

Nordax Bank AB (publ)

INTERIM REPORT January-June 2019

About the Group, Nordax Bank AB (publ)

Nordax Bank AB (publ) (Corporate Identity Number 556647-7286), with its registered office in Stockholm at Box 23124, SE-104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.nordax-group.com, hereinafter "Nordax", is a wholly owned subsidiary of Nordax Group AB (publ) (Corporate Identity Number 556993-2485), with its registered office in Stockholm. The Nordax Group's owner is NDX Intressenter AB, which is controlled by Nordic Capital and Sampo and as of 30 June controlled 100 per cent of the shares in the company. This is Nordax's sixteenth financial year. The Nordax Bank Group consists of Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB and Svensk Hypotekspension AB.

Nordax was authorised on 27 January 2004 as a credit market company to carry on finance activities. On 5 December 2014, Nordax received approval to carry on banking activities by the Swedish Financial Supervisory Authority according to the Banking and Finance Business Act and changed its name to Nordax Bank AB (publ).

Through a centralised business model and organisation based in Stockholm, Nordax conducts cross-border lending in Sweden, Norway, Denmark, Finland and Germany in accordance with Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

Nordax's main business is consumer lending in the Nordic region and Germany. Lending consists of unsecured loans up to the equivalent of SEK 600,000, NOK 500,000, EUR 60,000 in Finland and EUR 40,000 in Germany. Since 2018, secured loans against residential property are offered as well in Sweden, and as of the first quarter of 2019 in Norway. In January 2019, Nordax finalised the acquisition of Svensk Hypotekspension AB (SHP). SHP was founded in 2005, and offers secured loans against residential property to Swedes aged 60 and older through the Hypotekspension equity release mortgage. Hypotekspension gives an older population an opportunity to free up equity without having to sell their home.

Nordax also offers personal savings accounts in Sweden, Norway, Finland and Germany. Savings deposits are part of Nordax's diversified funding platform, which also consists of asset-backed securities, bank warehouse funding facilities, equity and subordinated debt.

Important events during the period

Personal loans

New lending for personal loans continued to grow strongly. New lending was especially robust in the Swedish market, where a more attractive offer contributed to growth in all channels. In Norway, new personal loan regulations were introduced in the second quarter, which had a slightly negative effect on the quarter's new lending. A decision was made

in the second quarter to discontinue new lending in Germany and focus on the Nordic markets. Lending in Germany accounted for 4% of Nordax's total lending at the end of the quarter.

Mortgage loans

Nordax began offering mortgages in Sweden in 2018. The main target group is customers with some form of non-traditional employment, i.e. self-employed or temporary employees, including project, part-time or replacement workers. Thanks to thorough credit assessments and personal contacts, more loans are approved for this customer group, which is often denied by the major banks despite being financially stable. Interest in the offer has been high and new lending continues to grow.

At the end of the first quarter, Nordax also began offering mortgage loans in the Norwegian market through loan brokers, and at the end of the second quarter mortgage applications were being accepted directly through Nordax's website.

Equity release mortgages

New lending grew strongly and the portfolio grew by 14 % in the first 6 months of the year. One contributing factor has been increased marketing, which has led to greater awareness of SHP as a brand and equity release mortgages as a product. More applicants also became eligible for an equity release mortgage during the year after the lending limit was changed and the offer was extended to more of the country's municipalities.

Portfolio development

Total lending amounted to SEK 22.4 billion (SEK 15.1 billion as of 31 December 2018). The acquisition of SHP, expansion of the product offering to include mortgage loans, and strong quarterly performance in the Swedish market were the most important reasons for the strong growth. Excluding the SHP acquisition, lending grew by 19% in the first 6 months of the year, partly due to positive currency effects. All geographical markets except Germany grew. In the Swedish market, mortgages, personal loans and equity release mortgages all contributed to the strong trend.

Other events

Nordax's savings offer continued to attract many new customers, which led to an increase in total lending to SEK 17.7 billion (SEK 11.3 billion at year-end).

In the second quarter, Nordax established an MTN programme with a SEK 3 billion framework. The programme enables Nordax to issue both senior and subordinated bonds (Tier 2) in the Swedish market. Two issues under the programme attracted very strong interest from Nordic institutional investors during the quarter. The first issue comprised SEK 350 million in Tier 2 bonds with a 10-year maturity and first call after 5 years. The second issue, comprising SEK 500 million in senior unsecured bonds, matures in 3 years.

Other events, cont.

Nordax decided in the quarter to discontinue new lending in Germany as profitability had not reached the desired levels. Nordax continues to accept deposits in Germany as part of a diversified funding structure.

In Norway, new personal loan regulations were introduced in the second quarter, essentially limiting personal loans to 5 years, requiring customers to be able to handle a rate increase of 5 percentage points, and restricting the customer's total debt to 5 times their annual income. In the quarter, a national debt registry was established in Norway as well.

Result January-June 2019

GROUP

Operating profit amounted to 228 MSEK (254). Decrease due to higher costs.

Net interest income amounted to 724 MSEK (647). Higher net interest income due to a growing lending portfolio and acquisition of SHP.

Credit losses amounted to -122 MSEK (-174), corresponding 1.3 per cent (2.5) of average lending.

Operating expenses amounted to -416 MSEK (-263). Increased costs as a result of investments in growth initiatives to grow and broaden Nordax's business but also acquisition costs and other costs related to SHP.

PARENT COMPANY

Operating profit amounted to 230 MSEK (263). Decrease due to higher costs.

Net interest income amounted to 376 MSEK (206). Higher net interest income due to a growing lending portfolio.

Credit losses amounted to -122 MSEK (-174), corresponding 1.5 per cent (2.5) of average lending.

Operating expenses amounted to -364 MSEK (-254). Increased costs as a result of investments in growth initiatives to grow and broaden Nordax's business.

Risks and internal control

RISKS AND UNCERTAINTIES

The Group is exposed to both credit risk and to other financial risks such as market risk and 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 within the Group. The Group's risk profile as well as related risk, liquidity and capital management are described in Nordax's Annual Report for 2018 and in the Risk Management and Capital Adequacy Report.

