

Nordax Bank AB (publ)

INTERIM REPORT JANUARY-MARCH 2022

About the Group, Nordax Bank AB (publ)

THE ACQUISITION OF BANK NORWEGIAN

In November 2021, the acquisition of Bank Norwegian was completed, making Nordax formal the owner of 100 percent of the shares and votes in the company. Two innovative businesses are now being run together, benefiting from many complementary strengths and products. As a result, Nordax now also offers credit cards and new lending in Denmark, Germany and Spain, alongside its existing products and markets. The aim is to challenge the established banks and to continue to grow as the leading specialist bank in Northern Europe. For the quarterly report of January–March 2022, this means that Bank Norwegian is fully included in the outcome for the Group, but that it is missing in the corresponding comparison period.

ABOUT THE GROUP

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.nordaxgroup.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 Nordax Holding AB (publ), which is primarily owned directly and indirectly by Nordic Capital Fund VIII and Sampo Oyi. On December 31, Nordax Group AB (publ) controlled 100 per cent of the shares in the Company. This is Nordax’s nineteenth financial year.

The Nordax Bank Group consists of Nordax Bank AB (publ), Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd, as well as Svensk Hypotekspension AB and its subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ). Nordax Sverige AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB and Nordax Nordic 4 AB (publ) are also part of the Group.

Nordax Bank AB was authorized 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).

Using a centralized business model and an organization based in Stockholm, Nordax conducts cross-border banking activities 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.

Subsidiary Bank Norwegian ASA, which is subject to the supervisory authority of Finanstilsynet (the Financial Supervisory Authority of Norway), conducts banking activities in Norway, alongside cross-border banking activities in Sweden, Finland, Denmark, Germany and Spain in accordance with the above Directive. Nordax’s main business consists of lending to the general public in the Nordic countries, Germany and Spain. Although Nordax previously operated in Germany to a small extent, it was in 2021,

through its subsidiary Bank Norwegian, that new lending was launched on these non-Nordic markets. Lending consists of unsecured loans up to the equivalent of SEK 600,000, NOK 600,000, DKK 400,000 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 finalized the acquisition of Svensk Hypotekspension AB (SHP). SHP offers secured loans against residential property to Swedes aged 60 and older through the Hypotekspension equity release mortgage. Nordax has now also been able to offer credit cards in the Nordic countries, Germany and Spain since November 2021 through its subsidiary Bank Norwegian. Nordax also offers savings accounts to the general public in Sweden, Norway, Finland, Germany, Spain and the Netherlands. Deposits in savings accounts are one element of Nordax’s diversified financing platform, which also consists of asset-backed securities, financing against collateral from international banks, bonds, equity and subordinated liabilities.

DEVELOPMENT JANUARY – MARCH

Personal loans and creditcards

During the first quarter, Nordax’s portfolios of both private loans and credit cards continued to show good growth. As at 31 March, the total volume of personal loans and credit cards amounted to SEK 61.5 billion (SEK 58.0 billion as at 31 December 2021).

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 5.6 billion as of 31 March 2022 (5.1 billion as of 31 December 2021).

Equity release mortgages

In line with previous historical periods, the portfolio has continued to develop well during the beginning of 2022 and shows stable new lending. The market for equity release mortgages has good development potential and SHP has a strong brand within the customer group with continued great customer interest. The total portfolio of equity release mortgages amounted to SEK 7.9 billion as of 31 March 2022 (SEK 7.6 billion as of 31 December 2021).

Portfolio development

Total lending as at 31 March 2022 amounted to SEK 75.0 billion (SEK 70.7 billion as at 31 December 2021). All products contributed to the increase in volume.

Capital and liquidity

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

As at 31 March 2022, the Common Equity Tier 1 capital ratio was 15.29% (16.21%), the Tier 1 capital ratio was 17.85% (18.75%) and the total capital ratio was 19.85% (20.83%).

At the same time, the requirements amounted to a Common Equity Tier 1 capital ratio of at least 12.96%, a Tier 1 capital ratio of at least 14.54% and a total capital ratio of at least 16.66%.

The decrease in capital ratios is due to the fact that Common Equity Tier 1 capital has decreased to 9,659 MSEK (9,836) at the same time as the risk-weighted exposure amount increased to 63,161 MSEK (60,691). The decrease in capital is primarily due to the strengthening of NOK which resulted in an increased reduction for goodwill and other intangible assets related to the acquisition of Bank Norwegian. The increase in the risk-weighted exposure amount is primarily due to increased lending, and secondly to the strengthening of NOK.

On 18 March 2022, in accordance with Article 352.2 of the Supervisory Ordinance, Nordax was granted an exemption for the inclusion of NOK 7,459 million in goodwill and intangible assets in the calculation of open FX positions. These assets were related to the acquisition of Bank Norwegian. With this exception, the corresponding amount in FX swaps could be closed down, in line with the current risk management strategy. At the consolidated situation this means that the capital base is less sensitive for decreases in NOK. On behalf of Nordax Bank AB the capital requirement increases for FX risk with an amount corresponding to the FX position that was hedged with the closed FX swaps.

The leverage ratio was 10.33% (10.78%).

The liquidity reserve of the consolidated situation amounted to SEK 26.9 billion (SEK 27.8 billion) and consists mainly of covered bonds, treasury bills and investments in Nordic banks. The liquidity coverage ratio (LCR) amounts to 183.3% (124.1%). Excess liquidity from the subsidiary Bank Norwegian is not included in the calculation for the LCR of the consolidated situation. Including excess liquidity from Bank Norwegian the LCR amounts to 476.49%. Stable net financing ratio (NSFR) amounts to 132.87% (134.52%).

Nordax has a diversified financing structure with different sources of capital distributed between banks, the capital market and deposits from the public. Deposits constitute the largest source of financing and as of March 31, 2022, deposits from the public amount to 70,290 MSEK (67,424 MSEK).

For more details about capital and liquidity, see Note 5 Capital adequacy analysis.

Other events

In February 2022, the tense situation in Ukraine escalated into a full-scale war with the Russian invasion. In addition to the dire situation of the Ukrainian people and the destruction and refugee flows that this entails, this action means that there is great uncertainty in both the financial and the real economic markets, through, among other things, rapidly rising energy and fuel prices.

It is still difficult to assess how this will affect Nordax's operations and no concrete effects have yet materialized in terms of lending volumes or repayment patterns, but there is a risk that this is something that may affect the continuation of 2022 and also subsequent years. This development is something Nordax follows through, among other things, scenario analyzes and risk assessments.

During the first quarter, Svensk Hypotekspension AB, through its subsidiary Svensk Hypotekspension 5 AB (publ), raised new bilateral secured financing of 1.75 Mdkr with an international bank. The new financing was received in April and contributed to further strengthening the Group's liquidity and financing position.

Following Nordax' acquisition of Bank Norwegian in November 2021, a process to investigate a potential merger between Bank Norwegian and Nordax has started, with Nordax as the acquiring entity and the operations of Bank Norwegian continued through a Norwegian branch. Preparatory discussions and procedures have been initiated. Any merger will be subject to formal decisions and relevant approvals.

Result January–March 2022

GROUP

Operating profit amounted to 273 MSEK (215). The increase is explained by the consolidation of Bank Norwegian and growing lending. However, the result includes negative exchange rate effects related to the strengthening of the Norwegian krone and increased costs primarily driven by integration costs related to the acquisition of Bank Norwegian.

Net interest income amounted to 1,625 MSEK (445). Net interest income increased mainly through the consolidation of Bank Norwegian. Net interest income also increased through growing lending and by the review carried out during the first quarter regarding estimated effective interest rate.

Credit losses amounted to -612 MSEK (-48), corresponding 3.4 per cent (0.7) of average lending. The increase is mainly explained by the consolidation of Bank Norwegian, but also of estimated effective interest rate.

Operating expenses amounted to -688 MSEK (-203). The increase is mainly explained by the consolidation of Bank Norge, but also by investments in operations, increased personnel costs and sales-related costs.

PARENT COMPANY

Operating profit amounted to 95 MSEK (197). The decrease is explained by negative exchange rate effects related to the strengthening of the Norwegian krone and by increased costs.

Net interest income amounted to 449 MSEK (387). Net interest income increased mainly due to increased lending. The review carried out during the first quarter regarding estimated effective interest rate also had a positive effect but at the same time net interest income was negatively affected by increased financing costs.

