

Nordax Bank AB (publ)

INTERIM REPORT JANUARY-SEPTEMBER 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, (as of 30 September under name change to Nordax Holding AB), which is controlled by Nordic Capital and Sampo. On 30 September, 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 stable development in terms of personal loans in the third quarter and the total volume of

personal loans has been stable in the third quarter and the year.

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 nonstandard 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 2.7 billion as of 30 September 2020.

Equity release mortgages

The portfolio continued to develop strongly during 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 27.1 billion (SEK 25.3 billion as of 31 December 2019). Growth was negatively affected by exchange rate movements in the period.

Other events

During the period, Nordax was affected by COVID-19. Since March, a large share of employees are working from home, and preparations have been made to safeguard operations if the situation were to worsen. During the period, Nordax also conducted stress tests of its capital and liquidity, which showed that Nordax has a robust financial position and is able to manage potential negative impacts from COVID-19. Nordax has a strong liquidity reserve with SEK 5.4 billion in liquidity and a net stable funding ratio (NSFR) of 119% and a liquidity coverage ratio (LCR) of 293% as of 30 September 2020 (consolidated situation). Total lending amounted to SEK 24.3 billion as of 30 September 2020 (SEK 19.2 billion as of 31 December 2019). Nordax's capital ratio increased by 1.26 per cent during the year and amounted to 16.60% as of 30 September 2020. The capital ratio exceeds the regulatory requirement by 5.0 percentage points (4.4 percentage points, Q2 2020).

As a result of COVID-19, Nordax has taken a more cautious approach to new lending within personal loans, which has resulted in a significant decrease in new lending in the second and third quarters. To ensure its profitability despite the potential negative effects of COVID-19, Nordax has also implemented selective savings measures, which has resulted in a reduced cost base, especially in the second and third quarters.

Nordax is closely monitoring the impact on customers' behaviour from COVID-19 and expects it to give rise to increased credit losses. Consequently, extra provisions of SEK 39 million were allocated in the period. The actual impact has been fairly limited to date, however.

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 the direct marketing of consumer loans during the period. This will slightly affect sales in Finland, since Nordax uses direct advertising in its marketing and a share of new lending currently carries an interest rate of over 10%.

On the 25th of September the Swedish FSA announced a proposal for amended rules and a change in the applications of banks' capital requirements. If Swedish FSA's proposed amendments are implemented, it is expected to lead to higher Pillar 2 requirements. Higher capital requirement is expected to have a limited impact on Nordax since current capital position is strong in relation to current and anticipated capital requirements in the future.

On 15 October 2020, the earliest redemption date, Nordax subsidiary Nordax Nordic 4 AB redeemed all the outstanding bonds in Scandinavian Consumer Loans VI ("SCL VI") through a repayment to investors. The repaid amount was NOK 1,302 million.

Result January-September 2020

GROUP

Operating profit amounted to 524 MSEK (388), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 1 309 MSEK (1 093). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -329 MSEK (-168), corresponding 1.7 per cent (1.2) 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 -503 MSEK (-589). 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 458 MSEK (378), increase thanks to higher net interest income and lower general administrative expenses.

Net interest income amounted to 994 MSEK (596). Higher net interest income thanks to a growing lending portfolio.

Credit losses amounted to -329 MSEK (-168), corresponding 2.2 per cent (1.2) 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 -462 MSEK (-509). 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	Q3	Q2	Q3	JAN-SEP	JAN-SEP
	2020	2020	2019	2020	2019
Common Equity Tier 1 Capital Ratio in %	15.6	14.9	14.5	15.6	14.5
Return on equity in %	20.6	19.2	19.8	18.3	15.7
Net credit loss level in %	1.4	1.7	0.8	1.7	1.2
Cost to Income ratio in %	34	37	46	37	51
Number of employees	324	304	269	324	269

PARENT COMPANY	Q3	Q2	Q3	JAN-SEP	JAN-SEP
	2020	2020	2019	2020	2019
Common Equity Tier 1 Capital Ratio in %	17.0	16.2	15.4	17.0	15.4
Return on equity in %	20.5	19.3	19.4	17.7	16.7
Net credit loss level in %	1.8	2.2	1.1	2.2	1.3
Cost to Income ratio in %	33	37	43	37	48
Number of employees	309	288	255	309	255