INTERNAL CONTROL

The Group has established independent functions for risk control and compliance in accordance with the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control at credit institutions (FFFS 2014:1) and the European Banking Authority's Guidance on Internal Governance (GL 44). The functions report directly to the Board of Directors and the CEO. Internal audit was during the period conducted by PwC Sweden.

Key Figures

GROUP	Q2	Q1	Q2	JAN-JUNE	JAN-JUNE
	2019	2019	2018	2019	2018
Common Equity Tier 1 Capital Ratio in %	14.3	14.7	15.2	14.3	15.2
Return on equity in %	20.4	7.5	13.3	13.9	17.6
Net credit loss level in %	0.4	2.2	2.2	1.3	2.5
Cost to Income ratio in %	51	57	45	54	38
Number of employees	247	238	203	247	203

PARENT COMPANY	Q2	Q1	Q2	JAN-JUNE	JAN-JUNE
	2019	2019	2018	2019	2018
Common Equity Tier 1 Capital Ratio in %	15.1	15.4	16.4	15.1	16.4
Return on equity in %	20.7	10.5	15.8	15.6	20.6
Net credit loss level in %	0.5	2.5	2.2	1.5	2.5
Cost to Income ratio in %	51	51	43	51	37
Number of employees	235	226	203	235	203

Consolidated income statement

GROUP		Q2	Q1	Q2	JAN-JUNE	JAN-JUNE
All amounts in MSEK	Note	2019	2019	2018	2019	2018
Operating income						
Interest income*		481	451	396	932	774
Interest expense		-109	-99	-65	-208	-127
Total net interest income		372	352	331	724	647
Commission income*		19	14	8	33	11
Net profit from financial transactions		0	9	-16	9	33
Total operating income		391	375	323	766	691
Operating expenses						
General administrative expenses		-148	-157	-108	-305	-187
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-8	-8	-6	-16	-12
Other operating expenses		-45	-50	-31	-95	-64
Total operating expenses		-201	-215	-145	-416	-263
Profit before credit losses		190	160	178	350	428
Net credit losses	3	-22	-100	-80	-122	-174
Operating profit		168	60	98	228	254
Tax on profit for the period		-38	-14	-21	-52	-49
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		130	46	77	176	205
Attributable to:						
The Parent Company's shareholders		130	46	77	176	205

* During the period January-June of 2019, administration fees of 21 MSEK included in net interest income have been reclassified as commission income in accordance with IFRS 15.

Consolidated statement of comprehensive income

Total profit corresponds to profit for the period

Parent Company income statement

PARENT COMPANY						
All amounts in MSEK	Note	Q2 2019	Q1 2019	Q2 2018	JAN-JUNE 2019	JAN-JUNE 2018
Operating income						
Interest income*		433	408	406	841	793
Interest expense*		-229	-236	-296	-465	-587
Total net interest income		204	172	110	376	206
Commission income*		11	5	5	16	6
Net profit from financial transactions		-1	9	7	8	55
Other operating income ¹		150	166	202	316	424
Total operating income		364	352	324	716	691
Operating expenses						
General administrative expenses		-143	-133	-106	-276	-184
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-3	-2	-3	-5	-6
Other operating expenses		-39	-44	-31	-83	-64
Total operating expenses		-185	-179	-140	-364	-254
Profit before credit losses		179	173	184	352	437
Net credit losses	3	-22	-100	-80	-122	-174
Operating profit		157	73	104	230	263
Tax on profit for the period		-38	-15	-23	-53	-51
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		119	58	81	177	212

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

* During the period January-June, administration fees of 9 MSEK included in net interest income have been reclassified as commission income in accordance with IFRS 15.

Parent company statement of comprehensive income

Total profit corresponds to profit for the period

Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP		PARENT COMPANY	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
ASSETS					
Lending to credit institutions	5,6,7,9	3,471	2,681	3,153	2,167
Lending to the general public	3-9	22,414	15,140	17,509	15,137
Bonds and other fixed-income securities	5,6,7	3,512	1,187	3,512	1,187
Shares in subsidiaries		-	-	930	1
Intangible assets		1,019	287	21	25
Tangible assets		36	4	6	4
Current tax assets		85	4	81	4
Other assets	5,6	139	228	636	226
Prepaid expenses and accrued income		28	33	22	32
TOTAL ASSETS		30,704	19,564	25,870	18,783
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	5,6,7	4,822	2,831	-	-
Deposits from the general public	5,6,7	17,727	11,278	17,727	11,278
Issued securities	5,6,7	4,718	2,581	500	487
Liabilities to securitisation firms ¹		-	-	4,502	4,380
Deferred tax liability		29	3	-	-
Other liabilities	5,6	91	114	98	149
Accrued expenses and deferred income		108	68	91	63
Subordinated liabilities	5,6,7	598	249	598	249
Total liabilities		28,093	17,124	23,516	16,606
Equity					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	19	22
Retained earnings, incl. profit for the year		2,554	2,383	2,278	2,098
Total equity		2,611	2,440	2,354	2,177
TOTAL LIABILITIES, PROVISIONS AND EQUITY		30,704	19,564	25,870	18,783

¹ Liabilities to securitisation firms refer in their entirety to liabilities to subsidiaries for the securitised loans, which are reported by Nordax Bank AB, since the derecognition rules according to IFRS 9 have not been met.

Statement of cash flows

GROUP	JAN-JUNE	JAN-JUNE
All amounts are in MSEK	2019	2018
Operating activities		
Operating profit ¹	228	254
Adjustment for non-cash items		
Exchange rate effects ²	53	33
Depreciation, amortisation and impairment of property, plant & equipment	22	12
Amortisation of financing costs	8	23
Depreciation of surplus value related to the lending portfolio	5	-
Unrealised changes in value of bonds and other fixed income securities	2	-
Unrealised credit losses incl. IFRS 9 adjustment	295	-
Income tax paid	-132	-49
Group contribution	-	-
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-7,152	-948
Decrease/Increase in other assets	93	-108
Decrease/Increase in deposits from the general public	6,134	1,270
Decrease/Increase in other liabilities	44	-1
Cash flow from operating activities	-401	486
Investing activities		
Purchase of equipment & intangible assets	-786	-8
Investment in bonds and other interest bearing securities	-4,107	-
Sale/disposal of bonds and other fixed income securities	1,786	-
Cash flow from investing activities	-3,107	-8
Financing activities		
Change to liability to credit institutions	1,937	137
Change issued bonds	2,361	-515
Cash flow from financing activities	4,298	-378
Cash flow for the period	790	100
Cash and cash equivalents at beginning of year	2,681	1,795
Cash and cash equivalents at end of year	3,471	1,895

¹ Whereof received interest 824 MSEK (761 MSEK) and paid interest 201 MSEK (86 MSEK).

