

Nordax Bank AB (publ)

INTERIM REPORT JANUARY-JUNE 2020

About the Group, Nordax Bank AB (publ)

Nordax Bank AB (publ) (Corporate Identity Number 556647-7286), with its registered office in Stockholm at Box 23124, SE-104 35 Stockholm, Sweden, telephone number +46 8 508 808 00, www.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. On 30 June, Nordax Group AB (publ) controlled 100 per cent of the shares in the Company. This is Nordax's seventeenth financial year. The Nordax Bank Group consists of Nordax Bank AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB, Nordax Nordic 4 AB (publ), Nordax Norway 5 AB, Nordax Norway 6 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB and Svensk Hypotekspension Fond 4 AB (publ).

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

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

Nordax's main business is consumer lending in the Nordic region and Germany. Lending consists of unsecured loans up to the equivalent of SEK 600,000, NOK 500,000 and EUR 60,000 in Finland. Since 2018, secured loans against residential property are offered as well in Sweden, and as of the first quarter of 2019 in Norway. In January 2019, Nordax finalised the acquisition of Svensk Hypotekspension AB (SHP). Founded in 2005, SHP offers secured loans against residential property to Swedes aged 60 and older through the Hypotekspension equity release mortgage. 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.

Development during the period

Personal loans

Nordax reported strong growth in new lending in the first quarter. In the second quarter, however, new lending was significantly lower than in the first quarter

and the same quarter in 2019, as Nordax, due to the COVID-19 pandemic, took a more cautious approach to new lending. The total volume of personal loans was stable in the first half of the year with underlying growth but a slightly negative effect from exchange rate movements.

Mortgage loans

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

At the end of the first quarter 2019, Nordax also launched mortgage loans in the Norwegian market. As in Sweden, the target group in Norway is the non-standard segment, i.e. customers who fall outside the narrow framework of the major banks.

New lending has continued to develop well in both Sweden and Norway and the total mortgage portfolio amounted to SEK 2.3 billion as of 30 June 2020.

Equity release mortgages

The portfolio developed strongly in the first half of 2020 with continued growth in new lending. The market for equity release mortgages continues to have good potential and SHP has a strong brand with the customer group and is seeing continued interest from them.

Portfolio development

Total lending amounted to SEK 26.7 billion (SEK 25.3 billion as of 31 December 2019). Growth was negatively affected by exchange rate movements in the period.

Other events

Nordax was affected by COVID-19 in the period, primarily the second quarter. Since March, a large share of employees have been working from home, and additional preparations have been made to maintain operations should the situation should worsen. Nordax also conducted stress tests of its capital and liquidity in the period, which showed that it has a robust financial position with the ability to withstand the potential effects from COVID-19.

As a result of COVID-19, Nordax has taken a more cautious approach to new personal loans, which resulted in a significant decrease in new lending in the second quarter. Nordax has a robust financial position with good ability to handle potential negative effects from COVID-19. Nordax has a strong liquidity position with 5.5 Bn in liquidity, a funding ratio (NSFR) of 118 % and a liquidity coverage ratio (LCR) of 504% as of 30 June 2020. Nordax had significant deposits during the period, and total deposits amounted to SEK 24.2 billion as of 30 June 2020 (SEK 19.2 billion as of 31 December 2019) and during the second quarter the liquidity reserve was strengthened from 4.2 Bn at the end of the first quarter to 5.5 Bn at the end of the second quarter.

Nordax also has a strong capital position with a total capital ratio of 16.0% for the consolidated situation, exceeding the regulatory requirement by 4.4% and an increase from 15.0% at the end of the first quarter. To ensure that it stays profitable despite the negative potential of COVID-19, Nordax has implemented selective cost cuts, which have shrunk the cost base, especially in the second quarter. Nordax is closely monitoring the impact of COVID-19 on its customers and expects the pandemic to lead to increased credit losses, because of which a management overlay of 39 MSEK was allocated during the period. So far, however, the actual impact on customers' behaviour has been fairly limited.

In January, Nordax issued SEK 200 million of senior unsecured bonds with a maturity date in January 2023. The bonds were issued as part of Nordax Bank's MTN programme, which has a total framework of SEK 3 billion.

In March, Nordax redeemed the subordinated Tier 2 bond issued in 2015. The bond, which had a contractual maturity of 10 years, was redeemed on the first call date, five years

after issuance, following approval from the Swedish Financial Supervisory Authority.

In June, Nordax decided to revise the method for phasing in IFRS 9 and in addition to paragraph 2 also apply paragraph 4 in CRR article 437a. As a result, the transition rules for IFRS 9 also apply to any increases in stage 1 and stage 2 IFRS 9 expected loan losses during the transition period. The revision had a positive impact on Nordax Bank and its consolidated situation as of 30 June 2020 and will lead to less capital volatility going forward.