Consolidated income statement

GROUP	Note	Q3	Q2	Q3	JAN-SEP	JAN-SEP
		2020	2020	2019	2020	2019
All amounts in MSEK						
Operating income						
Interest income		540	548	495	1,637	1,427
Interest expense		-108	-107	-126	-328	-334
Total net interest income		432	441	369	1,309	1,093
Commission income		18	17	18	52	51
Net profit from financial transactions		0	6	-8	-5	1
Total operating income		450	464	379	1,356	1,145
Operating expenses						
General administrative expenses		-109	-126	-120	-365	-425
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-8	-5	-9	-19	-25
Other operating expenses		-34	-39	-44	-119	-139
Total operating expenses		-151	-170	-173	-503	-589
Profit before credit losses		299	294	206	853	556
Net credit losses	3	-94	-112	-46	-329	-168
Operating profit		205	182	160	524	388
Tax on profit for the period		-45	-40	-31	-115	-83
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		160	142	129	409	305
Attributable to:						
The Parent Company's shareholders		160	142	129	409	305

Consolidated statement of comprehensive income

Total profit corresponds to profit for the period

Parent Company income statement

PARENT COMPANY		Q3	Q2	Q3	JAN-SEP	JAN-SEP
All amounts in MSEK		2020	2020	2019	2020	2019
	Note					
Operating income						
Interest income		490	494	444	1,481	1,285
Interest expense		-152	-160	-224	-487	-689
Total net interest income		338	334	220	994	596
Commission income		13	13	13	39	29
Net profit from financial transactions		2	4	-9	9	-1
Other operating income ¹		63	75	115	207	431
Total operating income		416	426	339	1,249	1,055
Operating expenses						
General administrative expenses		-105	-122	-103	-351	-379
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-3	-2	-3	-8	-8
Other operating expenses		-29	-32	-39	-103	-122
Total operating expenses		-137	-156	-145	-462	-509
Profit before credit losses		279	270	194	787	546
Net credit losses	3	-95	-112	-46	-329	-168
Operating profit		184	158	148	458	378
Tax on profit for the period		-41	-30	-34	-102	-87
NET PROFIT FOR THE PERIOD/COMPREHENSIVE INCOME		143	128	114	356	291

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 September 2020	31 December 2019	30 September 2020	31 December 2019
ASSETS					
Lending to credit institutions	5,6,7,9	2,773	1,252	2,459	832
Lending to the general public	3-9	27,065	25,271	20,689	19,763
Bonds and other fixed-income securities	5,6,7	2,637	3,120	2,637	3,120
Shares in subsidiaries		-	-	1,030	1,030
Other shares		80	80	80	80
Intangible assets		1,008	1,009	18	17
Tangible assets		72	31	9	5
Current tax assets		46	45	61	45
Other assets	5,6	6	129	2,845	1,467
Prepaid expenses and accrued income		56	51	33	33
TOTAL ASSETS		33,743	30,988	29,861	26,392
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	5,6,7	1,217	3,068	-	-
Deposits from the general public	5,6,7	24,319	19,222	24,319	19,222
Issued securities	5,6,7	4,426	5,105	1,080	1,000
Liabilities to securitisation firms ¹		-	-	1,002	2,877
Deferred tax liability		26	33	-	-
Other liabilities	5,6	142	103	171	111
Accrued expenses and deferred income		82	84	75	75
Subordinated liabilities	5,6,7	348	598	348	598
Total liabilities		30,560	28,213	26,995	23,883
Equity					
Share capital		50	50	50	50
Other reserves		7	7	7	7
Other funds		-	-	12	16
Retained earnings, incl. profit for the year		3,126	2,718	2,798	2,436
Total equity		3,183	2,775	2,866	2,509
TOTAL LIABILITIES, PROVISIONS AND EQUITY		33,743	30,988	29,861	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-SEP	JAN-SEP
All amounts are in MSEK	2020	2019
Operating activities		
Operating profit ¹	524	388
Adjustment for non-cash items		
Exchange rate effects ²	-37	97
Depreciation, amortisation and impairment of property, plant & equipment	19	25
Amortisation of financing costs	8	12
Depreciation of surplus value related to the lending portfolio	3	7
Unrealised changes in value of bonds and other fixed income securities	-3	7
Unrealised credit losses incl. IFRS 9 adjustment	624	434
Income tax paid	-123	-172
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-3,017	-8,655
Decrease/Increase in other assets	123	149
Decrease/Increase in deposits from the general public	5,586	7,214
Decrease/Increase in other liabilities	31	4
Cash flow from operating activities	3,740	-489
Investing activities		
Purchase of shares	-	-
Purchase of equipment & intangible assets	-59	-781
Investment in bonds and other interest bearing securities	-7,053	-5,248
Sale/disposal of bonds and other fixed income securities	7,518	3,633
Cash flow from investing activities	406	-2,396
Financing activities		
Change to liability to credit institutions	-1,853	302
Change issued securities	-521	2,659
Change subordinated liabilities	-251	-
Cash flow from financing activities	-2,625	2,961
Cash flow for the period	1,521	76
Cash and cash equivalents at beginning of year	1,252	2,681
Cash and cash equivalents at end of year	2,773	2,757