Credit losses amounted to -118 MSEK (-47), corresponding 1.7 per cent (0.9) of average lending. The change is primarily explained by estimated effective interest rate.

Operating expenses amounted to -244 MSEK (-184). The increase is explained by investments in operations, increased personnel costs and sales-related costs.

Risks and internal control

RISKS AND UNCERTAINTIES

Bank Norwegian AS was acquired in 2021, increasing the scope and complexity of the new consolidated situation's business and risks. This increased complexity is apparent, for example, in the addition of new Norwegian companies that comply with Norwegian law and the Norwegian implementation of governing regulations. This places greater demands on compliance but is fully in line with the Group's aim to achieve a high level of compliance with often complex regulations. Large-scale efforts have been executed during the period to establish a new Group-wide framework for risk appetite and risk management, as well as to increase the general level of Governance Risk and Compliance maturity within the Group in order to handle the greater complexity and meet the new and increased requirements that apply to the Group.

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, compliance risks, the risk of exposure to financial crime and business risks.

As the business of Bank Norwegian is conducted in Norway by a Norwegian group operating in several currency areas in Europe, the acquisition has resulted in a significantly increased market risk, which has prompted a greater focus in the business on the good management of market risk. The Group's derivatives, which comprise interest rate swaps and

currency swaps, have been entered into in order to hedge the risks relating to interest rate and exchange rate exposures that arise in the Group's operations. All derivatives are measured at fair value in the statement of financial position.

The Group's overall risk policy and risk appetite policy set out the Group's appetite for each risk and the relevant strategy, as well as roles and responsibilities, for managing the risk.

INTERNAL CONTROL

The Group has established an organization of independent risk control and compliance functions 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) as well as the European Banking Authority's Guidelines on internal governance. The risk control and compliance work within the Group is led and coordinated by the Board's appointed Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) respectively. Significant companies in the Group have their own autonomous control functions with independent areas of responsibility. All independent control functions report directly to their respective Boards of Directors and CEOs. The internal audit was performed during the period by PwC until December 2021 when the internal audit assignment was taken over by EY.

Key Figures

GROUP	Q1	Q4	Q1
	2022	2021	2021
Common Equity Tier 1 Capital Ratio in %	15.3	16.2	15.9
Return on equity in %	4.5	-18.4	19.6
Net credit loss level %	3.4	7.0	0.7
Credit losses in % excl. initial effect of acquisitions	-	2.8	-
Cost to income ratio %	44	82	44
C/I ratio in % excl. acquisition costs	-	41	-
Number of employees ¹	523	474	332

PARENT COMPANY	Q1	Q3	Q1
	2022	2021	2021
Common Equity Tier 1 Capital Ratio in %	17.6	21.2	17.0
Return on equity in %	5.0	18.8	19.9
Net credit loss level in %	1.7	1.6	0.9
Cost to Income ratio in %	53	27	43
Number of employees ¹	387	348	315

¹ Number of employees is recalculated to full time employees.

Consolidated income statement

GROUP		Q1	Q4	Q1
All amounts in MSEK	Note	2022	2021	2021
Operating income				
Interest income	8	1,858	1,370	535
Interest expense	8	-233	-190	-90
Total net interest income		1,625	1,180	445
Commission income	8	69	107	19
Net profit from financial transactions	8	-121	-62	2
Other operating income		0	0	-
Total operating income		1,573	1,225	466
Operating expenses				
General administrative expenses	8	-393	-813	-155
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	8	-63	-43	-7
Other operating expenses	8	-232	-148	-41
Total operating expenses		-688	-1,004	-203
Profit before credit losses		885	221	263
Net credit losses ¹	3,8	-612	-362	-48
Credit losses, initial effect of acquisitions ²		-	-537	-
Operating profit		273	-678	215
Tax on profit for the period		-60	157	-47
NET PROFIT FOR THE PERIOD		213	-521	168

Consolidated statement of comprehensive income

All amounts in MSEK	Note	Q1	Q4	Q1
		2022	2021	2021
Items to be reclassified in the income statement				
Gains and losses on revaluation during the year		116	3	-
Tax on gains and losses on revaluation during the year		-25	0	-
Total cash flow hedges		91	3	-
Translation of foreign subsidiaries		750	402	-
Hedge accounting of net investment before tax		-893	-369	-
Tax		182	76	-
Total translation differences		39	109	-
Items not to be reclassified in the income statement				
Changes in value of other shares		-	-	-
Total		-	-	-
Total other comprehensive income		130	112	-
COMPREHENSIVE INCOME		343	-409	168
Attributable to:				
The Parent Company's shareholders		310	-426	168
Holders of Tier 1 capital		33	17	-

¹ Refers to expected credit losses excluding the initial effect of acquisitions

² Refers to expected credit losses in relation to the initial effect of the acquisition of Bank Norwegian, as the acquisition of Bank Norwegian increase the Nordax Group's lending to the general public of MSEK 36,398.

Parent Company income statement

PARENT COMPANY		Q1	Q4	Q1
All amounts in MSEK	Note	2022	2021	2021
Operating income				
Interest income		635	533	482
Interest expense		-186	-184	-95
Total net interest income		449	349	387
Received group contribution		-	387	-
Commission income		15	16	17
Net profit from financial transactions		-94	-60	2
Other operating income ¹		87	96	22
Total operating income		457	788	428
Operating expenses				
General administrative expenses		-193	-172	-151
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-2	-3	-2
Other operating expenses		-49	-40	-31
Total operating expenses		-244	-215	-184
Profit before credit losses		213	573	244
Net credit losses	3	-118	-105	-47
Operating profit		95	468	197
Tax on profit for the period		146	59	-43
NET PROFIT FOR THE PERIOD		241	527	154

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

Parent company statement of comprehensive income

All amounts in MSEK	Note	Q1	Q4	Q1
		2022	2021	2021
Items to be reclassified in the income statement				
Gains and losses on revaluation during the year		57	3	-
Tax on gains and losses on revaluation during the year		-11	0	-
Total cash flow hedges		46	3	-
Items not to be reclassified in the income statement				
Changes in value of other shares		-	-	-
Total		-	-	-
Total other comprehensive income		46	3	-
COMPREHENSIVE INCOME		287	530	154
Attributable to:				
The Parent Company's shareholders		270	513	154
Holders of Tier 1 capital		17	17	-

Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP		PARENT COMPANY	
		31 March 2022	31 December 2021	31 March 2022	31 December 2021
ASSETS					
Lending to central banks	6,7	1,668	1,924	879	1,088
Lending to credit institutions	6,7,9	3,515	3,080	2,452	1,503
Lending to the general public	4,6-9	75,029	70,681	29,047	26,647
Bonds and other fixed-income securities	6,7	21,609	23,318	3,037	2,531
Derivatives	6,7	397	140	124	3
Shares in subsidiaries		-	-	21,115	21,115
Change in the value of currency-hedged shares in subsidiaries		-	-	1,189	369
Other shares	6,7	156	154	127	127
Intangible assets		9,294	9,044	7	8
Tangible assets		10	11	6	7
Right-of-use assets		79	82	-	-
Current tax assets		2	2	56	51
Deffered tax assets		-	-	197	15
Other assets	6,7	641	81	2,513	1,670
Prepaid expenses and accrued income		61	63	37	38
TOTAL ASSETS		112,461	108,580	60,786	55,172
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	6,7	6,775	6,609	-	-
Deposits from the general public	6,7	70,290	67,424	33,908	30,035
Issued securities	6,7	11,497	10,866	2,180	1,480
Liabilities to securitization firms ¹		-	-	2,550	2,528
Derivatives	6,7	733	437	529	295
Current tax liabilities		263	485	-	-
Deferred tax liability		648	787	13	1
Other liabilities	6,7	802	810	1,104	527
Accrued expenses and deferred income		417	476	146	244
Subordinated liabilities	6,7	1,747	1,733	979	972
Total liabilities		93,172	89,627	41,409	36,082
Equity					
Share capital		73	73	73	73
Other reserves		4,476	4,476	4,476	4,476
Other funds		-	-	3	5
Fair value reserve		35	35	35	35
Cash flow hedges		92	3	48	3
Tier 1 capital instruments		1,778	1,757	1,325	1,320
Translation of foreign operations, net		133	109	-	-
Retained earnings, incl. profit for the year ²		12,702	12,500	13,417	13,178
Total equity		19,289	18,953	19,377	19,090
TOTAL LIABILITIES, PROVISIONS AND EQUITY		112,461	108,580	60,786	55,172