² Unrealized changes in value were recognised in earlier periods as exchange rate effects and have now been reclassified as changes in operating assets and liabilities.

Cash and cash equivalents are defined as lending to credit institutions. Pledged cash and cash equivalents according to Note 9 are available to Nordax in connection with monthly settlement under financing arrangements and are thus defined as cash and cash equivalents because they are pledged for not more than 30 days and therefore are current.

Statement of changes in equity

GROUP

All amounts are in MSEK	Share capital	Other Reser- ves	Retained Ear- ning	TOTAL
OPENING BALANCE 1 January 2018	50	7	2,238	2,295
Comprehensive income				
Net profit/loss for the year			205	205
Total comprehensive income			205	205
Effect in equity attributable to transition to IFRS 9				
Initial effect in Equity attributable to transition to IFRS 9			-168	-168
Tax effect in Equity attributable to transition to IFRS 9			30	30
Total effect in equity attributable to the transition to IFRS 9			-138	-138
CLOSING BALANCE 30 June 2018	50	7	2,305	2,362
OPENING BALANCE 1 January 2018	50	7	2,238	2,295
Comprehensive income				
Net profit/loss for the year			326	326
Total comprehensive income			326	326
Effect in equity attributable to transition to IFRS 9				
Initial effect in Equity attributable to transition to IFRS 9			-177	-177
Tax effect in Equity attributable to transition to IFRS 9			39	39
Total effect in equity attributable to the transition to IFRS 9			-138	-138
Transactions with shareholders				
Capital contributions			-55	-55
Tax effect on capital contribution			12	12
Total transactions with shareholders			-43	-43
CLOSING BALANCE 31 December 2018	50	7	2,382	2,439
OPENING BALANCE 1 January 2019	50	7	2,382	2,439
Comprehensive income				
Net profit/loss for the year			176	176
Total comprehensive income			176	176
Effect in equity attributable to transition to IFRS 9 - SHP				
Initial effect in Equity attributable to transition to IFRS 9 - SHP			-5	-5
Tax effect in Equity attributable to transition to IFRS 9 - SHP			1	1
Total effect in equity attributable to the transition to IFRS 9 - SHP			-4	-4
CLOSING BALANCE 30 June 2019	50	7	2,554	2,611

Statement of changes in equity

PARENT COMPANY	Restricted equity			Non-restricted equity	TOTAL
	Share capital	Other Reserves	Other Funds	Retained Earnings	
All amounts are in MSEK					
OPENING BALANCE 1 January 2018	50	7	19	1,943	2,019
Comprehensive income					
Net profit/loss for the year				212	212
Total comprehensive income				212	212
Other reserves					
Capitalization			6	-6	-
Depreciation			-	-	-
Total other reserves			6	-6	-
Effect in equity attributable to transition to IFRS 9					
Initial effect in Equity attributable to transition to IFRS 9				-168	-168
Tax effect in Equity attributable to transition to IFRS 9				30	30
Total effect in equity attributable to the transition to IFRS 9				-138	-138
CLOSING BALANCE 30 June 2018	50	7	25	2,011	2,093
OPENING BALANCE 1 January 2018	50	7	19	1,943	2,019
Comprehensive income					
Net profit/loss for the year				338	338
Total comprehensive income				338	338
Other reserves					
Capitalization			8	8	-
Depreciation			-5	-5	-
Total other reserves			3	-3	-
Effect in equity attributable to transition to IFRS 9					
Initial effect in Equity attributable to transition to IFRS 9				-177	-177
Tax effect in Equity attributable to transition to IFRS 9				39	39
Total effect in equity attributable to the transition to IFRS 9				-138	-138
Transactions with shareholders					
Capital contributions				-55	-55
Tax effect on capital contribution				12	12
Total transactions with shareholders				-43	-43
CLOSING BALANCE 31 December 2018	50	7	22	2,098	2,177
OPENING BALANCE 1 January 2019	50	7	22	2,098	2,177
Comprehensive income					
Net profit/loss for the year				177	177
Total comprehensive income				177	177
Other reserves					
Capitalization			-	-	-
Depreciation			-3	3	-
Total other reserves			-3	3	-
CLOSING BALANCE 30 June 2019	50	7	19	2,278	2,354

Notes

Amounts stated in the notes are in MSEK unless otherwise stated.
The information on pages 1-3 is an integrated part of this interim report.

Note 1 General Information

Nordax Bank AB (publ) (Corporate Identity Number 556647-7286), with its registered office in Stockholm, is a wholly owned subsidiary to Nordax Group AB (publ) (Corporate Identity Number 556993-2485), registered office in Stockholm. Nordax Group's owner, NDX Intressenter AB, which is controlled by Nordic Capital and Sampo, controlled 100 per cent of the

shares in the company as of 30 June. Nordax Bank AB owns companies whose business includes owning companies and managing shares in companies whose main operations consist of consumer lending in the Nordic region.

Note 2 Accounting and valuation Principles

The interim report has been prepared according to IAS 34, Interim Financial Reporting. The consolidated accounts for the Nordax Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, together with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary Accounting Regulations for Groups, and the Swedish Financial Supervisory Authority's regulations and guidelines FFFS 2008:25. In all material aspects, the Group's and the Parent Company's accounting policies, basis for calculations and presentations are unchanged in comparison with the Annual Report 2018, aside from the transition to IFRS 16. For more information, see below.

New and amended accounting policies due to IFRS 16

The Group has applied IFRS 16 Leases retroactively as of 1 January 2019, but has not restated comparative figures for 2018, in accordance with the exemptions in the standard's transition rules. Reclassifications and adjustments that have arisen through first-time adoption of the standard have therefore been recognised in the opening balance as of 1 January 2019.