¹ Whereof received interest 1,320 MSEK (1,284 MSEK) and paid interest 208 MSEK (288 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			409	409
Total comprehensive income			409	409
Transactions with shareholders				
Capital contributions			-	-
Tax effect on capital contribution			-	-
Total transactions with shareholders			-	-
CLOSING BALANCE 30 September 2020	50	7	3,126	3,183

* 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				356	356
Total comprehensive income				356	356
Other reserves					
Capitalization			-	-	-
Depreciation			-4	4	-
Total other reserves			-4	4	-
Transactions with shareholders					
Capital contributions				-	-
Tax effect on capital contribution				-	-
Total other reserves				-	-
CLOSING BALANCE 30 September 2020	50	7	12	2,798	2,866

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 September. 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 parentcompany 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	Q3	Q2	Q3	JAN-SEP	JAN-SEP
All amounts in MSEK	2020	2020	2019	2020	2019
Credit losses, net - lending to the general public					
Stage 1	-24	-51	-6	-110	-26
Stage 2	-16	26	-8	-10	-11
Stage 3	-54	-87	-32	-209	-131
Total credit losses	-94	-112	-46	-329	-168

PARENT COMPANY	Q3	Q2	Q3	JAN-SEP	JAN-SEP
All amounts in MSEK	2020	2020	2019	2020	2019
Credit losses, net - lending to the general public					
Stage 1	-24	-51	-6	-110	-26
Stage 2	-16	26	-8	-10	-11
Stage 3	-55	-87	-32	-209	-131
Total credit losses	-94	-112	-46	-329	-168

Note 4 Lending to the general public

GROUP								Allocation of provision	
30 September 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL	past due receivables	
Stage 1	9,052	4,689	0	3,662	584	6,362	24,350	-367	2%
Stage 2	427	315	0	264	29	15	1,050	-163	16%
Stage 3	1,312	1,640	316	1,034	236	4	4,542	-2,347	52%
Total	10,791	6,645	316	4,960	849	6,382	29,942	-2,877	10%
Reserve	-787	-972	-291	-604	-218	-6	-2,877		
Total lending to the general public	10,004	5,673	25	4,356	631	6,376	27,065		

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 September 2020	Sweden	Norway	Denmark	Finland	Germany		TOTAL	past due receivables	
Stage 1	9,052	4,689	0	3,662	584		17,988	-361	2%
Stage 2	427	315	0	264	29		1,034	-163	16%
Stage 3	1,312	1,640	316	1,034	236		4,538	-2,347	52%
Total	10,791	6,645	316	4,960	849		23,560	-2,872	12%
Reserve		-787	-972	-291	-604	-218	-2,872		
Total lending to the general public	10,004	5,673	25	4,356	631		20,689		