Finland passed a law in June setting time limits on consumer loans from July 2020 to December 2020. The law caps the interest rate at 10% for the period July 2020 to December 2020 and prohibits direct marketing of consumer loans during the period. This will slightly affect sales in Finland since Nordax it uses direct advertising in its marketing and a share of new lending currently carries an interest rate of over 10%.

Result January-June 2020

GROUP

Operating profit amounted to 319 MSEK (228), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 877 MSEK (724). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -235 MSEK (-122), corresponding 1.8 per cent (1.3) of average lending. Credit losses were affected by a management overlay of 39 MSEK for increased expected credit losses under IFRS 9 in light of the expected deterioration in the macro environment as a result of COVID-19. While Nordax also recognises that its existing customers' ability to pay could be negatively affected by the COVID-19 pandemic, the impact to date has been fairly limited.

Operating expenses amounted to -352 MSEK (-416). The decrease was in line with the company's expectations, as expenses in 2019 were affected by extensive investments in operations and because the company introduced targeted cost cuts in the second quarter 2020.

PARENT COMPANY

Operating profit amounted to 274 MSEK (230), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 656 MSEK (376). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -234 MSEK (-122), corresponding 2.3 per cent (1.5) of average lending. Credit losses were affected by a management overlay of 39 MSEK for increased expected credit losses under IFRS 9 in light of the expected deterioration in the macro environment as a result of COVID-19. While Nordax also recognises that its existing customers' ability to pay could be negatively affected by the COVID-19 pandemic, the impact to date has been fairly limited.

Operating expenses amounted to -325 MSEK (-364). The decrease was in line with the company's expectations, as expenses in 2019 were affected by extensive investments in operations and because the company introduced targeted cost cuts in the second quarter 2020.

Risks and internal control

RISKS AND UNCERTAINTIES FACTORS

The Group is exposed to both credit risks and other financial risks such as market risk and liquidity risk. The Group is also exposed to operational risks such as IT risks, process risks and external risks, as well as compliance risks and business risks. The Group's overall risk management policy sets the bank's appetite for risks, strategies for risk management as well as roles and responsibilities for risk management within the Group. The risk composition for the Group, as well as related risk, liquidity and capital management, is described in Nordax's Annual Report for 2019 and in the Risk Management and Capital Adequacy Report.

INTERNAL CONTROL

The Group has established independent functions for risk control and compliance in accordance with the Swedish Financial Supervisory Authority's Regulations and General Guidelines regarding governance, risk management and control at credit institutions (FFFS 2014:1) and the European Banking Authority's Guidance on Internal Governance (GL 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-JUN	JAN-JUN
	2020	2020	2019	2020	2019
Common Equity Tier 1 Capital Ratio in %	14.9	13.9	14.3	14.9	14.3
Return on equity in %	19.2	15.1	20.4	17.2	13.9
Net credit loss level in %	1.7	2.1	0.4	1.8	1.3
Cost to Income ratio in %	37	41	51	39	54
Number of employees	295	291	247	295	247

PARENT COMPANY	Q2	Q1	Q2	JAN-JUN	JAN-JUN
	2020	2020	2019	2020	2019
Common Equity Tier 1 Capital Ratio in %	16.2	14.8	15.1	16.2	15.1
Return on equity in %	19.3	13.3	20.7	16.3	15.6
Net credit loss level in %	2.2	2.4	0.5	2.3	1.5
Cost to Income ratio in %	37	42	51	39	51
Number of employees	279	276	235	279	235

Consolidated income statement

GROUP	All amounts in MSEK Note	Q2	Q1	Q2	JAN-JUN	JAN-JUN
		2020	2020	2019	2020	2019
Operating income						
Interest income		548	549	481	1,097	932
Interest expense		-107	-113	-109	-220	-208
Total net interest income		441	436	372	877	724
Commission income		17	17	19	34	33
Net profit from financial transactions		6	-11	0	-5	9
Total operating income		464	442	391	906	766
Operating expenses						
General administrative expenses		-126	-130	-148	-256	-305
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-5	-6	-8	-11	-16
Other operating expenses		-39	-46	-45	-85	-95
Total operating expenses		-170	-182	-201	-352	-416
Profit before credit losses		294	260	190	554	350
Net credit losses	3	-112	-123	-22	-235	-122
Operating profit		182	137	168	319	228
Tax on profit for the period		-40	-30	-38	-70	-52
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		142	107	130	249	176
Attributable to:						
The Parent Company's shareholders		142	107	130	249	176

