy information in this document refers to information whose disclosure is provided for in Chapter 6, Sections 3-4 of the Regulations and general recommendations (FFFS 2008:25) on the annual accounts of credit institutions and securities companies (investment firms) and which refers to information in the General recommendations on capital adequacy and risk management (FFFS 2014:12) of the Swedish Financial Supervisory Authority. As of the first quarter of 2014 a capital adequacy analysis for the consolidated situation is reported. Other information required under FFS 2014:12 is provided on the Company's website, [www.nordax.se](http://www.nordax.se).

### Information on the consolidated situation

The top company in the consolidated situation is Nelson Luxco Sarl. The company's only activity is the ownership of shares in Nordax Group Holding AB. It should be noted that Nelson Luxco Sarl is not included in the consolidated financial statements for the Nordax Group Holding AB group but only in the group-based financial statements for the purpose of calculating capital requirements for the consolidated situation. The following companies are included in the consolidated financial statements for the group of financial companies in accordance with full IFRS and in the group-based financial statements for calculation of capital requirements: Nordax Group Holding AB, Nordax Holding AB, Nordax Bank AB (publ), Nordax Finans AS, PMO Sverige OY, Nordax Nordic AB (publ), Nordax Sverige AB, Nordax Sverige 3 AB (publ), Nordax Nordic 2 AB and Nordax Nordic 3 AB (publ).



Consolidated situation		
All amounts in MSEK	31 Dec 2014	31 Dec 2013
<b>CAPITAL BASE</b>		
Common Equity Tier 1 capital	1 537	1 286
<b>Tier 1 capital</b>	<b>1 537</b>	<b>1 286</b>
Tier 2 capital	159	198
Deduction from capital base	-304	-330
<b>Net capital base</b>	<b>1 392</b>	<b>1 155</b>
Risk-exposed assets credit risk	8 234	6 826
Risk-exposed market risk	541	276
Risk-exposed operational risk	1 271	857
<b>Total risk-exposed assets</b>	<b>10 046</b>	<b>7 959</b>
Common Equity Tier 1 capital ratio	12,28%	12,02%
Tier 1 capital ratio	12,28%	12,02%
Total capital ratio	13,86%	14,51%
Capital adequacy ratio (capital base / capital requirement)	1,73	1,81
Total Common Equity Tier 1 capital including buffer requirement	7,00%	
- of which, capital conservation buffer requirement	2,50%	
Common Equity Tier 1 capital available for use as buffer <sup>1</sup>	7,78%	
<b>Specification of risk exposure amounts<sup>2</sup></b>		
Institutional exposures	444	325
Covered bonds	60	55
Household exposures	7 085	5 902
Unregulated items	597	523
Other items	48	21
<b>Total risk exposure amount for credit risk, Standardised Approach</b>	<b>8 234</b>	<b>6 826</b>
Exchange rate risk	541	276
<b>Total risk exposure amount for market risk</b>	<b>541</b>	<b>276</b>
Basic Indicator Approach	1 271	857
<b>Total risk exposure amount for operational risks</b>	<b>1 271</b>	<b>857</b>
<b>LEVERAGE RATIO</b>		
Exposure measure for calculating leverage ratio	13 893	10 591
<b>Leverage ratio</b>	<b>8,88%</b>	<b>9,03%</b>

<sup>1</sup> Common Equity Tier 1 capital ratio 12.28 per cent less the statutory minimum requirement of 4.5 per cent excluding the buffer requirement. A total capital requirement of a further 3.5 per cent is also applicable.

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

## Information on liquidity risk pursuant to FFFS 2014:12

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

The goal is to use funding sources which:

- Provide a high degree of matching, of currencies as well as maturities, between assets and liabilities.
- Offer diversification in terms of markets, investors, instruments, maturities, currencies, counterparties and geography.
- Carry a low liquidity risk and offer a high 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 for a growing balance sheet.

The Group has an independent function for liquidity risk control. The function reports directly to the Board and CEO.

Liquidity is measured on a daily basis and reported to the Company's management. Liquidity risk is reported to the Board of Directors on a monthly basis.

Cash flows expected to result 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 illumine the financial structure and the Group's liquidity risk. Liquidity risk is measured monthly for different scenarios and events (such as less favourable advance rates and changed cash flows) and illumined separately and in combination.

The contingency plan specifies a clear division of responsibilities and contains instructions for how the Group should respond in a liquidity crisis situation. The plan specifies appropriate actions for managing the consequences of different crisis situations and contains definitions of events which trigger and escalate the contingency plan. The contingency plan has been tested and updated.

At 31 December 2014 Nordax had a liquidity coverage ratio (according to the Swedish FSA's LCR definition) of 3.15 and a net stable funding ratio of 1.46. With the new suggested Basel definition, the Bank's LCR would be 8.4.

At 31 December 2014 Nordax had a liquidity reserve of MSEK 3,246. Of these investments, 51 per cent was in Nordic banks, 19 per cent in Swedish covered bonds and 30 per cent in Swedish municipal paper. All investments had credit ratings ranging from AAA to A+ from Standard & Poor's, with an average rating of AA. The average maturity was 68 days. All bank holdings are immediately accessible and all securities are repo-able with central banks.