PARENT COMPANY								Allocation of provision	
31 December 2019	Sweden	Norway	Denmark	Finland	Germany		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 September 2020	31 December 2019	30 September 2020	31 December 2019
OWN FUNDS				
Common Equity Tier 1 capital	7,598	7,163	3,121	2,627
Deduction from own funds	-4,379	-4,393	-20	-20
Total Common Equity Tier 1 capital	3,219	2,770	3,101	2,607
Tier 1 Capital, minority	-	-	-	-
Sum Tier 1 Capital	3,219	2,770	3,101	2,607
Tier 2 Capital ³	211	260	348	348
Net own funds	3,430	3,030	3,449	2,955
Risk exposure amount for credit risk	19,011	18,011	17,026	16,290
Risk exposure amount for market risk	424	506	171	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)	20,664	19,747	18,270	17,465
Common Equity Tier 1 capital ratio	15.58%	14.03%	16.97%	14.92%
Tier 1 capital ratio	15.58%	14.03%	16.97%	14.92%
Total capital ratio	16.60%	15.34%	18.88%	16.92%
Total Common Equity Tier 1 capital requirement including buffer requirement	7.23%	8.90%	7.24%	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%	0.24%	1.88%
Common Equity Tier 1 capital available for use as buffer ¹	9.58%	8.03%	10.97%	8.92%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	6,778	6,778	68	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	12	16
Balanserade vinstmedel	264	23	2,441	2,093
- Other transition adj. of common equity Tier 1 capital ⁵	264	117	255	117
-Minority interest	-	-	-	-
Independently reviewed interim profits	292	245	356	344
Common Equity Tier 1 capital before regulatory adj.	7,598	7,163	3,121	2,627

	Consolidated situation		Parent Company	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Alla amounts in MSEK				
Regulatory adjustments:				
- Intangible assets	-4,377	-4,390	-18	-17
- Own shares	-	-	-	-
-Prudent valuation	-3	-3	-3	-3
Total regulatory adjustments to Common Equity Tier 1	-4,379	-4,393	-20	-20
Common Equity Tier 1	3,219	2,770	3,101	2,607
Tier 1 capital				
Tier 1, minority	-	-	-	-
Tier 1 capital, total	3,219	2,770	3,101	2,607
Tier 2 capital:				
Tier 2 capital instrument	211	260	348	348
Tier 2 capital	211	260	348	348
Total capital	3,430	3,030	3,449	2,955
Total risk weighted assets	20,664	19,747	18,270	17,465
Specification of risk exposure amount²				
Institutional exposures	512	244	442	148
Covered bonds	106	154	106	154
Household exposures	12,600	12,954	12,088	12,304
Exposures secured by mortgages on immovable property	3,311	2,599	1,013	639
Equity exposures	80	80	1,110	1,110
Past due items	2,274	1,891	2,093	1,790
Corporate exposures	-	-	-	-
Other items	128	89	174	145
Total risk exposure amount for credit risk, Standardised Approach	19,011	18,011	17,026	16,290
Exchange rate risk	424	506	171	102
Total risk exposure amount for market risk	424	506	171	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	20,664	19,474	18,270	17,465
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	0.89%	0.92%	1.40%	1.05%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	0.23%	1.90%	0.24%	1.88%
Total Capital Requirement	11.61%	13.32%	12.14%	13.43%
Capital Requirement, MSEK				
Pillar 1	1,653	1,580	1,462	1,397
Pillar 2	183	182	255	184
Capital conservation buffer	517	494	457	437
Institute-specific countercyclical buffer	47	374	44	328
Capital Requirement	2,400	2,630	2,217	2,345
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	33,942	31,249	27,150	25,155
Tier 1 capital	3,219	2,770	3,101	2,607
Leverage ratio	9.48%	8.86%	11.42%	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 211 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 September 2020, the internal capital assessed capital requirement amounted to 183 MSEK (182 as of 31 December 2019). The total capital requirement for the period amounts to 2,400 MSEK and are solely covered by CET 1. The internal capital requirement is estimated using Nordax's internal models for economic capital.

Information on liquidity risk

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

The goal is to use funding sources which:

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

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

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

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

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

As of 30 September Nordax had a liquidity coverage ratio (LCR) of 293 per cent (514). At the same date, the net stable funding ratio (NSFR) was 119 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 September 2020 of 5.4 mdr (4,2). Of these investments 52 per cent (24) was in Nordic banks, 7 per cent (2) in Sveriges Riksbank, 19 per cent (36) in Swedish covered bonds, 7 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 56 MSEK in exposure to Avanza Bank AB). The average maturity was 343 days (780). All bank holdings are highly liquid and all securities are repoable with central banks.