Consolidated statement of comprehensive income

Total profit corresponds to profit for the period

Parent Company income statement

PARENT COMPANY		Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts in MSEK	Note	2020	2020	2019	2020	2019
Operating income						
Interest income		494	497	433	991	841
Interest expense		-160	-175	-229	-335	-465
Total net interest income		334	322	204	656	376
Commission income		13	13	11	26	16
Net profit from financial transactions		4	3	-1	7	8
Other operating income ¹		75	69	150	144	316
Total operating income		426	407	364	833	716
Operating expenses						
General administrative expenses		-122	-124	-143	-246	-276
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-2	-3	-3	-5	-5
Other operating expenses		-32	-42	-39	-74	-83
Total operating expenses		-156	-169	-185	-325	-364
Profit before credit losses		270	238	179	508	352
Net credit losses	3	-112	-122	-22	-234	-122
Operating profit		158	116	157	274	230
Tax on profit for the period		-30	-31	-38	-61	-53
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		128	85	119	213	177

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

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 2020	31 December 2019	30 June 2020	31 December 2019
ASSETS					
Lending to credit institutions	5,6,7,9	2,820	1,252	2,301	832
Lending to the general public	3-9	26,696	25,271	20,555	19,763
Bonds and other fixed-income securities	5,6,7	2,869	3,120	2,869	3,120
Shares in subsidiaries		-	-	1,030	1,030
Other shares		80	80	80	80
Intangible assets		1,007	1,009	16	17
Tangible assets		30	31	8	5
Current tax assets		50	45	62	45
Other assets	5,6	3	129	2,697	1,467
Prepaid expenses and accrued income		58	51	35	33
TOTAL ASSETS		33,613	30,988	29,653	26,392
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	5,6,7	1,200	3,068	-	-
Deposits from the general public	5,6,7	24,185	19,222	24,185	19,222
Issued securities	5,6,7	4,699	5,105	1,080	1,000
Liabilities to securitisation firms ¹		-	-	1,126	2,877
Deferred tax liability		27	33	-	-
Other liabilities	5,6	50	103	116	111
Accrued expenses and deferred income		81	84	75	75
Subordinated liabilities	5,6,7	348	598	348	598
Total liabilities		30,590	28,213	26,930	23,883
Equity					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	13	16
Retained earnings, incl. profit for the year		2,966	2,718	2,653	2,436
Total equity		3,023	2,775	2,723	2,509
TOTAL LIABILITIES, PROVISIONS AND EQUITY		33,613	30,988	29,653	26,392

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-JUN	JAN-JUN
All amounts are in MSEK	2020	2019
Operating activities		
Operating profit ¹	319	228
Adjustment for non-cash items		
Exchange rate effects ²	-20	53
Depreciation, amortisation and impairment of property, plant & equipment	11	22
Amortisation of financing costs	6	8
Depreciation of surplus value related to the lending portfolio	2	5
Unrealised changes in value of bonds and other fixed income securities	-2	2
Unrealised credit losses incl. IFRS 9 adjustment	423	295
Income tax paid	-82	-132
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-2,405	-7,152
Decrease/Increase in other assets	125	93
Decrease/Increase in deposits from the general public	5,403	6,134
Decrease/Increase in other liabilities	-62	44
Cash flow from operating activities	3,716	-401
Investing activities		
Purchase of shares	-	-
Purchase of equipment & intangible assets	-4	-786
Investment in bonds and other interest bearing securities	-2770	-4,107
Sale/disposal of bonds and other fixed income securities	3,005	1,786
Cash flow from investing activities	227	-3,107
Financing activities		
Change to liability to credit institutions	-1,869	1,937
Change issued securities	-255	2,361
Change subordinated liabilities	-251	-
Cash flow from financing activities	-2,375	4,298
Cash flow for the period	1,568	790
Cash and cash equivalents at beginning of year	1,252	2,681
Cash and cash equivalents at end of year	2,820	3,471

¹ Whereof received interest 869 MSEK (824 MSEK) and paid interest 141 MSEK (201 MSEK).