At 31 December 2014 Nordax's sources of funding comprised MSEK 3,110 in funding through the asset-backed securities market (securitised), MSEK 500 in corporate bonds, MSEK 2,274 in secured funding from two global banks and MSEK 6,460 in deposits from the public. The figures refer to the nominal amounts.

## Note 4 Classification of financial assets and liabilities

### GROUP

31 December 2014	Financial instruments carried at fair value through profit or loss		Investments held to maturity	Loans and receivables	Other financial liabilities	Total
	<i>Held for trading</i>	<i>Designated at initial recognition</i>				
<b>Assets</b>						
Lending to credit institutions	-	-	-	2 211	-	2 211
Lending to the general public	-	-	-	10 009	-	10 009
Bonds and other fixed income securities	-	1 585	-	-	-	1 585
<b>Total assets</b>	-	1 585	-	12 220	-	13 805
<b>Liabilities</b>						
Liabilities to credit institutions	-	-	-	-	2 259	2 259
Deposits from the public	-	-	-	-	6 479	6 479
Issued securities	-	-	-	-	3 581	3 581
Derivatives	4	-	-	-	-	4
Subordinated liabilities	-	-	-	-	199	199
<b>Total liabilities</b>	4	-	-	-	12 518	12 522

31 December 2013	Financial instruments carried at fair value through profit or loss		Investments held to maturity	Loans and receivables	Other financial liabilities	Total
	<i>Held for trading</i>	<i>Designated at initial recognition</i>				
<b>Assets</b>						
Lending to credit institutions	-	-	-	1 607	-	<b>1 607</b>
Lending to the general public	-	-	-	8 345	-	<b>8 345</b>
Bonds and other fixed income securities	-	550	-	-	-	<b>550</b>
Derivatives	9	-	-	-	-	<b>9</b>
<b>Total assets</b>	<b>9</b>	<b>550</b>	<b>-</b>	<b>9 952</b>	<b>-</b>	<b>10 511</b>
<b>Liabilities</b>						
Liabilities to credit institutions	-	-	-	-	2 314	<b>2 314</b>
Deposits from the public	-	-	-	-	4 753	<b>4 753</b>
Issued securities	-	-	-	-	2 259	<b>2 259</b>
Subordinated liabilities	-	-	-	-	198	<b>198</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 524</b>	<b>9 524</b>

Trade receivables, trade payables and prepaid/accrued interest are not included in the classification above, but have been reported as Loans and receivables or Other financial liabilities, as these are not material.

## Note 5 Fair values of financial assets and liabilities

### GROUP

31 December 2014	Carrying amount	Fair value	Fair value gain (+)/fair value loss (-)
<b>Assets</b>			
Lending to credit institutions <sup>1</sup>	2 211	2 211	-
Lending to the general public <sup>2</sup>	10 009	12 302	2 293
Bonds and other fixed income securities	1 585	1 585	-
<b>Total assets</b>	<b>13 805</b>	<b>16 098</b>	<b>2 293</b>
<b>Liabilities</b>			
Liabilities to credit institutions <sup>1</sup>	2 259	2 259	-
Deposits from the public <sup>1</sup>	6 479	6 479	-
Issued securities <sup>3</sup>	3 581	3 593	12
Derivatives	4	4	-
Subordinated liabilities <sup>3</sup>	199	199	-
<b>Total liabilities</b>	<b>12 522</b>	<b>12 534</b>	<b>12</b>

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

<sup>2</sup> The measurement includes significant non-observable inputs and belongs to Level 3.

<sup>3</sup> Fair value data for issued securities and debenture loans belong to Level 2, as the inputs for measurement are based directly or indirectly on quoted prices.

## Calculation of fair value

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

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

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

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

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

In 2014 the classification and the various levels have been reviewed and the comparative figures for 2013 have been changed. No transfers between levels due to changed measurements were made during the year.

## GROUP

31 December 2014	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Bonds and other fixed income securities	1 585	-	-	<b>1 585</b>
<b>Total assets</b>	<b>1 585</b>	<b>-</b>	<b>-</b>	<b>1 585</b>
<b>Liabilities</b>				
Derivatives	4	-	-	<b>4</b>
<b>Total liabilities</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>4</b>

31 December 2013	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Bonds and other fixed income securities	550	-	-	<b>550</b>
Derivatives	9	-	-	<b>9</b>
<b>Total assets</b>	<b>559</b>	<b>-</b>	<b>-</b>	<b>559</b>

## Note 6 Contingent liabilities

Nordax Holding AB has issued a parent guarantee for Nordax Bank's payment obligation under the senior unsecured floating rate notes issued by Nordax Bank. Under this parent guarantee, Nordax Holding AB assumes and guarantees as principal obligor, as for its

own debt (proprieborgen), all of Nordax Bank's payment obligations to the noteholders under the notes. The nominal value of the senior unsecured floating note is 500 MSEK.