At 30 September 2020 Nordax's funding sources comprised 3,346 MSEK (4,111) through the asset-backed securities market (securitized), 1,080 MSEK (1,000) in senior unsecured bonds, 1,217 MSEK (3,068) in warehouse funding facilities provided by international banks and 24,319 (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 September 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	-	2,773	-	-	2,773
Lending to the general public	-	27,065	-	-	27,065
Bonds and other fixed-income securities	2,637	-	-	-	2,637
Other shares	-	-	-	80	80
Derivates	3	-	-	-	3
Other assets	-	2	-	-	2
Total assets	2,640	29,840	-	80	32,560
Liabilities					
Liabilities to credit institutions	-	-	1,217	-	1,217
Deposits from the general public	-	-	24,319	-	24,319
Issued securities	-	-	4,426	-	4,426
Subordinated liabilities	-	-	348	-	348
Derivatives	0	-	-	-	0
Other liabilities	-	-	34	-	34
Total liabilities	0	-	30,344	-	30,344

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 September 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	-	2,459	-	-	2,459
Lending to the general public	-	20,689	-	-	20,689
Bonds and other fixed-income securities	2,637	-	-	-	2,637
Other shares	-	-	-	80	80
Derivates	3	-	-	-	3
Other assets	-	0	-	-	0
Total assets	2,640	23,148	-	80	25,869
Liabilities					
Deposits from the general public	-	-	24,319	-	24,319
Issued securities	-	-	1,080	-	1,080
Deemed loan liabilities	-	-	1,002	-	1,002
Subordinated liabilities	-	-	348	-	348
Derivatives	0	-	-	-	0
Other liabilities	-	-	30	-	30
Total liabilities	0	-	26,779	-	26,780

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	2,773	2,773	-
Lending to the general public ^{2,4}	27,065	29,428	2,363
Other shares	80	80	-
Derivat	3	1	-
Bonds and other fixed-income securities	2,637	2,637	-
Total Assets	32,558	34,921	2,363
Liabilities			
Liabilities to credit institutions ¹	1,217	1,217	-
Deposits from general public ¹	24,319	24,319	-
Issued securities ³	4,426	4,387	-39
Derivatives	0	0	-
Subordinated liabilities ³	348	344	-4
Total Liabilities	30,310	30,267	-43

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 September 2020	Carrying amount	Fair value	Delta
Assets			
Lending to credit institutions ¹	2,459	2,459	-
Lending to the general public ^{2,4}	20,689	23,028	2,339
Other shares	80	80	-
Derivat	3	3	-
Bonds and other fixed-income securities	2,637	2,637	-
Total Assets	25,868	28,207	2,339
Liabilites			
Deposits from the general public ¹	24,319	24,319	-
Liabilities to securitisation firms ¹	1,002	1,002	-
Issued securities	1,080	1,075	-5
Derivatives	0	0	-
Subordinated liabilities ³	348	344	-4
Total Liabilities	26,749	26,740	-9

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 September 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	29,428	-	29,428
Bonds and other fixed-income securities	1,819	818	-	2,637
Other shares	-	-	80	80
Derivatives	-	3	-	3
Total Assets	1,819	30,249	80	32,148
Liabilities				
Issued securities	-	4,387	-	4,387
Derivatives	-	0	-	0
Subordinated liabilities	-	344	-	344
Total Liabilities	-	4,731	-	4,731

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 September 2020	Level 1	Level 2	Level 3	Total
Assets				
Lending to the general public	-	23,028	-	23,028
Bonds and other fixed-income securities	1,819	818	-	2,637
Other shares	-	-	80	80
Derivatives	-	3	-	3
Total Assets	1,819	23,849	80	25,748
Liabilities				
Issued securities	-	1,075	-	1,075
Derivatives	-	0	-	0
Subordinated liabilities	-	344	-	344
Total Liabilities	-	1,419	-	1,419

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.