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

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

Statement of changes in equity

GROUP

All amounts are in MSEK	Share capital	Other Reserves	Retained Earning	TOTAL
OPENING BALANCE 1 January 2019	50	7	2,383	2,440
Comprehensive income				
Net profit/loss for the year			352	352
Total comprehensive income			352	352
Effect in equity attributable to transition to IFRS 9 - 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
Transactions with shareholders				
Capital contributions			-15	-15
Tax effect on capital contribution			3	3
Total transactions with shareholders			-12	-12
CLOSING BALANCE 31 December 2019	50	7	2,718	2,775
OPENING BALANCE 1 January 2020	50	7	2,718	2,775
Comprehensive income				
Net profit/loss for the year			249	249
Total comprehensive income			249	249
Transactions with shareholders				
Capital contributions			-	-
Tax effect on capital contribution			-	-
Total transactions with shareholders			-	-
CLOSING BALANCE 30 June 2020	50	7	2,966	3,023

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

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 2019	50	7	22	2,098	2,177
Comprehensive income					
Net profit/loss for the year				344	344
Total comprehensive income				344	344
Other reserves					
Capitalization			-	-	-
Depreciation			-6	6	-
Total other reserves			-6	6	-
Transactions with shareholders					
Capital contributions				-15	-15
Tax effect on capital contribution				3	3
Total transactions with shareholders				-12	-12
CLOSING BALANCE 31 December 2019	50	7	16	2,436	2,509
OPENING BALANCE 1 January 2020	50	7	16	2,436	2,509
Comprehensive income					
Net profit/loss for the year				213	213
Total comprehensive income				213	213
Other reserves					
Capitalization			-	-	-
Depreciation			-3	3	-
Total other reserves			-3	3	-
Transactions with shareholders					
Capital contributions				-	-
Tax effect on capital contribution				-	-
Total other reserves				-	-
CLOSING BALANCE 30 June 2020	50	7	13	2,653	2,723

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 2019, aside from the transition to IFRS 16. For more information, see below. The interim report for the parent company has been prepared in accordance with the provisions of the Swedish Annual Accounts act. Furthermore, the Swedish Financial Reporting Board's recommendation accounting for legal entities (RFR2) has been applied.

No new or changed accounting policies have been applied in 2020.

Note 3 Credit risk

GROUP	Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts in MSEK	2020	2020	2019	2020	2019
Credit losses, net - lending to the general public					
Stage 1	-51	-35	-6	-86	-20
Stage 2	26	-20	14	6	-3
Stage 3	-87	-67	-29	-155	-99
Total credit losses	-112	-123	-22	-235	-122

PARENT COMPANY	Q2	Q1	Q2	JAN-JUN	JAN-JUN
All amounts in MSEK	2020	2020	2019	2020	2019
Credit losses, net - lending to the general public					
Stage 1	-51	-35	-6	-86	-20
Stage 2	26	-20	14	6	-3
Stage 3	-87	-67	-29	-154	-99
Total credit losses	-112	-122	-22	-234	-122

Note 4 Lending to the general public

GROUP								Allocation of provision	
30 June 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	8,653	4,780	1	3,866	637	6,134	24,071	-344	1%
Stage 2	445	270	0	228	27	8	978	-147	15%
Stage 3	1,247	1,633	317	983	233	5	4,418	-2,280	52%
Total	10,345	6,684	318	5,077	897	6,147	29,467	-2,772	9%
Reserve	-750	-957	-291	-553	-214	-6	-2,772		
Total lending to the general public	9,596	5,726	26	4,524	682	6,141	26,696		

GROUP								Allocation of provision	
31 December 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	7,688	5,185	4	3,712	755	5,501	22,845	-268	1%
Stage 2	345	308	0	265	31	9	959	-159	17%
Stage 3	1,097	1,587	320	832	217	4	4,055	-2,160	53%
Total	9,130	7,080	324	4,809	1,003	5,513	27,859	-2,587	9%
Reserve	-688	-939	-293	-460	-203	-5	-2,587		
Total lending to the general public	8,442	6,140	31	4,349	801	5,508	25,271		

PARENT COMPANY								Allocation of provision	
30 June 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	8,653	4,780	1	3,866	637		17,937	-338	2%
Stage 2	445	270	0	228	27		970	-147	15%
Stage 3	1,247	1,633	317	983	233		4,413	-2,280	52%
Total	10,345	6,684	318	5,077	897		23,320	-2,766	12%
Reserve		-750	-957	-291	-553	-214	-2,766		
Total lending to the general public		9,596	5,726	26	4,524	682	20,555		

PARENT COMPANY								Allocation of provision	
31 December 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	7,688	5,184	4	3,712	755		17,343	-265	2%
Stage 2	345	308	0	265	31		950	-157	17%
Stage 3	1,097	1,587	320	832	217		4,052	-2,160	53%
Total	9,130	7,079	324	4,809	1,003		22,345	-2,582	12%
Reserve		-688	-939	-293	-460	-203	-2,582		
Total lending to the general public		8,442	6,140	31	4,349	801	19,763		

Note 5 Capital adequacy analysis

Capital adequacy information in this document refers to information whose disclosure is provided for in Chapter 6, Sections 3-4 of the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2008:25) on the annual accounts of credit institutions and investment firms and which refers to information in the Swedish Financial Supervisory Authority's regulations and general advice provided for in Chapter 8, Section 7 (FFFS 2014:12) on supervisory requirements and capital buffers as well as Column A, Annex VI of the Commission Implementing Regulation (EU) No 1423/2013.