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

² Whereof shareholder contributions SEK 9,450 million. (the contingent shareholder contribution amounts to SEK 8,449 million)

Statement of cash flows

GROUP	JAN-MAR	JAN-MAR
All amounts are in MSEK	2022	2021
Operating activities		
Operating profit ¹	273	215
<i>Adjustment for non-cash items</i>		
Exchange rate effects	31	-39
Depreciation, amortization and impairment of property, plant & equipment	61	7
Amortization of financing costs	5	1
Reversal of acquired surplus value in lending to the general public	48	1
Unrealized changes in value of bonds and other fixed income securities	-779	1
Net changes in hedged items in hedge accounting	-620	-
Credit losses	760	168
Income tax paid	-301	-42
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-4,124	-1,037
Decrease/Increase in other assets	-571	-6
Decrease/Increase in deposits from the general public	1,890	3,200
Decrease/Increase in other liabilities	-225	29
Cash flow from operating activities	-3,552	2,498
Investing activities		
Purchase of shares	-1	-
Purchase of equipment & intangible assets	-5	-1
Investment in bonds and other interest bearing securities	-10,792	-446
Sale/disposal of bonds and other fixed income securities	13,932	373
Cash flow from investing activities	3,134	-74
Financing activities		
Change to liability to credit institutions	167	-255
Change issued securities	361	0
Change subordinated liabilities	-19	1
Tier 1 capital dividend ²	-7	-
Cash flow from financing activities	502	-254
Cash flow for the period	84	2,170
Cash and cash equivalents at the beginning of the period	5,004	1,829
Exchange rate differences and cash equivalents	95	21
Cash and cash equivalents at the end of the period	5,183	4,020

¹ Whereof received interest 1,584 MSEK (419 MSEK) and paid interest 419 MSEK (75 MSEK).

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

Cash and cash equivalents is defined as lending to central banks excluding rix certificates and lending to credit institutions. Pledged cash and cash equivalents under Note 9 are available to Nordax in connection with monthly settlement under financing agreements and are therefore defined as cash and cash equivalents due to being pledged for a maximum of 30 days and therefore short-term.

Statement of changes in equity

GROUP

All amounts are in MSEK	Share capital	Other reserves	Translation of foreign operations	Fair value reserv	Cash flow hedges	Retained earning	Sum	Tier 1 capital instruments	TOTAL
OPENING BALANCE 1 JANUARY 2021	50	7		35		3,260	3,352		3,352
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	-40	-40	17	-23
Other comprehensive income	-	-	109	-	3	-	112	-	112
Total comprehensive income	-	-	109	-	3	-40	72	17	89
Reclassification	-	-	-	0	-	-5	-5	-	-5
Tier 1 capital instruments acquired ¹	-	-	-	-	-	-	-	428	428
Tier 1 capital instruments issued ¹	-	-	-	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments ¹	-	-	-	-	-	-10	-10	-4	-14
Transactions with shareholders									
Non-cash issue ²	23	4,469	-	-	-	-	4,492	-	4,492
New share issue ³	0	-	-	-	-	-	0	-	0
Shareholder contribution ³	-	-	-	-	-	9,450	9,450	-	9,450
Capital contributions	-	-	-	-	-	-6	-6	-	-6
Tax effect on capital contribution	-	-	-	-	-	1	1	-	1
Dividend to parent company	-	-	-	-	-	-150	-150	-	-150
Total transactons with shareholders	23	4,469	-	-	-	9,295	13,787	-	13,787
CLOSING BALANCE 31 DECEMBER 2021	73	4,476	109	35	3	12,500	17,196	1,757	18,953
OPENING BALANCE 1 JANUARY 2022	73	4,476	109	35	3	12,500	17,196	1,757	18,953
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	196	196	17	213
Other comprehensive income	-	-	24	-	89	-	113	16	130
Total comprehensive income	-	-	24	-	89	196	309	33	343
Change in Tier 1 capital instruments	-	-	-	-	-	6	6	-12	-6
CLOSING BALANCE 31 MARCH 2022	73	4,476	133	35	92	12,702	17,511	1,778	19,289

¹Instruments issued are deemed to meet the conditions for an equity instrument, of which MSEK 437 relating to Tier 1 capital instruments in Bank Norwegian as at 31 December 2021, corresponding MSEK 428 at the time of acquisition.

²A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.

³New share issue and shareholder contributions have been received as part of the financing of the acquisition of Bank Norwegian. The contingent shareholder contribution amounts to MSEK 8,449.

Statement of changes in equity

PARENT COMPANY

All amounts are in MSEK	Restricted equity			Non-restricted equity			Sum	Tier1 capital instruments	TOTAL
	Share capital	Other reserves	Other Funds	Fair value reserve	Cash flow hedges	Retained Earnings			
OPENING BALANCE 1 JANUARY 2021	50	7	10	35	-	2,917	3,019	-	3,019
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	971	971	11	982
Other comprehensive income	-	-	-	-	3	-	3	-	3
Total comprehensive income	-	-	-	-	3	971	974	11	985
Reclassification	-	-	-	0	-	-10	-10	-	-10
Tier 1 capital instruments issued ¹	-	-	-	-	-	-	-	1,316	1,316
Change in Tier 1 capital instruments ¹	-	-	-	-	-	-	-	-7	-7
Other reserves									
Capitalization	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-5	-	-	5	-	-	-
Total other reserves	-	-	-5	-	-	5	-	-	-
Transactions with shareholders									
Non-cash issue ²	23	4,469	-	-	-	-	4,492	-	4,492
New share issue ³	0	-	-	-	-	-	0	-	0
Shareholder contribution ³	-	-	-	-	-	9,450	9,450	-	9,450
Capital contributions	-	-	-	-	-	-6	-6	-	-6
Tax effect on capital contribution	-	-	-	-	-	1	1	-	1
Dividend to parent company	-	-	-	-	-	-150	-150	-	-150
Total transactions with shareholders	23	4,469	-	-	-	9,295	13,787	-	13,787
CLOSING BALANCE 31 DECEMBER 2021	73	4,476	5	35	3	13,178	17,770	1,320	19,090
OPENING BALANCE 1 JANUARY 2022	73	4,476	5	35	3	13,178	17,770	1,320	19,090
Comprehensive income									
Net profit/loss for the year	-	-	-	-	-	224	224	17	241
Other comprehensive income	-	-	-	-	45	1	46	-	46
Total comprehensive income	-	-	-	-	45	225	270	17	287
Change in Tier 1 capital instruments	-	-	-	-	-	12	12	-12	-
Other reserves									
Capitalization	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-2	-	-	2	-	-	-
Total other reserves	-	-	-2	-	-	2	-	-	-
CLOSING BALANCE 31 MARCH 2022	73	4,476	3	35	48	13,417	18,052	1,325	19,377

¹Instruments issued are deemed to meet the conditions for an equity instrument, of which MSEK 437 relating to Tier 1 capital instruments in Bank Norwegian as at 31 December 2021, corresponding 428 MSEK at the time of acquisition.

²A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.

³New share issue and shareholder contributions have been received as part of the financing of the acquisition of Bank Norwegian. The contingent shareholder contribution amounts to MSEK 8,449.

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

The Group's business is to conduct lending to the general public in the form of personal loans, mortgage loans, equity release mortgages and credit cards in the Nordic countries, Germany and Spain. Some of the subsidiaries' operations involve the acquisition of loan portfolios originating from Nordax Bank AB (publ) and Svensk Hypotekspension AB for the purpose of raising loan or bond financing. Some of these companies are dormant and currently do not conduct any operations.

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.

The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act. The Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities has also been applied.

Changed accounting policies that have applied as of 2022

During the period, no accounting standards were added, which have been published but not yet applied, with any significant effect on the Group's financial reports or on capital adequacy and large exposures. For the Group, fair value hedging has been expanded and from 2022 is also applied for changes in currency regarding lending to the public.

The report has otherwise been prepared in accordance with the same accounting principles and calculation methods that were applied in the annual report for 2021.