Adjustments in the transition to IFRS 16

After the transition to IFRS 16, the Group recognises lease liabilities attributable to leasing contracts that were previously classified as operating leases under IAS 17 Leases. These liabilities have been measured as the present value of future lease payments discounted by Nordax's incremental borrowing rate as of 1 January 2019. Nordax's weighted average incremental borrowing rate applied to these lease liabilities was 2.63% as of 1 January 2019.

Right-of-use assets consisted upon transition of leases of premises, parking spaces and vehicles. All right-of-use assets have been measured as the value of the lease liability adjusted for prepaid or accrued leasing fees as of 31 December 2018. There were no onerous contracts which would have resulted in adjustments to right-of-use assets in connection with first-time adoption. The recognised right-of-use assets are attributa-

ble to the following asset types:

Right-of-use assets (SEK million)	2019-06-30	2019-01-01
Premises and parking spaces	30	32
Vehicles	0	0
Total right-of-use assets	30	32

The amended accounting policy affected the following lines in the balance sheet as of 1 January 2019:

Effect on opening balance (SEK million)	2019-01-01
Tangible assets	32
Prepaid expenses and accrued income	-2
Lease liabilities	-30
of which short-term portion	-7
of which long-term portion	-23
Effect recognised in equity	0

Practical expedients applied

When IFRS 16 was applied for the first time, the Group used the following practical expedients allowed in the standard:

- Operating leases with a remaining term of less than 12 months as of 1 January 2018 have been recognised as short-term leases
- Direct costs for right-of-use assets have been excluded at transition, and
- Low value leases are expensed on a straight-line basis through profit or loss.

The Group's leasing activities and their recognition

The Group leases offices, parking spaces and vehicles.

Until 31 December 2018, leases on properties and other tangible assets were classified as operating leases. Payments for operating leases were recognised in profit or loss on a straight-line basis over the lease term. As of 1 January 2019, the leases are recognised as right-of-use assets and are included in tangible fixed assets with a corresponding lease liability included in other liabilities, from the date on which the leased asset is available for use by the Group.

Right-of-use assets are initially measured at cost and include the following:

- The amount that the lease liability was originally measured at
- Leasing fees paid on or before the initial date, after deducting any economic benefits received when the lease was signed
- Initial direct costs
- Costs to restore the asset to the condition stipulated in the lease terms.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful lifetime and the lease term. The carrying value is reduced by any impairment and adjusted for remeasurements of the lease liability (see below).

The lease liability is initially recognised at the present value of future payments. The lease payments are discounted by the lease's implicit rate if this interest rate can easily be determined. Nordax otherwise uses its incremental borrowing rate, i.e. the interest rate that the Group would have to pay for financing through loans for a corresponding period, and with corresponding collateral, for the right to use an asset in a similar economic environment.

The following lease payments are included in the calculation of the lease liability:

- Fixed fees (including in substance fixed fees), after deducting any economic benefits that will be received when the lease is signed
- Variable leasing fees that depend on an index or a price
- Amount expected to be paid by the lessee according to residual value guarantees
- The exercise price of an option to buy if the lessee is reasonably certain to exercise such an option
- Termination penalties if the lease term reflects that the lessee will exercise an option to terminate the lease.

The lease liability is measured at amortised cost applying the effective interest method. Each lease payment is divided between amortisation of the liability and financial cost. The financial cost is divided over the lease term, so that each reporting period is charged with an amount corresponding to a fixed interest rate for the liability recognised in each period. The lease liability is remeasured when there is a change to future lease payments that are based on an index or interest rate, or when management's assessment has changed whether options will be exercised to buy, extend or terminate the lease. When the lease liability is remeasured as a result of such changes, a corresponding adjustment is made to the carrying value of the right-of-use asset.

Payments for short-term leases and low-value leases are expensed on a straight-line basis through profit or loss. Short-term leases have a term of 12 months or less.

Options to extend are included in a number of the Group's office leases. Such options can only be exercised by Nordax, not the lessor. When setting the lease term, management considers all available information that gives an economic incentive to exercise an extension option, or not to exercise an extension option. An option to extend a lease is included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

See also note 11 - Transition effects IFRS 16 Leases.

Note 3 Credit risk

GROUP	Q2	Q1	Q2	JAN-JUNE	JAN-JUNE
All amounts in MSEK	2019	2019	2018	2019	2018
Credit losses, net - lending to the general public					
Stage 1	-6	-14	-27	-20	-38
Stage 2	14	-17	-15	-3	-3
Stage 3	-29	-70	-68	-99	-133
Total credit losses	-22	-100	-80	-122	-174

PARENT COMPANY	Q2	Q1	Q2	JAN-JUNE	JAN-JUNE
All amounts in MSEK	2019	2019	2018	2019	2018
Credit losses, net - lending to the general public					
Stage 1	-6	-14	-27	-20	-38
Stage 2	14	-17	-15	-3	-3
Stage 3	-29	-70	-68	-99	-133
Total credit losses	-22	-100	-80	-122	-174

Note 4 Lending to the general public

GROUP								Allocation of provision	
30 June 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	6,247	4,690	14	3,491	918	4,899	20,258	-236	1%
Stage 2	317	313	1	246	42	9	927	-160	17%
Stage 3	1,017	1,446	332	690	191	4	3,679	-2,055	56%
Total	7,581	6,448	348	4,426	1,151	4,911	24,865	-2,451	10%
Reserve	-663	-895	-307	-383	-195	-7	-2,450		
Total lending to the general public	6,918	5,553	40	4,043	956	4,905	22,414		

GROUP								Allocation of provision	
31 December 2018	Sweden	Norway	Denmark	Finland	Germany		TOTAL	past due receivables	
Stage 1	4,847	4,241	30	3,236	981		13,336	-205	2%
Stage 2	268	299	1	257	41		866	-151	17%
Stage 3	931	1,203	327	541	162		3,164	-1,870	59%
Total	6,045	5,744	359	4,034	1,184		17,365	-2,225	13%
Reserve		-625	-792	-303	-331	-174	-2,225		
Total lending to the general public	5,422	4,951	56	3,702	1,009		15,140		