Further information that is required according to FFFS 2014:12 is provided on the website, www.nordaxgroup.com.

Combined buffert requirement

The combined buffer requirement for the consolidated situation is comprised of a capital conservation buffer and a countercyclical capital buffer. The capital conservation buffer requirement amounts to 2.5% of risk-weighted assets. The countercyclical capital buffer is weighted based on geographical requirements. During the year, the countercyclical capital buffer for risk-weighted assets was reduced in Denmark from 1% to 0%, in Sweden from 2.5% to 0% and in Norway from 2.5% to 1%.

Information on the Group structure

The top company in the consolidated situation is NDX Intressenter AB. The following companies are in the consolidated situation when calculating capital requirements: Nordax Group AB, Nordax Bank AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB, Nordax Nordic 4 AB (publ), Nordax Norway 5 AB, Nordax Norway 6 AB and Svensk Hypotekspension AB with subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB and Svensk Hypotekspension Fond 4 AB.

Changes were made in the consolidated situation in March 2019, when NDX Intressenter AB became the parent company in the consolidated situation. NDX Intressenter's holding as of 31 March 2019 amounted to 100 percent of the shares. The change means that there are no longer minority interests in the consolidated situation. However, the third-party interest via Nordax Bank's subordinated loans still remains.

Since January 2019, Svensk Hypotekspension AB is included in Nordax Bank AB's (publ) consolidated situation. This resulted in an increase in the capital requirement for credit risk for the Parent Company through the shareholding. With respect to the consolidated situation, the capital requirement increased through SHP's mortgage portfolio.

All amounts in MSEK	Consolidated situation		Parent Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
OWN FUNDS				
Common Equity Tier 1 capital	7,438	7,163	2,948	2,627
Deduction from own funds	-4,370	-4,393	-16	-20
Total Common Equity Tier 1 capital	3,068	2,770	2,932	2,607
Tier 1 Capital, minority	-	-	-	-
Sum Tier 1 Capital	3,068	2,770	2,932	2,607
Tier 2 Capital ³	221	260	348	348
Net own funds	3,289	3,030	3,280	2,955
Risk exposure amount for credit risk	18,868	18,011	16,940	16,290
Risk exposure amount for market risk	440	506	138	102
Risk exposure amount for market risk	1,229	1,229	1,072	1,072
CVA	0	1	0	1
Total risk exposure amount (risk weighted assets)	20,536	19,747	18,151	17,465
Common Equity Tier 1 capital ratio	14.94%	14.03%	16.15%	14.92%
Tier 1 capital ratio	14.94%	14.03%	16.15%	14.92%
Total capital ratio	16.02%	15.34%	18.07%	16.92%
Total Common Equity Tier 1 capital requirement including buffer requirement	7.23%	8.90%	7.25%	8.88%
- of which, capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
- of which, countercyclical capital buffers	0.23%	1.90%	0.25%	1.88%
Common Equity Tier 1 capital available for use as buffer ¹	8.94%	8.03%	10.15%	8.92%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	6,778	71	73
-of wich share capital	1	1	50	50
- of wich other contributed capital	6,777	6,777	7	7
-of which other funds	0	0	14	16
Balanserade vinstmedel	264	23	2,439	2,093
- Other transition adj. of common equity Tier 1 capital ⁵	231	117	225	117
-Minority interest	-	-	-	-
Independently reviewed interim profits	165	245	213	344
Common Equity Tier 1 capital before regulatory adj.	7,438	7,163	2,948	2,627