Note 3 Credit risk

GROUP	Q1 2022	Q4 2021	Q1 2021
All amounts in MSEK			
Credit losses, net - lending to the general public			
Stage 1	1	-305	1
<i>of which initial effect of acquisitions¹</i>	-	-304	-
Stage 2	-13	-253	36
<i>of which initial effect of acquisitions¹</i>	-	-233	-
Stage 3	-600	-341	-85
Total credit losses	-612	-899	-48
<i>Total of which initial effects of acquisitions¹</i>	<i>-</i>	<i>-537</i>	<i>-</i>

PARENT COMPANY	Q1 2022	Q4 2021	Q1 2021
All amounts in MSEK			
Credit losses, net - lending to the general public			
Stage 1	25	-3	2
Stage 2	0	-22	36
Stage 3	-143	-80	-85
Total credit losses	-118	-105	-47

¹Lending to the general public is measured at its fair value in the acquisition of Bank Norwegian on 2 November 2021. For Stage 1 lending acquired, an initial ECL of MSEK 537 has been recognised in connection with the acquisition.

Note 4 Lending to the general public

GROUP

31 March 2022	Sweden	SHP	Norway	Finland	Denmark	Germany and Spain	TOTAL	Allocation of provision past due receivables	
Stage 1	20,587	7,892	17,298	13,315	4,816	810	64,718	-683	1%
Stage 2	1,282	19	1,251	1,274	137	40	4,003	-458	11%
Stage 3	3,255	3	4,812	4,537	504	243	13,354	-5,905	44%
Total	25,124	7,914	23,361	19,126	5,457	1,093	82,075	-7,046	9%
Reserve	-1,960	-10	-2,164	-2,235	-460	-217	-7,046		
Total lending to the general public	23,164	7,904	21,197	16,891	4,997	876	75,029		

GROUP

31 December 2021	Sweden	SHP	Norway	Finland	Denmark	Germany and Spain	TOTAL	Allocation of provision past due receivables	
Stage 1	19,050	7,612	16,469	12,626	4,466	489	60,712	-678	1%
Stage 2	1,264	18	1,092	1,253	134	29	3,790	-437	12%
Stage 3	3,030	3	4,604	4,638	456	242	12,973	-5,679	44%
Total	23,344	7,633	22,165	18,517	5,056	760	77,475	-6,794	9%
Reserve	-1,869	-8	-2,019	-2,250	-442	-206	-6,794		
Total lending to the general public	21,475	7,625	20,146	16,267	4,614	554	70,681		

The acquisition of Bank Norwegian included Stage 3 lending of MSEK 7,903 gross and MSEK 4,912 net. The lending acquired has reduced, but as a result of a strengthening in NOK since the acquisition, the Stage 3 lending acquired amounts to MSEK 8,018 gross and MSEK 4,966 net as at 31 December 2021. These have been reported gross in the table above.

PARENT COMPANY

31 March 2022	Sweden	Norway	Finland	Germany	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	14,863	5,732	4,333	367	-	25,295	-343	1%
Stage 2	824	397	215	24	-	1,460	-192	13%
Stage 3	1,945	1,909	1,381	243	295	5,573	-2,946	51%
Total	17,632	8,038	5,929	634	295	32,528	-3,481	11%
Reserve	-1,266	-1,028	-714	-199	-274	-3,481		
Total lending to the general public	16,366	7,010	5,215	435	21	29,047		

PARENT COMPANY

31 December 2020	Sweden	Norway	Finland	Germany	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	13,525	5,289	3,940	386	-	23,140	-361	2%
Stage 2	783	334	222	29	-	1,368	-190	14%
Stage 3	1,794	1,846	1,335	242	295	5,512	-2,822	51%
Total	16,102	7,469	5,497	657	295	30,020	-3,373	11%
Reserve	-1,183	-1,010	-705	-202	-273	-3,373		
Total lending to the general public	14,919	6,459	4,792	455	22	26,647		

Note 5 Capital adequacy analysis

The capital adequacy information contained in this document relates to such information as is required to be disclosed in accordance with Chapter 8, Section 4 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual accounts for credit institutions and securities companies (FFFS 2008:25) relating to information in Article 447 of Regulation (EU) No 575/2013, as well as Chapter 8, Section 1 of the Swedish Financial Supervisory Authority's regulations and general guidelines regarding prudential requirements and capital buffers (FFFS 2014:12), as well as such information as is required to be disclosed in accordance with Chapter 5, Section 2 of the Swedish Financial Supervisory Authority's regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7).

Other information that is required in accordance with EBA/GL/2018/01 is disclosed on the website www.nordaxgroup.com.

Combined buffer requirement

The combined buffer requirement for the consolidated situation comprises a capital conservation buffer and a countercyclical capital buffer. A systemic risk buffer has also been added as of November 2021 in connection with the acquisition of Bank Norwegian. The capital conservation buffer requirement is 2.5 percent of the risk-weighted exposure amount. The countercyclical capital buffer is weighted according to geographical requirements. There were no changes in respect of the countercyclical capital buffer during the quarter. The requirement for Denmark, Finland, Spain, Sweden and Germany was 0%, while the requirement for Norway was 1%. The systemic risk buffers 3% of Bank Norwegian's total risk-weighted exposure amount.

Information about the corporate structure

The parent company in the consolidated situation is Nordax Holding AB (publ). The following companies are included in the consolidated situation when calculating capital requirements: Nordax Holding AB, Nordax Group AB, Nordax Bank AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ), Nordax Sverige 5 AB (publ), Nordax Nordic 2 AB, Nordax Nordic 4 AB (publ), Svensk Hypotekspension AB and its subsidiaries Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ), as well as Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd.

There were changes to the consolidated situation in November 2021 when Nordax Bank AB acquired Bank Norwegian ASA. As a result of this change, Bank Norwegian ASA and its subsidiary Lilienthal Finance Ltd are included in the consolidated situation. The acquisition was financed by Nordax Holding AB (publ) making a new issue of shares with a value amounting to NOK 9.7 billion. In addition to this Nordax Holding AB also issued 1.4 MDKR Other Tier 1 capital and 650 MSEK in Supplementary Capital, which were subscribed for by external investors. Subsequently, Nordax Group issued AB corresponding instruments and amounts subscribed by Nordax Holding AB (publ). Nordax Bank AB then issued corresponding amounts and instruments subscribed by Nordax Group AB. Nordax Bank also financed the acquisition via a non-cash issue of Bank Norwegian shares with a value amounting to 4.4 MDKR, unconditional shareholder contributions of SEK 1 MDKR and conditional shareholder contributions of 8.4 MDKR. In addition to the above, Bank Norwegian's part of Other Tier 1 capital of MSEK 292 and Supplementary capital of MSEK 526 and Nordax Bank's supplementary capital of 114 MSEK. are also included in the consolidated situation's capital base. On behalf of Nordax Bank, the capital requirement increased due to the shareholding in Bank Norwegian, while at the consolidated level, the capital requirement was increased by including Bank Norwegian's assets.