Q3 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	203	144	0	108	16	69	540
Interest expenses	-43	-41	0	-1	-7	-16	-108
Total net interest income	160	103	0	107	9	53	432
Commission income	8	5	0	5	0	0	18
Net profit from financial transactions ²	0	0	0	0	0	0	0
Total operating income	168	108	0	112	9	53	450
General administrative expenses	-49	-31	0	-19	-2	-8	-109
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-2	0	-2	0	0	-8
Other operating expenses	-15	-12	0	-1	0	-6	-34
Total operating expenses	-68	-45	0	-22	-2	-14	-151
Profit before credit losses	100	63	0	90	7	39	299
Net credit losses	-37	-16	1	-39	-3	0	-94
Operating profit	63	47	1	51	4	39	205
Balance sheet							
Lending to the general public	10,004	5,673	25	4,356	631	6,376	27,065

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

Q3 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	162	152	1	104	23	53	495
Interest expenses	-33	-51	0	-16	-3	-23	-126
Total net interest income	129	101	1	88	20	30	369
Commission income	5	7	0	6	0	0	18
Net profit from financial transactions ²	-3	-4	0	-2	0	0	-8
Total operating income	131	104	1	92	20	30	379
General administrative expenses	-50	-36	0	-24	-4	-6	-120
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-4	-3	0	-2	0	0	-9
Other operating expenses	-20	-13	0	-8	0	-3	-44
Total operating expenses	-74	-52	1	-34	-4	-9	-173
Profit before credit losses	57	52	1	58	16	21	206
Net credit losses	-7	-22	2	-15	-5	1	-46
Operating profit	50	30	3	43	11	22	160
Balance sheet							
Lending to the general public	7,594	5,830	34	4,246	890	5,206	23,801

Q1-Q3 2020	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	595	456	0	335	51	200	1,637
Interest expenses	-117	-120	0	-13	-18	-60	-328
Total net interest income	478	336	0	322	33	140	1,309
Commission income	22	15	0	15	0	0	52
Net profit from financial transactions ²	-3	6	0	0	0	-2	-5
Total operating income	496	357	0	337	33	138	1,356
General administrative expenses	-161	-106	0	-67	-8	-23	-365
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-10	-5	0	-4	0	0	-19
Other operating expenses	-52	-39	0	-12	0	-16	-119
Total operating expenses	-222	-150	0	-84	-8	-39	-503
Profit before credit losses	274	207	0	253	25	99	853
Net credit losses	-92	-109	4	-117	-14	-1	-329
Operating profit	181	98	4	136	10	98	524
Balance sheet							
Lending to the general public	10,004	5,673	25	4,356	631	6,376	27,065

Q1-Q3 2019	Sweden	Norway	Denmark	Finland	Germany	SHP	TOTAL
Income statement							
Interest income ¹	451	443	2	312	73	146	1,427
Interest expenses	-81	-132	0	-46	-10	-65	-334
Total net interest income	370	311	2	266	63	81	1,093
Commission income	15	20	0	16	0	0	51
Net profit from financial transactions ²	-5	-6	0	-2	0	0	1
Total operating income	380	325	2	280	63	81	1,145
General administrative expenses	-157	-125	-1	-82	-19	-41	-425
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	-10	-8	0	-6	-1	0	-25
Other operating expenses	-57	-35	0	-27	-4	-16	-139
Total operating expenses	-224	-168	-1	-115	-24	-57	-589
Profit before credit losses	156	157	1	165	39	24	556
Net credit losses	-33	-73	5	-45	-22	0	-168
Operating profit	123	84	6	120	17	24	388
Balance sheet							
Lending to the general public	7,594	5,830	34	4,246	890	5,206	23,801

¹ Interest income refers to revenues from external customers.

² FX effects amount to -6 MSEK for Q1-Q3 2020 (1 MSEK) and is not allocated.

Note 9 Pledged assets

All amounts are in MSEK	GROUP		PARENT COMPANY	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Pledged assets for own liabilities				
Lending to the general public	6,785	9,482	3,195	4,050
Lending to credit institutions	253	385	201	198
Total	7,038	9,867	3,396	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

On the earliest redemption date, 15 October 2020, Nordax subsidiary Nordax Nordic 4 AB redeemed all the outstanding bonds in Scandinavian Consumer Loans VI ("SCL VI") through a repayment to investors. The repaid amount was NOK 1,302 million including interest.

As of October 16, 2020, Nordax Group's owner NDX Intressenter AB (559097-5743) has changed its name to Nordax Holding AB.

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-September 2020 provides a fair overview of the Parent Company's and the Group's operations, financial position and results and

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

Stockholm October 22, 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