Alla amounts in MSEK	Consolidated situation		Parent Company	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Regulatory adjustments:				
- Intangible assets	-4,367	-4,390	-13	-17
- Own shares	-	-	-	-
-Prudent valuation	-3	-3	-3	-3
Total regulatory adjustments to Common Equity Tier 1	-4,370	-4,393	-16	-20
Common Equity Tier 1	3,068	2,770	2,932	2,607
Tier 1 capital				
Tier 1, minority	-	-	-	-
Tier 1 capital, total	3,068	2,770	2,932	2,607
Tier 2 capital:				
Tier 2 capital instrument	221	260	348	348
Tier 2 capital	221	260	348	348
Total capital	3,289	3,030	3,280	2,955
Total risk weighted assets	20,536	19,747	18,151	17,465
Specification of risk exposure amount²				
Institutional exposures	489	244	371	148
Covered bonds	106	154	106	154
Household exposures	12,811	12,954	12,291	12,304
Exposures secured by mortgages on immovable property	3,030	2,599	860	639
Equity exposures	83	80	1,113	1,110
Past due items	2,262	1,891	2,059	1,790
Corporate exposures	-	-	-	-
Other items	87	89	140	145
Total risk exposure amount for credit risk, Standardised Approach	18,868	18,011	16,940	16,290
Exchange rate risk	440	506	138	102
Total risk exposure amount for market risk	440	506	138	102
Operative risk according to alternative Standardized Method	1,229	1,229	1,072	1,072
Total risk exposure amount for operational risks	1,229	1,229	1,072	1,072
Credit valuation adjustment risk (CVA)	0	1	0	1
Total risk exposure amount for credit valuation adjustment risk	0	1	0	1
Total risk exposure amount	20,536	19,474	18,151	17,465
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	0.90%	0.92%	1.43%	1.05%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	0.23%	1.90%	0.25%	1.88%
Total Capital Requirement	11.63%	13.32%	12.18%	13.43%
Capital Requirement, MSEK				
Pillar 1	1,643	1,580	1,452	1,397
Pillar 2	184	182	259	184
Capital conservation buffer	513	494	454	437
Institute-specific countercyclical buffer	48	374	45	328
Capital Requirement	2,388	2,630	2,210	2,345
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	33,802	31,249	27,060	25,155
Tier 1 capital	3,068	2,770	2,932	2,607
Leverage ratio	9.08%	8.86%	10.83%	10.36%

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

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

³ Nordax Bank's subordinated loans of 348 MSEK can only be included in the consolidated situation's capital base proportionate to the amount required to cover Nordax Bank's capital requirements. Consequently, eligible Tier 2 capital amounts to 221 MSEK.

⁴ Nordax has notified the SFSA that the bank, consolidated situation and Nordax Bank AB, will apply the transition rules according to article 473a in 2020/873/EU, paragraphs 2 and 4. Table according to "Final report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA, 12 January 2018 is included in the information published according to part 8 in 575/2013/EU on the bank's website www.nordaxgroup.com.

Internal capital requirement

As of 30 June 2020, the internal capital assessed capital requirement amounted to 184 MSEK (182 as of 31 December 2019). The total capital requirement for the period amounts to 2,388 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 504 per cent (514). At the same date, the net stable funding ratio (NSFR) was 118 per cent (120), calculated in accordance with the Basel Committee's definition and Regulation (EU) No 575/2013, which may be modified when introduced by the EU.

Nordax had a liquidity reserve at 30 June 2020 of 5.5 mdr (4,2). Of these investments 39 per cent (24) was in Nordic banks, 15 per cent (2) in Sveriges Riksbank, 19 per cent (36) in Swedish covered bonds, 12 per cent (12) in Swedish municipal paper and 15 per cent (25) in Swedish municipal bonds. All investments had a credit rating ranging from AAA to A+ from Standard & Poor's, with an average rating of AA+ (except 43 MSEK in exposure to Avanza Bank AB). The average maturity was 377 days (780). All bank holdings are highly liquid and all securities are repoable with central banks.

At 30 June 2020 Nordax's funding sources comprised 3,619 MSEK (4,111) through the asset-backed securities market (securitized), 1,080 MSEK (1,000) in senior unsecured bonds, 1,200 MSEK (3,068) in warehouse funding facilities provided by international banks and 24,185 (19,222) MSEK in deposits from the general public. The figures refer to the nominal amounts.

Note 6 Classification of financial assets and liabilities

GROUP

30 June 2020	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	2,820	-	-	2,820
Lending to the general public	-	26,696	-	-	26,696
Bonds and other fixed-income securities	2,869	-	-	-	2,869
Other shares	-	-	-	80	80
Derivates	1	-	-	-	1
Other assets	-	2	-	-	2
Total assets	2,870	29,518	-	80	32,467
Liabilities					
Liabilities to credit institutions	-	-	1,200	-	1,200
Deposits from the general public	-	-	24,185	-	24,185
Issued securities	-	-	4,699	-	4,699
Subordinated liabilities	-	-	348	-	348
Derivatives	0	-	-	-	0
Other liabilities	-	-	22	-	22
Total liabilities	0	-	30,454	-	30,454