All amounts in MSEK	CONSOLIDERAD SITUATION		NORDAX BANK AB	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
OWN FUNDS				
Common Equity Tier 1 capital	22,566	22,409	9,740	9,360
Deduction from own funds	-12,906	-12,573	-58	-11
Total Common Equity Tier 1 capital	9,659	9,836	9,682	9,349
Tier 1 Capital, minority ⁴	1,617	1,545	1,325	1,320
Sum Tier 1 Capital	11,276	11,381	11,007	10,669
Tier 2 Capital ³	1,259	1,261	979	972
Net own funds	12,536	12,642	11,986	11,641
Risk exposure amount for credit risk	57,461	54,965	44,304	41,340
Risk exposure amount for market risk	0	0	9,021	1,145
Risk exposure amount for market risk	5,526	5,526	1,495	1,495
CVA	174	200	104	130
Total risk exposure amount (risk weighted assets)	63,161	60,691	54,924	44,110
Capital relations and buffers				
Common Equity Tier 1 capital ratio	15,29%	16,21%	17,63%	21,20%
Tier 1 capital ratio	17,85%	18,75%	20,04%	24,19%
Total capital ratio	19,85%	20,83%	21,82%	26,39%
Total Common Equity Tier 1 capital requirement including buffer requirement	9,14%	9,22%	7,60%	7,60%
- of which, capital conservation buffer requirement	2,50%	2,50%	2,50%	2,50%
- of which, countercyclical capital buffers	0,30%	0,31%	0,60%	0,60%
-of which systemic risk buffer	1,84%	1,91%	-	-
Common Equity Tier 1 capital available for use as buffer ¹	8,29%	9,21%	10,63%	14,20%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	20,920	20,920	4,552	4,553
- of which share capital	2	2	73	73
- of which other contributed capital	20,918	20,918	4,476	4,476
- of which other funds	-	-	3	4
Retained earnings	464	612	4,727	3,547
Other comprehensive income	-	-	-	-
Deferred tax liabilities attributable to other intangible assets	599	593	-	-
Other transition adj. of common equity Tier 1 capital	137	275	138	240
Minority interest	-	-	-	-
Independently audited interim results after deductions foreseeable dividends	445	9	324	1,020
Common Equity Tier 1 capital before regulatory adj.	22,566	22,409	9,740	9,360
Regulatory adjustments:				
(-)Intangible assets	-12,791	-12,550	-7	-8
(-)Common Equity Tier 1 instruments in the units in the financial sector where the institution does not have a significant holding	-	-	-	-
Prudent valuation	-115	-23	-52	-3
Total regulatory adjustment to Common Equity Tier 1	-12,906	-12,573	-58	-11
Common Equity Tier 1	9,659	9,836	9,682	9,349
Tier 1 capital				
-Tier 1	1,325	1,332	1,325	1,320
-Tier 1, minority	292	213	-	-
Tier 1 capital, total	11,276	11,381	11,007	10,669
Tier 2 capital instrument				
Tier 2 capital instrument	620	634	979	972
Tier 2 capital	620	627	-	-
Total capital	12,536	12,642	11,986	11,641
Total risk weighted assets	63,161	60,691	54,924	44,110
Specification of risk exposure amount²				
Exposures to national governments and central banks	557	187	493	129
Exposures to regional governments and local authorities	786	1,159	-	-
Institutional exposures	899	972	584	353
Covered bonds	746	1,191	131	134
Household exposures	40,733	38,220	15,424	14,121
Exposures secured by mortgages on immovable property	4,758	4,464	1,968	1,771
Equity exposures	156	154	22,430	21,611
Past due items	8,450	8,310	3,075	2,916
Corporate exposures	-	-	-	-
Other items	376	507	199	305
Total risk exposure amount for credit risk, Standardized Approach	57,461	54,964	44,304	41,340

All amounts in MSEK	CONSOLIDERAD SITUATION		NORDAX BANK AB	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
Exchange rate risk	0	0	9,021	1,145
Total risk exposure amount for market risk	0	0	9,021	1,145
Operative risk according to alternative Standardized Method	5,526	5,526	1,495	1,495
Total risk exposure amount for operational risks	5,526	5,526	1,495	1,495
Credit valuation adjustment risk (CVA)	174	200	104	130
Total risk exposure amount for credit valuation adjustment risk	174	200	104	130
Total risk exposure amount	63,161	60,691	54,924	44,110
Specifikation capital requirement²				
Creditrisk				
Exposures to national governments and central banks	45	15	39	10
Exposures to regional governments and local authorities	63	93	0	0
Institutional exposures	72	78	47	28
Covered bonds	60	95	10	11
Household exposures	3,258	3,057	1,234	1,130
Exposures secured by mortgages on immovable property	381	357	157	142
Equity exposures	12	12	1,794	1,729
Past due items	676	665	246	233
Corporate exposures	0	0	-	0
Other items	30	41	16	24
Total capital requirement for creditrisk	4,597	4,397	3,544	3,307
Market risk				
Exchange rate risk	0	0	722	92
Total risk exposure amount for market risk	0	0	722	92
Operational risk				
Operational risk	442	442	120	120
Total risk exposure amount for operational risks	442	442	120	120
Credit valuation adjustment risk (CVA)				
Credit valuation adjustment risk (CVA)	14	16	8	10
Total capital requirement for CVA risk	14	16	8	10
Total Capital Requirement	5,053	4,855	4,394	3,529
Capital Requirement, percent of risk exposure amount				
Pillar 1	8,00%	8,00%	8,00%	8,00%
Pillar 2	4,02%	4,76%	0,86%	1,04%
Capital conservation buffer	2,50%	2,50%	2,50%	2,50%
Institute-specific countercyclical buffer	0,30%	0,31%	0,60%	0,60%
Systemic risk buffer - Norway	1,84%	1,91%	-	-
Total Capital Requirement	16,66%	17,48%	11,96%	12,14%
Capital Requirement, MSEK				
Pillar 1	5,053	4,855	4,394	3,529
Pillar 2	2,538	2,892	473	460
Capital conservation buffer	1,579	1,517	1,373	1,102
Institute-specific countercyclical buffer	188	185	328	266
Systemic risk buffer - Norway	1,164	1,159	-	-
Capital Requirement	10,523	10,608	6,567	5,357
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	109,173	105,585	58,822	54,123
Tier 1 capital	11,276	11,381	11,007	10,669
Leverage ratio	10,33%	10,78%	18,71%	19,71%
Requirements for leverage ratio, MSEK	3,275	3,168	1,765	1,624
Requirements for leverage ratio, percentage	3%	3%	3%	3%

¹Common Equity Tier 1 capital available for use as a buffer less Common Equity Tier 1 capital used to fulfil the own funds requirement under Pillar 1 and the capital conservation buffer. Indicated as a percentage of the risk-weighted exposure amount.

²The capital requirement amounts to 8% of the risk exposure amount in accordance with Regulation (EU) No 575/2013.

³The debenture loans of Nordax Bank and Bank Norwegian may only be included in the consolidated situation's own funds at the proportion required to cover each bank's capital requirements. As at 31 December 2021, the eligible Tier 2 capital was therefore MSEK 156 from Nordax and MSEK 472 from Bank Norwegian. During October and November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued additional Tier 2 capital with a value of MSEK 650.

⁴During November 2021, Nordax Bank AB, Nordax Group AB and Nordax Holding AB issued other Tier 1 capital of MSEK 1,400. Other Tier 1 capital of Bank Norwegian is included at an amount of MSEK 292.

⁵Nordax Bank AB and the consolidated situation have decided to apply the transitional arrangements under Article 473a of Regulation (EU) No 575/2013 pursuant to paragraphs 2 and 4.

Template EU KM1 - Key metrics template

CONSOLIDATED SITUATION

All amounts in MSEK		a	b	c	d	e
		20220331	20211231	20210930	20210630	
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	9,659	9,836	3,671	3,597	
2	Tier 1 capital	11,276	11,381	3,671	3,597	
3	Total capital	12,536	12,642	3,894	3,814	
Risk-weighted exposure amounts						
4	Total risk exposure amounts	63,161	60,691	23,535	22,414	
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	15.29%	16.21%	15.60%	16.05%	
6	Tier 1 ratio (%)	17.85%	18.75%	15.60%	16.05%	
7	Total capital ratio (%)	19.85%	20.83%	16.55%	17.02%	
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.56%	3.69%	-	-	
EU 7b	of which: to be made up of CET1 capital (percentage points)	3.56%	3.69%	-	-	
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	-	-	
EU 7d	Total SREP own funds requirements (%)	11.56%	11.69%	8%	8%	
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-	-	-	
9	Institution specific countercyclical capital buffer (%)	0.30%	0.31%	0.21%	0.20%	
EU 9a	Systemic risk buffer (%)	-	-	-	-	
10	Global Systemically Important Institution buffer (%)	-	-	-	-	
EU 10a	Other Systemically Important Institution buffer (%)	1.84%	1.91%	-	-	
11	Combined buffer requirement (%)	4.64%	4.72%	2.71%	2.70%	
EU 11a	Overall capital requirements (%)	16.66%	17.48%	10.71%	10.70%	
12	CET1 available after meeting the total SREP own funds requirements (%)	7.23%	8.02%	8.55%	9.02%	
Leverage ratio						
13	Total exposure measure	109,173	105,585	41,965	39,832	
14	Leverage ratio (%)	10.33%	10.78%	8.75%	9.03%	
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	-	-	-	-	
EU 14b	of which: to be made up of CET1 capital (percentage points)	-	-	-	-	
EU 14c	Total SREP leverage ratio requirements (%)	-	-	-	-	
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	3.00%	3.00%	3.00%	3.00%	
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	
Liquidity Coverage Ratio¹						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	7,236	6,008	4,729	3,635	
EU 16a	Cash outflows - Total weighted value	5,738	3,857	2,653	2,727	
EU 16b	Cash inflows - Total weighted value	3,461	3,154	2,820	3,192	
16	Total net cash outflows (adjusted value)	2,277	964	663	682	
17	Liquidity coverage ratio (%)	317.73%	623.03%	713.04%	533.10%	
Net Stable Funding Ratio						
18	Total available stable funding	105,445	102,580	42,216	40,399	
19	Total required stable funding	79,357	76,258	33,262	31,225	
20	NSFR ratio (%)	132.87%	134.52%	127%	129.38%	

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

Internally assessed capital requirement

As at 31 March 2022, the internally assessed capital requirement in the consolidated situation amounted to MSEK 2,538 MSEK (2,892 MSEK). The total capital requirement for the period amounts to MSEK 10,523 (10,608 MSEK).