PARENT COMPANY								Allocation of provision	
30 June 2019	Sweden	Norway	Denmark	Finland	Germany		TOTAL	past due receivables	
Stage 1	6,246	4,690	14	3,491	918		15,359	-231	2%
Stage 2	317	313	1	246	42		918	-158	17%
Stage 3	1,017	1,446	332	690	191		3,676	-2,056	56%
Total	7,580	6,448	348	4,426	1,151		19,952	-2,445	12%
Reserve		-663	-895	-307	-383	-195	-2,444		
Total lending to the general public	6,917	5,553	40	4,043	956		17,509		

PARENT COMPANY								Allocation of provision	
31 December 2018	Sweden	Norway	Denmark	Finland	Germany		TOTAL	past due receivables	
Stage 1	4,846	4,240	30	3,235	981		13,333	-205	2%
Stage 2	268	299	1	257	41		866	-151	17%
Stage 3	931	1,203	327	541	162		3,164	-1,870	59%
Total	6,045	5,742	359	4,033	1,183		17,362	-2,225	13%
Reserve		-625	-792	-303	-331	-174	-2,225		
Total lending to the general public	5,420	4,950	56	3,701	1,009		15,137		

Note 5 Capital adequacy analysis

Capital adequacy information in this document refers to information whose disclosure is provided for in Chapter 6, Sections 3-4 of the Regulations and general recommendations (FFFS 2008:25) on the annual accounts of credit institutions and securities companies (investment firms) and to information in the General recommendations on capital adequacy and risk management (FFFS 2014:12) of the Swedish Financial Supervisory Authority. Other information required under FFFS 2014:12 is provided on the website, www.nordaxgroup.com.

Information on the Group structure

The top company in the consolidated situation is NDX Intressenter AB. The following companies are in the consolidated situation when calculating capital requirements: Nordax Group AB, Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension Fond 3 AB.

Changes were made in the consolidated situation as of March 2019 as NDX Intressenter AB became parent company in the consolidated situation. NDX Intressenter's holding as of 31 March 2019 amounted to 100 percent of the shares. The change implies that there is no longer any minority interests in the consolidated situation, however the third party interest remains through the subordinated loan in Nordax Bank.

Since January 2019, Svensk Hypotekspension AB has been included in Nordax Bank AB (publ)'s consolidated situation. This resulted in an increased capital requirement for credit risk for the parent company, through the shareholding. For the consolidated situation, the capital requirement increased through SHP's mortgage portfolio.

During the second quarter a Tier 2 of 350 MSEK was issued, with a term of 10 years with first possible call date in 5 years.

All amounts in MSEK	Consolidated situation		Parent Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
OWN FUNDS				
Common Equity Tier 1 capital	6,937	6,229	2,472	2,308
Deduction from own funds	-4,291	-3712	-25	-26
Total Common Equity Tier 1 capital	2,646	2,518	2,447	2,282
Tier 1 Capital, minority	0	81	0	-
Sum Tier 1 Capital	2,646	2,599	2,447	2,282
Tier 2 Capital ³	401	216	601	249
Net own funds	3,046	2,814	3,048	2,531
Risk exposure amount for credit risk	16,965	13,320	15,102	12,362
Risk exposure amount for market risk	587	565	218	71
Risk exposure amount for operational risks	912	912	882	882
Total risk exposure amount (risk weighted assets)	18,463	14,797	16,202	13,315
Common Equity Tier 1 capital ratio	14,33%	17,02%	15,10%	17,14%
Tier 1 capital ratio	14,33%	17,56%	15,10%	17,14%
Total capital ratio	16,50%	19,02%	18,81%	19,01%
Total Common Equity Tier 1 capital requirement including buffer requirement	8,49%	8,40%	8,48%	8,40%
- of which, capital conservation buffer requirement	2,50%	2,50%	2,50%	2,50%
- of which, countercyclical capital buffers	1,50%	1,40%	1,48%	1,40%
Common Equity Tier 1 capital available for use as buffer ¹	8,33%	11,02%	9,10%	11,14%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	4324	76	78
- of wich share capital	1	43	50,1	50
- of wich other contributed capital	6,777	4280	7	7
- of which other funds	0	-	19	22
Balanserade vinstmedel	23	5	2,101	1,760
- Other transition adj. of common equity Tier 1 capital ⁵	117	131	117	131
-Minority interest	0	1749	-	-
Independently reviewed interim profits	136	20	177	338
Common Equity Tier 1 capital before regulatory adj.	7,077	6,229	2,472	2,308

Alla amounts in MSEK	Consolidated situation		Parent Company	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Regulatory adjustments:				
- Intangible assets	-4,405	-3,710	-21	-25
- Own shares	0	0	0	0
-Prudent valuation	-4	-1	-4	-1
Total regulatory adjustments to Common Equity Tier 1	-4,408	-3,712	-25	-26
Common Equity Tier 1	2,668	2,518	2,447	2,282
Tier 1 capital				
Tier 1, minority	0	81	0	-
Tier 1 capital, total	2,668	2,599	2,447	2,282
Tier 2 capital:				
Tier 2 capital instrument	401	216	601	249
Tier 2 capital	401	216	601	249
Total capital	3,069	2,814	3,048	2,531
Specification of risk exposure amount³				
Institutional exposures	709	563	630	435
Covered bonds	67	51	67	51
Household exposures	12,276	11,095	11,579	10,375
Exposures secured by mortgages on immovable property	1,971	80	249	80
Equity exposures	-	-	929	-
Past due items	1,643	1,331	1,536	1,221
Other items	298	200	112	200
Total risk exposure amount for credit risk, Standardised Approach	16,965	13,320	15,102	12,362
Exchange rate risk	587	565	218	71
Total risk exposure amount for market risk	587	565	218	71
Operative risk according to alternative Standardized Method	912	912	882	882
Total risk exposure amount for operational risks	912	912	882	882
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	1.27%	1.15%	1.33%	1.20%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	1.50%	1.40%	1.48%	1.40%
Total Capital Requirement	13.28%	13.05%	13.31%	13.10%
Capital Requirement, MSEK				
Pillar 1	1,477	1,184	1,296	1,065
Pillar 2	235	170	215	160
Capital conservation buffer	462	370	405	333
Institute-specific countercyclical buffer	278	207	240	186
Capital Requirement	2,451	1,930	2,156	1,744
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	30,662	16,906	25,768	18,873
Tier 1 capital	2,646	2,599	2,447	2,282
Leverage ratio	8.63%	15.37%	9.50%	12.09%

¹ Common Equity Tier 1 capital available for use as a buffer refers to Common Equity Tier 1 capital after deducting own funds used to meet the capital adequacy requirement according to Pillar 1. Expressed as a percentage of total risk exposure amount.