GROUP

31 December 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	1,252	-	-	1,252
Lending to the general public	-	25,271	-	-	25,271
Bonds and other fixed-income securities	3,120	-	-	-	3,120
Other shares	-	-	-	80	80
Other assets	-	123	-	-	123
Total assets	3,120	26,646	-	80	29,846
Liabilities					
Liabilities to credit institutions	-	-	3,068	-	3,068
Deposits from the general public	-	-	19,222	-	19,222
Issued securities	-	-	5,105	-	5,105
Subordinated liabilities	-	-	598	-	598
Derivatives	2	-	-	-	2
Other liabilities	-	-	57	-	57
Total liabilities	2	-	28,050	-	28,052

PARENT COMPANY

30 June 2020	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	2,301	-	-	2,301
Lending to the general public	-	20,555	-	-	20,555
Bonds and other fixed-income securities	2,869	-	-	-	2,869
Other shares	-	-	-	80	80
Derivates	1	-	-	-	1
Other assets	-	0	-	-	0
Total assets	2,870	22,856	-	80	25,806
Liabilities					
Deposits from the general public	-	-	24,185	-	24,185
Issued securities	-	-	1,080	-	1,080
Deemed loan liabilities	-	-	1,126	-	1,126
Subordinated liabilities	-	-	348	-	348
Derivatives	0	-	-	-	0
Other liabilities	-	-	18	-	18
Total liabilities	0	-	26,757	-	26,757

PARENT COMPANY

31 December 2019	Fair value through profit and loss	Financial assets valued at amortised cost	Financial liabilities valued at amortised cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to credit institutions	-	832	-	-	832
Lending to the general public	-	19,763	-	-	19,763
Bonds and other fixed-income securities	3,120	-	-	-	3,120
Other shares	-	-	-	80	80
Other assets	-	121	-	-	121
Total assets	3,120	20,716	-	80	23,916
Liabilities					
Deposits from the general public	-	-	19,222	-	19,222
Issued securities	-	-	1,000	-	1,000
Deemed loan liabilities	-	-	2,877	-	2,877
Subordinated liabilities	-	-	598	-	598
Derivatives	2	-	-	-	2
Other liabilities	-	-	35	-	35
Total liabilities	2	-	23,732	-	23,734

Note 7 Fair values of financial assets and liabilities

GROUP

30 June 2020	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,820	2,820	-
Lending to the general public ^{2,4}	26,696	28,886	2,190
Other shares	80	80	-
Derivat	1	1	-
Bonds and other fixed-income securities	2,869	2,869	-
Total Assets	32,466	34,656	2,190
Liabilities			
Liabilities to credit institutions ¹	1,200	1,200	-
Deposits from general public ¹	24,185	24,185	-
Issued securities ³	4,699	4,576	-123
Derivatives	0	0	-
Subordinated liabilities ³	348	329	-19
Total Liabilities	30,432	30,290	-142

GROUP

31 December 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	1,252	1,252	-
Lending to the general public ^{2,4}	25,271	28,494	3,223
Other shares	80	80	-
Derivat	0	0	-
Bonds and other fixed-income securities	3,120	3,120	-
Total Assets	29,723	32,946	3,223
Liabilities			
Liabilities to credit institutions ¹	3,068	3,068	-
Deposits from general public ¹	19,222	19,222	-
Issued securities ³	5,105	5,108	3
Derivatives	2	2	-
Subordinated liabilities ³	598	583	-15
Total Liabilities	27,995	27,983	-12

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

² The measurement includes significant observable and non-observable inputs.

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

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

PARENT COMPANY

30 June 2020	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,301	2,301	-
Lending to the general public ^{2,4}	20,555	22,727	2,172
Other shares	80	80	-
Derivat	1	1	-
Bonds and other fixed-income securities	2,869	2,869	-
Total Assets	25,806	27,978	2,172
Liabilites			
Deposits from the general public ¹	24,185	24,185	-
Liabilities to securitisation firms ¹	1,126	1,126	-
Issued securities	1,080	1,059	-21
Derivatives	0	0	-
Subordinated liabilities ³	348	329	-19
Total Liabilities	26,739	26,699	-41

PARENT COMPANY

31 December 2019	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	832	832	-
Lending to the general public ^{2,4}	19,763	22,969	3,206
Other shares	80	80	-
Derivat	0	0	-
Bonds and other fixed-income securities	3,120	3,120	-
Total Assets	23,795	27,001	3,206
Liabilites			
Deposits from the general public ¹	19,222	19,222	-
Liabilities to securitisation firms ¹	2,877	2,877	-
Issued securities	1,000	1,003	3
Derivatives	2	2	-
Subordinated liabilities ³	598	583	-15
Total Liabilities	23,699	23,686	-12

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

² The measurement includes significant observable and non-observable inputs.

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

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

Calculation of fair value

The fair values of financial instruments 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 2020 there have not been any transfers between the levels.