Nordax Bank's internal capital requirements are assessed using internal models for economic capital. Where applicable, methods established by the Swedish Financial Supervisory Authority are used. Through the Norwegian Financial Supervisory Authority, Bank Norwegian has received a Pillar 2 requirement of 5.8% of Bank Norwegian's total risk-weighted exposure amount, which exceeds the internally assessed capital requirements. The requirements of the Norwegian Financial Supervisory Authority have been included in the consolidated situation's total Pillar 2 requirements through the aggregation method.

Nordax has not received any Pillar 2 guidance as Swedish Financial Authority has not yet completed its Review and Evaluation process. Bank Norwegian has been recommended by the Norwegian Financial Supervisory Authority to maintain a CET1 margin of 1% of Bank Norwegian's total risk-weighted exposure amounts. As of December 31, 2021, the recommended margin was included in the Pillar 2 requirements and contributed 0.64% to the group's Pillar 2 requirements. In connection with the internal capital adequacy assessment carried out during Q1, 2022, an assessment has been made that the Financial Supervisory Authority's recommendation is not a formally decided Pillar 2 guide. The recommended margin has therefore been excluded from the Pillar 2 requirements as of March, 2022. Bank Norwegian's CET1 margin is, however, covered indirectly within the framework of Nordax's combined board and management limit (1.5%).

Leverage ratio

According to amendments to the Capital Requirements Regulation, a minimum leverage ratio requirement of 3.0 percent has been introduced as of 28 June 2021. The consolidated situation had a leverage ratio of 10.33% (10.78%), which is well above the requirement of 3%.

Information about liquidity risk

The Group defines liquidity risk as the risk of being unable to meet its payment obligations on time without a significant increase in the cost of obtaining means of payment. The Group uses asset-related financing, where portions of the Group's asset portfolios are pledged as collateral for borrowing. The Group's long-term strategy is to match the lending assets with the maturity of the liabilities. The strategy aims to achieve a diversified financing platform consisting of equity, subordinated liabilities, asset-backed securities ("ABS"), credit facilities from banks, deposits from the general public and corporate bonds.

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

- Provide a high level of matching, of both currency and

fixed-interest period, as well as of the maturity of assets and liabilities.

- Offer diversification in terms of markets, investors, instruments, maturity, currency and counterparties, as well as geographically.

- Provide a low liquidity risk and have a high possibility of refinancing on maturity, as indicated by price stability, regular issue frequency and breadth of investor base.

- Provide access to relatively large volumes in order to satisfy the need to fund a growing balance sheet.

The Group has an independent function for the control of liquidity risk. The function reports directly to the Board of Directors and the CEO. The liquidity risk is reported at each Board meeting. The cash flows are calculated that are expected to result when all assets, liabilities and off-balance-sheet items are settled. Key figures from the balance sheet (such as cash ratio, loan to deposit ratio, liquidity coverage ratio, net stable funding ratio and deposit usage) are calculated and monitored over time to highlight the financial structure and the Group's liquidity risk. The liquidity risk is measured monthly in relation to different scenarios and events (such as poorer advance rates and changed cash flows) and is highlighted on an individual basis and in combination.

The contingency funding plan contains clear divisions of responsibility and instructions for how the Group will address a liquidity crisis. The plan specifies appropriate measures for handling the consequences of different types of crisis situations and contains definitions of events that trigger and escalate the contingency plan. The contingency plan has been tested and updated.

As at 31 March 2022, Nordax consolidated situation had a Liquidity Coverage Ratio (LCR) of 183.3% (124%¹). As at the same date, the Net Stable Funding Ratio (NSFR) was 132.87% (134.52%), calculated in accordance with the definition pursuant to Regulation (EU) No 575/2013.

Nordax Holding's liquidity reserve as at 31 March 2022 was SEK 26.9 billion (SEK 27.8 billion). Of these investments, 60 % (43%) were in covered bonds, 13.46% (9%) in Nordic banks and the remainder invested in Riksbank, treasury bills and municipal bonds. The investments generally have a credit rating of between AAA and A. The average maturity of the liquidity reserve was 516 days (457).

Nordax Holding's sources of funding as at 31 March 2022 consisted of MSEK 2,250 (2,250) of funding through the asset-related bond market (securitised), MSEK 9,247 (8,605) in corporate bonds, MSEK 6,775 (6,608) of financing against collateral from international banks and MSEK 70,290 (67,424) in deposits from the general public.

¹When calculating the LCR of the consolidated situation, Nordax has chosen to include only the liquidity buffer required to cover Bank Norwegian's net outflow, as Nordax does not consider that the liquidity in excess of 100% of Bank Norwegian's net outflow can be freely used by the consolidated situation. If Bank Norwegian's surplus liquidity were to be included in the consolidated situation, the LCR would be 358%.

²Nordax revised the LCR for Q4 2020 during the quarter due to a reclassification of the buffer; the previously reported figure was 472 percent.

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

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

Available capital all amounts in MSEK		T	T-1	T-2	T-3	T4
		20220331	20211231	20210930	20210630	20210331
1	Common Equity Tier 1 (CET1) capital	9,659	9,837	3,671	3,597	3,490
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,522	9,562	3,456	3,372	3,252
3	Tier 1 capital	11,276	11,382	3,671	3,597	3,490
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11,139	11,107	3,456	3,372	3,252
5	Total capital	12,536	12,643	3,894	3,814	3,707
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12,398	12,368	3,679	3,590	3,469
Risk-weighted assets (amounts)						
7	Total risk-weighted assets	63,161	60,690	23,535	22,414	21,886
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	63,023	60,416	23,320	22,190	21,648
Capital ratios						
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15,29%	16,21%	15,60%	16,05%	15,95%
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,11%	15,83%	14,82%	15,20%	15,02%
11	Tier 1 (as a percentage of risk exposure amount)	17,85%	18,75%	15,60%	16,05%	15,95%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	17,67%	18,38%	14,82%	15,20%	15,02%
13	Total capital (as a percentage of risk exposure amount)	19,85%	20,83%	16,55%	17,02%	16,94%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19,67%	20,47%	15,78%	16,18%	16,02%
Leverage ratio						
15	Leverage ratio total exposure measure	109,173	105,310	41,964	39,610	36,887
16	Leverage ratio	10,33%	10,81%	8,75%	9,08%	9,46%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	10,20%	10,55%	8,23%	8,51%	8,82%

Note 6 Classification of financial assets and liabilities

GROUP

31 March 2022	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to central banks	-	1,668	-	-	1,668
Lending to credit institutions	-	3,515	-	-	3,515
Lending to the general public	-	75,029	-	-	75,029
Bonds and other fixed-income securities	21,609	-	-	-	21,609
Other shares	29	-	-	127	156
Derivatives	339	-	-	58	397
Other assets	-	525	-	-	525
Total assets	21,977	80,737	-	185	102,899
Liabilities					
Liabilities to credit institutions	-	-	6,775	-	6,775
Deposits from the general public	-	-	70,290	-	70,290
Issued securities	-	-	11,497	-	11,497
Subordinated liabilities	-	-	1,747	-	1,747
Derivatives	733	-	-	-	733
Other liabilities	-	-	116	-	116
Total liabilities	733	-	90,425	-	91,158