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

³ Nordax Bank's subordinated loans of 601 MSEK can only be included in the consolidated situation's capital base proportionate to the amount required to cover Nordax Bank's capital requirements. Consequently, eligible Tier 2 capital amounts to 401 MSEK.

⁴ Nordax has notified the SFSA that the bank, at the consolidated and parent company level, will apply the transition rules according to article 473a in 2017/2395/EU, paragraphs 2 and 4. Table according to "Final report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA, 12 January 2018 is included in the information published according to del 8 in 575/2013/EU on the bank's website www.nordaxgroup.com.

Internal capital requirement

As of 30 June 2019, the internal capital assessed capital requirement amounted to 235 MSEK (170 as of 31 December 2018). The total capital requirement for the period amounts to 2,451 MSEK and are solely covered by CET 1. The internal capital requirement is estimated using Nordax's internal models for economic capital.

Information on liquidity risk

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

The goal is to use funding sources which:

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

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

Liquidity risk is measured on a daily basis and reported to the Company's management. Liquidity risk is reported at each board meeting. Cash flows that are expected to arise from the liquidation of all assets, liabilities and off-balance sheet items are calculated. Key ratios from the balance sheet (such as the cash ratio, loan-to-deposit ratio, liquidity coverage ratio, net sta-

ble funding ratio and deposit usage) are calculated and monitored over time to illustrate the financial structure and the Group's liquidity risk. Liquidity risk is measured monthly under various scenarios and events (such as less favourable advance rates and changed cash flows) and specified separately and collectively.

The contingency plan contains a clear division of responsibilities and instructions on how the Group should respond in a liquidity crisis. The plan specifies appropriate actions to manage the consequences of various types of crises and contains definitions of events that trigger and escalate the contingency plan. The contingency plan has been tested and updated.

As of 30 June Nordax had a liquidity coverage ratio (LCR) of 637 per cent (194). At the same date, the net stable funding ratio (NSFR) was 121 per cent (117), calculated in accordance with the Basel Committee's definition and Regulation (EU) No 575/2013, which may be modified when introduced by the EU.

Nordax had a liquidity reserve at 30 June 2019 of 6,790 MSEK (3,521). Of these investments 48 per cent (63) was in Nordic banks, 10 per cent (15) in Swedish covered bonds and, 28 per cent (22) in Swedish municipal paper and 14 per cent (0) in foreign government bonds. All investments had a credit rating ranging from AAA to A+ from Standard & Poor's, with an average rating of AA (except 28 MSEK in exposure to Avanza Bank AB). The average maturity was 290 days (211). All bank holdings are highly liquid and all securities are repoable with central banks.

At 30 June 2019 Nordax's funding sources comprised 4,227 MSEK (2,107) through the asset-backed securities market (securitized), 500 MSEK (487) in senior unsecured bonds, 4,824 MSEK (2,836) in warehouse funding facilities provided by international banks and 17,727 (11,278) MSEK in deposits from the general public. The figures refer to the nominal amounts.

Note 6 Classification of financial assets and liabilities

GROUP

30 June 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Total
Assets				
Lending to credit institutions	-	3,471	-	3,471
Lending to the general public	-	22,414	-	22,414
Bonds and other fixed-income securities	3,512	-	-	3,512
Other assets	-	118	-	118
Total assets	3,512	26,003	-	29,515
Liabilities				
Liabilities to credit institutions	-	-	4,822	4,822
Deposits from the general public	-	-	17,727	17,727
Issued securities	-	-	4,718	4,718
Subordinated liabilities	-	-	598	598
Derivatives	0	-	-	0
Other liabilities	-	-	52	52
Total liabilities	0	-	27,917	27,917

GROUP

31 December 2018	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Total
Assets				
Lending to credit institutions	-	2,681	-	2,681
Lending to the general public	-	15,140	-	15,140
Derivatives	2	-	-	2
Bonds and other fixed-income securities	1,187	-	-	1,187
Other assets	-	181	-	181
Total assets	1,189	18,002	-	19,191
Liabilities				
Liabilities to credit institutions	-	-	2,831	2,831
Deposits from the general public	-	-	11,278	11,278
Issued securities	-	-	2,581	2,581
Subordinated liabilities	-	-	249	249
Other liabilities	-	-	47	47
Total liabilities	-	-	16,986	16,986

PARENT COMPANY

30 June 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Total
Assets				
Lending to credit institutions	-	3,153	-	3,153
Lending to the general public	-	17,509	-	17,509
Bonds and other fixed-income securities	3,512	-	-	3,512
Other assets	-	116	-	116
Total assets	3,512	20,778	-	24,290
Liabilities				
Liabilities to credit institutions	-	-	17,727	17,727
Deposits from the general public	-	-	4,502	4,502
Subordinated liabilities	-	-	598	598
Derivatives	0	-	-	0
Other liabilities	-	-	40	40
Total liabilities	0	-	22,867	22,867

PARENT COMPANY

31 December 2018	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Total
Assets				
Lending to credit institutions	-	2,167	-	2,167
Lending to the general public	-	15,137	-	15,137
Derivatives	2	-	-	2
Bonds and other fixed-income securities	1,187	-	-	1,187
Other assets	-	181	-	181
Total assets	1,189	17,485	-	18,674
Liabilities				
Deposits from the general public	-	-	11,278	11,278
Issued securities	-	-	487	487
Liabilities to securitisation firms ¹	-	-	4,380	4,380
Subordinated liabilities	-	-	249	249
Other liabilities	-	-	45	45
Total liabilities	-	-	16,439	16,439

Note 7 Fair values of financial assets and liabilities

GROUP

30 June 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	3,471	3,471	-
Lending to the general public ^{2,4}	22,414	25,095	2,681
Bonds and other fixed-income securities	3,512	3,512	-
Total Assets	29,397	32,078	2,681
Liabilities			
Liabilities to credit institutions ¹	4,822	4,822	-
Deposits from general public ¹	17,727	17,727	-
Issued securities ³	4,718	4,729	11
Derivatives	0	0	-
Subordinated liabilities ³	598	609	11
Total Liabilities	27,865	27,886	21

GROUP

31 December 2018	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,681	2,681	-
Lending to the general public ^{2,4}	15,140	19,669	4,529
Derivatives	2	2	-
Bonds and other fixed-income securities	1,187	1,187	-
Total Assets	19,010	23,539	4,529
Liabilities			
Liabilities to credit institutions ¹	2,831	2,831	-
Deposits from the general public ¹	11,278	11,278	-
Issued securities ³	2,581	2,583	2
Subordinated liabilities ³	249	254	5
Total Liabilities	16,939	16,946	7

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

² The measurement includes significant non-observable inputs.