GROUP

30 June 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	28,886	-	28,886
Bonds and other fixed-income securities	2,051	818	-	2,869
Other shares	-	-	80	80
Derivatives	-	1	-	1
Total Assets	2,051	29,705	80	31,836
Liabilities				
Issued securities	-	4,576	-	4,576
Derivatives	-	0	-	0
Subordinated liabilities	-	329	-	329
Total Liabilities	-	4,905	-	4,905

GROUP

31 December 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	28,494	-	28,494
Bonds and other fixed-income securities	1,545	1,575	-	3,120
Other shares	-	-	80	80
Derivatives	-	0	-	0
Total Assets	1,545	30,069	80	31,694
Liabilities				
Issued securities	-	5,108	-	5,108
Derivatives	-	2	-	2
Subordinated liabilities	-	583	-	583
Total Liabilities	-	5,693	-	5,693

PARENT COMPANY

30 June 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	22,727	-	22,727
Bonds and other fixed-income securities	2,051	818	-	2,869
Other shares	-	-	80	80
Derivatives	-	1	-	1
Total Assets	2,051	23,546	80	25,677
Liabilities				
Issued securities	-	1,059	-	1,059
Derivatives	-	0	-	0
Subordinated liabilities	-	329	-	329
Total Liabilities	-	1,388	-	1,388

PARENT COMPANY

31 December 2019	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	22,969	-	22,969
Bonds and other fixed-income securities	1,545	1,575	-	3,120
Other shares	-	-	80	80
Derivatives	-	0	-	0
Total Assets	1,545	24,544	80	26,169
Liabilities				
Issued securities	-	1,003	-	1,003
Derivatives	-	2	-	2
Subordinated liabilities	-	583	-	583
Total Liabilities	-	1,588	-	1,588

Note 8 Operating segments

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

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

Q2 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	201	148	0	114	16	69	548
Interest expenses	-40	-38	0	-2	-9	-18	-107
Total net interest income	160	110	0	112	7	51	441
Commission income	8	4	0	5	0	0	17
Net profit from financial transactions ²	0	6	0	0	0	0	6
Total operating income	168	120	0	117	7	51	464
General administrative expenses	-55	-37	0	-23	-3	-7	-126
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-2	-2	0	-1	0	0	-5
Other operating expenses	-20	-11	0	-2	0	-6	-39
Total operating expenses	-78	-50	0	-26	-3	-13	-170
Profit before credit losses	91	70	0	91	4	38	294
Net credit losses	-22	-55	2	-36	-2	0	-113
Operating profit	69	15	2	55	2	38	182
Balance sheet							
Lending to the general public	9,596	5,726	26	4,524	682	6,141	26,696

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

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	0	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-Q2 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	392	312	0	227	35	131	1,097
Interest expenses	-74	-79	0	-12	-11	-44	-220
Total net interest income	318	233	0	215	24	87	877
Commission income	14	10	0	10	0	0	34
Net profit from financial transactions ²	-3	6	0	0	0	-2	-5
Total operating income	328	249	0	225	24	85	906
General administrative expenses	-112	-75	0	-48	-6	-15	-256
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-6	-3	0	-2	0	0	-11
Other operating expenses	-37	-27	0	-11	0	-10	-85
Total operating expenses	-154	-105	0	-62	-6	-25	-352
Profit before credit losses	174	144	0	163	18	60	554
Net credit losses	-56	-93	3	-78	-11	-1	-235
Operating profit	118	51	3	86	6	59	318
Balance sheet							
Lending to the general public	9,596	5,726	26	4,524	682	6,141	26,696

¹ Interest income refers to revenues from external customers.

² FX effects amount to -6 MSEK for Q2 2020 (14 MSEK) and is not allocated.

Q1-Q2 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
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

Note 9 Pledged assets

	GROUP		PARENT COMPANY	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
All amounts are in MSEK				
Pledged assets for own liabilities				
Lending to the general public	7,048	9,482	3,444	4,050
Lending to credit institutions	455	385	320	198
Total	7,503	9,867	3,764	4,248

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

Note 10 Transactions with related parties

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

Note 11 Important events after the balance sheet date

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 5, capital adequacy analysis.

Board of Directors' affirmation

The Board of Directors declares that the interim report for January-March 2020 provides a fair overview of the Parent Company's and the Group's operations, financial position and results and

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

Stockholm July 16, 2020

Hans-Ole Jochumsen
Chairman

Christopher Ekdahl
Non-Executive Director

Christian Frick
Non-Executive Director

Henrik Källén
Non-Executive Director

Anna Storåkers
Non-Executive Director

Ville Talasmäki
Non-Executive Director

Ricard Wennerklint
Non-Executive Director