GROUP

31 December 2021	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to central banks	-	1,924	-	-	1,924
Lending to credit institutions	-	3,080	-	-	3,080
Lending to the general public	-	70,681	-	-	70,681
Bonds and other fixed-income securities	23,318	-	-	-	23,318
Other shares	27	-	-	127	154
Derivatives	140	-	-	0	140
Other assets	-	2	-	-	2
Total assets	23,485	75,687	-	127	99,299
Liabilities					
Liabilities to credit institutions	-	-	6,609	-	6,609
Deposits from the general public	-	-	67,424	-	67,424
Issued securities	-	-	10,866	-	10,866
Subordinated liabilities	-	-	1,733	-	1,733
Derivatives	437	-	-	-	437
Other liabilities	-	-	119	-	119
Total liabilities	437	-	86,751	-	87,188

PARENT COMPANY

31 March 2022	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to central banks	-	879	-	-	879
Lending to credit institutions	-	2,452	-	-	2,452
Lending to the general public	-	29,047	-	-	29,047
Bonds and other fixed-income securities	3,037	-	-	-	3,037
Other shares	-	-	-	127	127
Derivatives	124	-	-	-	124
Other assets	-	525	-	-	525
Total assets	3,161	32,903	-	127	36,191
Liabilities					
Deposits from the general public	-	-	33,908	-	33,908
Issued securities	-	-	2,180	-	2,180
Deemed loan liabilities	-	-	2,550	-	2,550
Subordinated liabilities	-	-	979	-	979
Derivatives	529	-	-	-	529
Other liabilities	-	-	88	-	88
Total liabilities	529	-	39,705	-	40,234

PARENT COMPANY

31 December 2021	Fair value through profit and loss	Financial assets valued at amortized cost	Financial liabilities valued at amortized cost	Financial assets at fair value via other comprehensive income	Total
Assets					
Lending to central banks	-	1,088	-	-	1,088
Lending to credit institutions	-	1,503	-	-	1,503
Lending to the general public	-	26,647	-	-	26,647
Bonds and other fixed-income securities	2,531	-	-	-	2,531
Other shares	-	-	-	127	127
Derivatives	3	-	-	-	3
Other assets	-	0	-	-	0
Total assets	2,534	29,238	-	127	31,899
Liabilities					
Deposits from the general public	-	-	30,035	-	30,035
Issued securities	-	-	1,480	-	1,480
Deemed loan liabilities	-	-	2,528	-	2,528
Subordinated liabilities	-	-	972	-	972
Derivatives	295	-	-	-	295
Other liabilities	-	-	87	-	87
Total liabilities	295	-	35,102	-	35,397

Note 7 Fair values of financial assets and liabilities

GROUP

31 March 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	1,668	1,668	-
Lending to credit institutions ¹	3,515	3,515	-
Lending to the general public ²	75,029	78,972	3,943
Bonds and other fixed-income securities	21,609	21,609	-
Other shares	156	156	-
Derivatives	397	397	-
Other assets	525	525	-
Total Assets	102,899	106,842	3,943
Liabilities			
Liabilities to credit institutions ¹	6,775	6,775	-
Deposits from general public ¹	70,290	70,290	-
Issued securities ³	11,497	11,505	8
Derivatives	733	733	-
Subordinated liabilities ³	1,747	1,755	8
Total Liabilities	91,042	91,058	16

GROUP

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	1,924	1,924	-
Lending to credit institutions ¹	3,080	3,080	-
Lending to the general public ²	70,681	74,375	3,694
Bonds and other fixed-income securities	23,318	23,318	-
Other shares	154	154	-
Derivatives	140	140	-
Total Assets	99,297	102,991	3,694
Liabilities			
Liabilities to credit institutions ¹	6,609	6,609	-
Deposits from general public ¹	67,424	67,424	-
Issued securities ³	10,866	10,947	81
Derivatives	437	437	-
Subordinated liabilities ³	1,733	1,756	23
Total Liabilities	87,069	87,173	104

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.

PARENT COMPANY

31 March 2022	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	879	879	-
Lending to credit institutions ¹	2,452	2,452	-
Lending to the general public ²	29,047	32,857	3,810
Bonds and other fixed-income securities	3,037	3,037	-
Other shares	127	127	-
Derivatives	124	124	-
Other assets	525	525	-
Total Assets	36,191	40,001	3,810
Liabilities			
Deposits from the general public ¹	33,908	33,908	-
Liabilities to securitization firms ¹	2,550	2,550	-
Issued securities	2,180	2,181	1
Derivatives	529	529	-
Subordinated liabilities ³	979	983	4
Total Liabilities	40,146	40,151	5

PARENT COMPANY

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks ¹	1,088	1,088	-
Lending to credit institutions ¹	1,503	1,503	-
Lending to the general public ²	26,647	30,279	3,632
Bonds and other fixed-income securities	2,531	2,531	-
Other shares	127	127	-
Derivatives	3	3	-
Total Assets	31,899	35,531	3,632
Liabilities			
Deposits from the general public ¹	30,035	30,035	-
Liabilities to securitization firms ¹	2,528	2,528	-
Issued securities	1,480	1,485	5
Derivatives	295	295	-
Subordinated liabilities ³	972	983	11
Total Liabilities	35,310	35,326	16

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.

Calculation of fair value

The fair value of financial instruments traded in an active market (e.g. financial assets held for trading and available-for-sale financial assets) is based on quoted market prices on the balance sheet date. A market is considered active if quoted prices from a stock exchange, broker, industry group, pricing service or monitoring authority are readily and regularly available and these prices represent real and regularly occurring arm's length market transactions. The quoted market price used for the Group's financial assets is the current purchase price. These instruments are classified as level 1.

The fair value of financial instruments that are not traded in an active market is measured using valuation techniques. When available, market data is used here as far as possible. If all the material inputs required for the fair value measurement of an instrument are observable, either directly (i.e. as quoted prices) or indirectly (i.e. as derived quoted prices), the instrument is classified as level 2.

Where one or more material inputs are not based on observable market data, the instrument concerned is classified as level 3. The table below shows financial instruments measured at fair value, based on their classification in the fair value hierarchy.

Valuation techniques for measuring fair value – level 2.

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

The fair value of bonds is measured by calculating discounted cash flows. The current market interest rate is used for discounting.

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

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

Nordax has a holding of unlisted shares in Stabelo AB that is valued at fair value based on unobservable inputs. No significant events affecting fair value are deemed to have occurred since the new share issue in October 2020 and the balance sheet date of 31 March 2022, therefore the value has been measured based on the issue price at the last new share issue. The acquisition of Bank Norwegian included shares and holdings classified in level 3.

There were no transfers between levels in 2022.

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

Unlisted shares	MSEK
Opening balance 1 January 2021	127
Transfers from level 2	-
Acquisitions	27
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	-
Closing balance 31 December 2020	154
Acquisitions	-
Currency change	2
Sales	-
Closing balance 31 March 2022	156

GROUP

31 March 2022	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	3,037	18,572	-	21,609
Other shares	-	-	156	156
Derivatives	-	397	-	397
Total Assets	3,037	18,969	156	22,162
Liabilities				
Derivatives	-	733	-	733
Total Liabilities	-	733	-	733

GROUP

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

PARENT COMPANY

31 March 2022	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	3,037	-	-	3,037
Other shares	-	-	127	127
Derivatives	-	124	-	124
Total Assets	3,037	124	127	3,288
Liabilities				
Derivatives	-	529	-	529
Total Liabilities	-	529	-	529

PARENT COMPANY

31 December 2021	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	1,716	815	-	2,531
Other shares	-	-	127	127
Derivatives	-	140	-	140
Total Assets	1,716	955	127	2,798
Liabilities				
Derivatives	-	295	-	295
Total Liabilities	-	295	-	295

Note 8 Operating segments

Segment information is presented based on the chief operating decision-maker's perspective, and the segments are identified based on the internal reporting to the CEO, who is identified as the chief operating decision-maker. Profit/loss that cannot be attributed to a single segment is allocated using a distribution matrix according to internal principles that management believes to provide a fair allocation to the segments. The chief operating decision-maker

mainly follows the income concept of operating income. The business models of both Nordax and Bank Norwegian are to conduct cross-border banking activities in Sweden, Norway, Denmark, Finland and Germany. During the year, Bank Norwegian has also begun cross-border activities in Spain. Activities are also conducted in the form of SHP's lending of equity release mortgages.