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

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

PARENT COMPANY

30 June 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	3,153	3,153	-
Lending to the general public ^{2,4}	17,509	20,190	2,681
Bonds and other fixed-income securities	3,512	3,512	-
Total Assets	24,174	26,855	2,681
Liabilities			
Deposits from the general public ¹	17,727	17,727	-
Liabilities to securitisation firms ¹	4,502	4,502	-
Derivatives	0	0	-
Subordinated liabilities ³	598	609	11
Total Liabilities	22,827	22,838	11

PARENT COMPANY

31 December 2018	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,167	2,167	-
Lending to the general public ^{2,4}	15,137	19,669	4,532
Derivatives	2	2	-
Bonds and other fixed-income securities	1,187	1,187	-
Total Assets	18,493	23,025	4,532
Liabilities			
Deposits from the general public ¹	11,278	11,278	-
Issued securities ³	487	487	0
Liabilities to securitisation firms ¹	4,380	4,380	-
Subordinated liabilities ³	249	254	5
Total Liabilities	16,394	16,399	5

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

² The measurement includes significant non-observable inputs.

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

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

Calculation of fair value

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

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

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

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

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

In 2019 there have not been any transfers between the levels.

GROUP

30 June 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	25,095	-	25,095
Bonds and other fixed-income securities	1,619	1,893	-	3,512
Derivatives	-	0	-	0
Total Assets	1,619	26,988	-	28,607
Liabilities				
Issued securities	-	4,729	-	4,729
Derivatives	-	0	-	0
Subordinated liabilities	-	609	-	609
Total Liabilities	-	5,338	-	5,338

GROUP

31 December 2018	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	19,669	-	19,669
Bonds and other fixed-income securities	562	625	-	1,187
Derivatives	-	2	-	2
Total Assets	562	20,296	-	20,858
Liabilities				
Issued securities	-	2,583	-	2,583
Subordinated liabilities	-	254	-	254
Total Liabilities	-	2,837	-	2,837

PARENT COMPANY

30 June 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	20,190	-	20,190
Bonds and other fixed-income securities	1,619	1,893	-	3,512
Derivatives	-	2	-	2
Total Assets	1,619	22,085	-	23,704
Liabilities				
Derivatives	-	0	-	0
Subordinated liabilities	-	609	-	609
Total Liabilities	-	609	-	609

PARENT COMPANY

31 December 2018	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	19,669	-	19,669
Bonds and other fixed-income securities	510	677	-	1,187
Derivatives	-	2	-	2
Total Assets	510	20,348	-	20,858
Liabilities				
Derivatives	-	487	-	487
Subordinated liabilities	-	254	-	254
Total Liabilities	-	741	-	741

Note 8 Operating segments

Segment information is presented based on the chief operating decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief operating decision-maker. Nordax has the following operating segments: Sweden, Norway, Finland, Denmark,

Germany and SHP, which reflects Nordax's lending portfolio. Profit/loss that cannot be attributed to a single segment is allocated using a distribution matrix according to internal principles that management believes to provide a fair allocation to the segments.

Q2 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	152	149	0	106	25	49	481
Interest expenses	-25	-43	0	-15	-4	-22	-109
Total net interest income	127	106	0	91	21	27	372
Commission income	6	7	0	6	0	0	19
Net profit from financial transactions ²	-1	-2	0	0	0	0	0
Total operating income	132	111	0	97	21	27	391
General administrative expenses	-57	-44	-1	-30	-8	-8	-148
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-3	-2	0	-2	-1	0	-8
Other operating expenses	-19	-10	0	-9	-1	-6	-45
Total operating expenses	-79	-56	-1	-41	-10	-14	-201
Profit before credit losses	53	55	-1	56	11	13	190
Net credit losses	1	-9	2	-7	-8	-1	-22
Operating profit	54	46	1	49	3	12	168
Balance sheet							
Lending to the general public	6,917	5,553	40	4,043	956	4,905	22,414

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

Q2 2018	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	118	150	1	99	28		396
Interest expenses	-16	-33	0	-12	-4		-65
Total net interest income	102	117	1	87	24		331
Commission income	5	1	0	2	0		8
Net profit from financial transactions ²	-1	0	0	0	0		-16
Total operating income	106	118	1	89	24		323
General administrative expenses	-38	-36	0	-26	-8		-108
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-2	-2	0	-1	-1		-6
Other operating expenses	-7	-10	0	-9	-5		-31
Total operating expenses	-47	-48	0	-36	-14		-145
Profit before credit losses	59	70	1	53	10		178
Net credit losses	-8	-29	0	-18	-25		-80
Operating profit	51	41	1	35	-15		98
Balance sheet							
Lending to the general public	4,783	5,334	77	3,483	1,078		14,755
Q1-Q2 2019							
Income statement							
Interest income ¹	289	291	1	208	50	93	932
Interest expenses	-48	-81	0	-30	-7	-42	-208
Total net interest income	241	210	1	178	43	51	724
Commission income	10	13	0	10	0	0	33
Net profit from financial transactions ²	-2	-2	0	0	0	0	9
Total operating income	249	221	1	188	43	51	766
General administrative expenses	-107	-89	-1	-58	-15	-35	-305
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-6	-5	0	-4	-1	0	-16
Other operating expenses	-37	-22	0	-19	-4	-13	-95
Total operating expenses	-150	-116	-1	-81	-20	-48	-416
Profit before credit losses	99	105	0	107	23	3	350
Net credit losses	-26	-51	3	-30	-17	-1	-122
Operating profit	73	54	3	77	6	2	228
Balance sheet							
Lending to the general public	6,917	5,553	40	4,043	956	4,905	22,414
Q1-Q2 2018							
Income statement							
Interest income ¹	236	295	2	186	55		774
Interest expenses	-32	-63	0	-24	-8		-127
Total net interest income	204	232	2	162	47		647
Commission income	6	2	0	3	0		11
Net profit from financial transactions ²	-1	-1	0	0	0		33
Total operating income	209	233	2	165	47		691
General administrative expenses	-64	-64	-1	-43	-15		-187
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-5	-4	0	-2	-1		-12
Other operating expenses	-14	-20	0	-16	-14		-64
Total operating expenses	-83	-88	-1	-61	-30		-263
Profit before credit losses	126	145	1	104	17		428
Net credit losses	-34	-69	1	-31	-41		-174
Operating profit	92	76	2	73	-24		254
Balance sheet							
Lending to the general public	4,783	5,334	77	3,483	1,078		14,755