Q1 2022	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	503	83	626	492	18	136	1,858
Interest expenses	-77	-27	-85	-34	-3	-7	-233
Total net interest income	426	56	541	458	15	129	1,625
Commission income	27	0	27	11	0	4	69
Net profit from financial transactions ¹	-9	0	-26	-10	0	-2	-121
Total operating income	444	56	542	459	15	131	1,573
General administrative expenses	-138	-7	-151	-64	-13	-20	-393
Depreciation, amortization and impairment of property, plant and equipment and intangible assets ²	-7	-1	-27	-14	-1	-13	-63
Other operating expenses	-40	-13	-59	-54	-37	-29	-232
Total operating expenses	-185	-21	-237	-132	-51	-62	-688
Profit before credit losses	259	35	305	327	-36	69	885
Net credit losses	-178	-2	-121	-287	-14	-10	-612
Operating profit	81	33	184	40	-50	59	273
Balance sheet							
Lending to the general public	23,164	7,904	21,197	16,891	876	4,997	75,029

Q4 2021	Sweden	SHP	Norway	Finland	Germany/ Spain	Denmark	TOTAL
Income statement							
Interest income	412	82	436	341	12	87	1,370
Interest expenses	-70	-28	-63	-27	-1	-1	-190
Total net interest income	342	54	373	314	11	86	1,180
Commission income	38	2	42	17	0	8	107
Net profit from financial transactions ¹	18	0	-21	-6	0	0	-62
Total operating income	398	56	394	325	11	94	1,225
General administrative expenses	-285	-8	-378	-109	-14	-19	-813
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-5	-1	-17	-10	-1	-9	-43
Other operating expenses	-31	-10	-39	-36	-14	-18	-148
Total operating expenses	-321	-19	-434	-155	-29	-46	-1,004
Profit before credit losses	77	37	-40	170	-18	48	221
Net credit losses	-296	4	-141	-376	-2	-88	-899
<i>of which initial effect of acquisitions</i>	<i>-132</i>	<i>-</i>	<i>-104</i>	<i>-229</i>	<i>-</i>	<i>-72</i>	<i>-537</i>
Operating profit	-219	41	-181	-206	-20	-40	-678
Balance sheet							
Lending to the general public	21,475	7,625	20,146	16,267	554	4,614	70,681

¹FX effects amount to -74 MSEK for Q1 2022 (3 MSEK) and is not allocated.

Q1 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	221	72	136	93	13	0	535
Interest expenses	-35	-25	-21	-8	-1	0	-90
Total net interest income	186	47	115	85	12	0	445
Commission income	9	0	5	5	0	0	19
Net profit from financial transactions ¹	-1	0	0	0	0	0	2
Total operating income	194	47	120	90	12	0	466
General administrative expenses	-81	-7	-41	-23	-3	0	-155
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	-3	-1	-2	-1	0	0	-7
Other operating expenses	-18	-10	-12	-1	0	0	-41
Total operating expenses	-102	-18	-55	-25	-3	0	-203
Profit before credit losses	92	29	65	65	9	0	263
Net credit losses	-72	-1	33	-10	1	1	-48
Operating profit	20	28	98	55	10	1	215
Balance sheet							
Lending to the general public	11,378	6,868	6,043	4,119	548	23	28,979

Note 9 Pledged assets and contingent liabilities

	GROUP		PARENT COMPANY	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
All amounts are in MSEK				
Pledged assets for own liabilities				
Lending to the general public	9,964	10,007	4,000	4,000
Lending to credit institutions	362	412	-	-
Cash collateral for derivatives	525	309	525	309
Total	10,851	10,728	4,525	4,309

	GROUP		PARENT COMPANY	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
All amounts are in MSEK				
Other commitments				
Granted but unpaid loans	201	215	144	177
Granted but unutilized card credits	48,648	47,721	-	-
Total	48,849	47,936	144	177

All pledged assets are for the Group's asset related funding operations; securitisation and funding with collateral with international banks and derivative contracts.

Note 10 Transactions with related parties

	Assets		Liabilities		Income		Costs	
	22-03-31	21-12-31	22-03-31	21-12-31	22-03-31	21-12-31	22-03-31	21-12-31
All amounts are in MSEK								
Nordax Holding AB	5	4	-205	-205	-	-	-	0
Nordax Group AB	3	3	-44	-44	-	1	0	-7
Bank Norwegian ASA incl subsidiaries	-	-	-536	-	-	-	-2	-
Svensk Hypotekspension AB	1,956	1,657	-75	-35	16	75	-3	-2
Nordax Sverige AB	58	58	-63	-63	0	73	0	-
Nordax Sverige 4 AB (publ)	0	0	-1	-1	-	-	-	0
Nordax Sverige 5 AB	1,507	1,510	-58	-46	75	93	-	-
Nordax Nordic 2 AB	1	1	-	-	0	-	-	0
Nordax Nordic 4 ABt	0	0	-25	-23	0	0	-	-
Total	3,530	3,232	-1,006	-418	91	242	-5	-9

In March 2022 Nordax Bank AB (as a borrower) and Bank Norwegian ASA (as a lender) entered into an intra-group loan agreement of MNOK 1000 on market terms. Payment of the loan was made in April 2022.

Note 11 Important events after the balance sheet date

The subsidiary Bank Norwegian has decided on a dividend of NOK 719.6 million, which will be paid at the end of April to Nordax Bank AB (publ). After the balance sheet date Stabelo, where Nordax owns 9%, decided on a new share issue in which Nordax subscribed for its pro rata share.

Through the Norwegian Financial Supervisory Authority, Bank Norwegian has received a Pillar 2 requirement of 5.8% of Bank Norwegian's total risk-weighted exposure amount. Previously, it was considered that the requirement needed to be covered in full by Common Equity Tier 1 capital, in accordance with Norwegian Financial Supervisory Authority requirements for Bank Norwegian on a solo level. In connection with the Board's approval of the Internal Capital and Liquidity Adequacy Assessment Process (ICLAAP) on May 24, the assessment of the type of capital that, in the consolidated situation, will cover the capital requirement that arises as a result of the Norwegian Financial Supervisory Authority's Pillar 2 requirements on Bank Norwegian was changed. With the new assessment, the requirement

is covered, in the consolidated situation, according to the same principles as other Pillar 2 requirements. This means that risks for which there are Pillars 1 requirement should be covered to 75% by Common Equity Tier 1 capital, and the remaining part by Tier 2 capital. For risks for which there are only Pillar 2 requirement, the capital requirements shall be covered to 75% by Tier 1 capital, of which three quarters shall be Common Equity Tier 1 capital, the remainder may be covered by Tier 2 capital.

Had this new assessment been applied as of 31 March 2022, the Common Equity Tier 1 capital requirement would have amounted to 11.82% instead of the reported 12.96% and the Tier 1 capital requirement would have amounted to 13.66% instead of the reported 14.54%. The total capital requirement is unchanged.

Definitions

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

Return on equity

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

Leverage 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 (CRR2).

Average loan portfolio

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

C/I ratio

Operating expenses as a percentage of operating income.

C/I ratio excl. acquisition costs

Operating expenses, excluding acquisition costs for Bank Norwegian, as a percentage of operating income.

Credit loss level

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

Credit loss in % excl. initial effect of acquisitions

Net credit losses, excl. initial ECL effect, as a percentage of the average loan portfolio.

Common Equity Tier 1 capital¹

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

Common Equity Tier 1 capital ratio¹

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

Liquidity reserve

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

Liquidity Coverage Ratio (LCR)¹

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

Own funds¹

The sum of Tier 1 and Tier 2 capital.

Tier 1 capital ratio¹

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

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.

Net Stable Funding Ratio (NSFR)

Measures and monitors the relationship between available stable funding and required stable funding over a one-year period.

Tier 1 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.

Other Tier 1 capital¹

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

¹ These are reported with respect SFSA's regulations and general recommendations see note 5, capital adequacy analysis.

Board of Directors' affirmation

The Board of Directors declares that the interim report for January–March 2022 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 May 24 , 2022

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