¹ Interest income refers to revenues from external customers.

² FX effects amount to 14 MSEK Q1-Q2 2019 and is not allocated.

Note 9 Pledged assets

All amounts are in MSEK	GROUP		PARENT COMPANY	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Pledged assets for own liabilities				
Lending to the general public	11,448	7,350	-	-
Lending to credit institutions	293	501	-	-
Total	11,742	7,851	-	-

Pledged assets relate to subsidiary securitisation.
The Group has no contingent liabilities or commitments.

Note 10 Transactions with related parties

The Group did not have any transactions with related parties during the period.

Note 11 Transition effects IFRS 16 Leases

GROUP	Prior transition to	Transition effect -	Recalculated
	IFRS 16		items
All amounts in MSEK	2019-01-01	IFRS 16	2019-01-01
ASSETS			
Lending to credit institutions	2,681		2,681
Lending to the general public	15,140		15,140
Bonds and other fixed-income securities	1,187		1,187
Intangible assets	287		287
Tangible assets	4	32	36
Current tax assets	4		4
Other assets	228		228
Prepaid expenses and accrued income	33	-2	31
TOTAL ASSETS	19,564	30	19,594
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities			
Liabilities to credit institutions	2,831		2,831
Deposits from the general public	11,278		11,278
Issued securities	2,581		2,581
Deferred tax liability	3		3
Other liabilities	114	30	144
Accrued expenses and deferred income	68		68
Subordinated liabilities	249		249
Total liabilities	17,124	30	17,154
Equity			
Share capital	50		50
Other reserves	7		7
Retained earnings, incl. profit for the year	2,383	0	2,361
Total equity	2,440	0	2,440
TOTAL LIABILITIES, PROVISIONS AND EQUITY	19,564	30	19,594

Note 12 Acquisition of Svensk Hypotekspension

On 15 January 2019, Nordax Bank AB (publ) acquired all the shares in Svensk Hypotekspension AB ("SHP") for SEK 912 million. Svensk Hypotekspension offers Hypotekspension®, an equity release mortgage for people age 60 and over who own a first or second home or condominium. Operations are organised in three companies. New loans to new customers are paid out and funded through Svensk Hypotekspension Fond 2 AB. The other subsidiary, Svensk Hypotek-

sension Fond 3 AB, is a special purpose vehicle for issuance of bond loans. Through the acquisition of Svensk Hypotekspension, Nordax strengthens its position as a leading specialist bank serving consumers in Northern Europe and a challenger in the mortgage market. Nordax also strengthens its expertise in mortgage lending and sees opportunities for business synergies between Svensk Hypotekspension and Nordax.

Purchase price

Fixed purchase price	912
Conditional purchase price	-
Total purchase price	912

Purchase price and fair value for acquired net assets:

Provisionally reported amount (fair value) of identifiable acquired assets and liabilities in Svensk Hypotekspension as of the acquisition date:

All amounts are in MSEK	2019-01-15
Lending to credit institutions	38
Lending to the general public	4,323
Tangible assets	1
Intangible assets	57
Other assets	0
Prepaid expenses and accrued income	10
Liabilities to credit institutions	-2,156
Issued securities	-2,000
Deferred tax liability	-29
Account payables	-2
Other liabilities	-3
Accrued expenses and deferred income	-13
Total acquired net assets	226
Goodwill and other acquired intangible assets	686

Goodwill arising from the acquisition relates to Svensk Hypotekspensions AB and the synergy effects that are expected through the merger of Nordax and Svensk Hypotekspension's operations. The goodwill that arises is not expected to be tax deductible.

Net cashflow when acquiring SHP

Cash paid price	912
Deducting: Acquired cash and cash equivalents	-38
Net cash flow	874

Of the group's revenues, 93 MSEK is attributable to SHP, which has contributed -2 MSEK to the groups earnings, of which 19 MSEK relates to acquisition costs.

Note 13 Important events after the balance sheet date

No important events after the balance sheet date has been identified

Definitions

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

Average loan portfolio

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

C/I ratio

Operating expenses as a percentage of operating income.

Common Equity Tier 1 capital¹

Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR).

Common Equity Tier 1 capital ratio¹

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

Credit loss level

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

Leverage ratio¹

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

Liquidity Coverage Ratio (LCR)¹

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

Liquidity reserve

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

Own funds¹

The sum of Tier 1 and Tier 2 capital.

Return on equity

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

Risk exposure amount¹

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

Tier 1 capital ratio¹

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

Tier 1 capital¹

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

Tier 2 capital¹

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

Total capital ratio¹

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

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

Board of Directors' affirmation

The Board of Directors declares that the interim report for January-June 2019 provides a fair overview of the Parent Company's and the Group's operations, financial position and results and

describes material risks and uncertainties facing the Parent Company and the Group

Stockholm July 18 2019

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Non-Executive Director

Christian Frick
Non-Executive Director

Heikki Kapanen
Non-Executive Director

Henrik Källén
Non-Executive Director

Anna Storåkers
Non-Executive Director

Ville Talasmäki
Non-Executive Director