Nordax Bank AB (publ)

INTERIM REPORT JANUARY–DECEMBER 2021

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. In the year-end report January–December 2021, Bank Norwegian is included in the figures from November 2021 but not in the corresponding comparative figures.

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 indirecltly 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 eighteenth 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 centralised business model and an organisation 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 2008 and 2019 there is no new lending in Nordax Bank AB in Denmark or Germany. Since 2018, secured loans against residential property are offered as well in Sweden, and as of the first quarter of 2019 in Norway. In January 2019, Nordax finalized 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.

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 - DECEMBER

Personal loans and creditcards

Nordax continued to report a steady increase in personal loans, with increased growth in the fourth quarter. In total during the year, the underlying volumes increased by SEK 3.7 billion compared with 2020. Alongside organic growth, the acquisition of Bank Norwegian contributed SEK 24.6 billion to the volume of personal loans. Credit card volume of SEK 10 billion also accrued to Nordax during the quarter through Bank Norwegian. As at 31 December, the total volume of personal loans and credit cards amounted to SEK 58.0 billion (SEK 17.8 billion as at 31 December 2020).

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 5.1 billion as of 31 December 2021 (3.2 mdkr as of 31 December 2020).

Equity release mortgages

The portfolio has continued to develop well during 2021 with stable new lending. The market for equity release mortgages has good potential for development and Svensk

Hypotekspension (SHP) has a strong brand profile within the customer base while there remains continued strong customer interest. The total portfolio of equity release mortgages amounted to 7.6 billion as of 31 December 2021 (6.6 billion as of 31 December 2020).

Portfolio development

Total lending as at 31 December 2021 amounted to SEK 70.7 billion (SEK 27.7 billion as at 31 December 2020). In addition to the consolidation of subsidiary Bank Norwegian, the increase in lending is primarily the result of strong development in personal loans.

Capital and liquidity

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

As at 31 December 2021, the Common Equity Tier 1 capital ratio was 16.21% (16.24% as at 31 December 2020), the Tier 1 capital ratio was 18.75% (16.24% as at 31 December 2020) and the total capital ratio was 20.83% (17.19% as at 31 December 2020). The leverage ratio was 12.78% (10.20% as at 31 December 2020). Following the acquisition of Bank Norwegian, the consolidated situation's own funds have been strengthened through the issuance of both other Tier 1 capital and Tier 2 capital, as well as shareholder contributions.

As at 31 December 2021, the liquidity reserve of the consolidated situation amounted to SEK 28 billion (SEK 4.1 billion as at 31 December 2020). The large increase is primarily the result of the acquisition of Bank Norwegian, which contributed SEK 21.6 billion. The liquidity reserve consisted principally of covered bonds and investments in Nordic banks. The liquidity coverage ratio (LCR) amounted to 124% (401% as at 31 December 2020).The decrease is mainly due to Nordax not including the excess liquidity in the subsidiary Bank Norwegian in the consolidated LCR. For more details about the LCR and its calculation, see Note 5 Capital adequacy analysis and the section entitled Information on liquidity risk.

Deposit inflows remained strong during the period and as at 31 December 2021, total deposits amounted to SEK 67 billion (SEK 24.2 billion as at 31 December 2020). This large increase is the result of the acquisition of Bank Norwegian. The consolidated situation's Net Stable Funding Ratio (NSFR) amounted to 135% (120% as at 31 December 2020).

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

Other events

Nordax has still not seen any deterioration in customer payment patterns as a result of Covid-19 and the company's operating profits hasn't been materially affected by the situation. However, uncertainty remains, with regard to the future spread of infection and the associated real economic impact.

In April, the Nordax Group strengthened its liquidity and financing position further when Nordax subsidiary Svensk Hypotekspension, through its subsidiary Svensk Hypotekspension 5 AB (publ), raised new bilateral financing of SEK 3 billion.

In May, Nordax also started with deposits from the public in Netherlands. Deposits are provided through cooperation with Raisin GmbH, with which Nordax has previously collaborated regarding deposits in Germany. The business is conducted, as well in Nordax's other operating countries, on a cross-border levels basis from Nordax's office in Stockholm.

In June, Nordax received an investment grade rating from Nordic Credit Rating (BBB, stable outlook). This credit rating was also confirmed in October, in connection with the acquisition of Bank Norwegian.

In July, Nordax through its subsidiary Nordax 5 AB, also raised new bilateral secured financing of SEK 3 billion with an international Bank.

On 14 July 2021, Nordax made a recommended voluntary cash takeover offer to acquire all the outstanding shares in Bank Norwegian ASA ("Bank Norwegian" and "the Offer" respectively) for a cash consideration of NOK 105 per share, which resulted in a total consideration of approximately NOK 19.6 billion for all the shares in Bank Norwegian. The acceptance period for the Offer expired on 15 October 2021. Nordax announced on 20 October 2021 that the final result of the Offer showed that Nordax had received acceptance, acquired or conditionally agreed to acquire a total of approximately 95.6% (178,665,254 shares) of the shares and votes in Bank Norwegian. The cash in the Offer was paid on 2 November 2021. After the end of the trading day on the Oslo Stock Exchange on 3 November 2021, the compulsory acquisition of all shares in Bank Norwegian that were not owned by Nordax was completed. Nordax became the owner of 100% of the shares and votes in Bank Norwegian as of 3 November 2021. Nordax subsequently applied for the delisting of Bank Norwegian's shares from the Oslo Stock Exchange and Bank Norwegian's shares were delisted on 15 November 2021, following the decision of the Oslo Stock Exchange.

For the partial financing of the Offer, on 29 October 2021 Nordax Holding AB (publ) issued SEK 1,400,000,000 of floating rate additional Tier 1 instruments (unlisted) and SEK 650,000,000 of floating rate callable Tier 2 bonds (unlisted) 2021/2031, which were subscribed by external bond investors. Nordax Group AB subsequently issued on the corresponding terms and volumes subscribed by Nordax Holding AB, as well as Nordax Bank AB, where Nordax Group AB subscribed.

During the fourth quarter, Nordax launched operations in Germany and Spain through its subsidiary Bank Norwegian. The customer offering comprises the same products as in the bank's other markets, i.e. personal loans, savings accounts and credit cards. Like its other activities, these activities are conducted on a cross-border basis from the head office in Norway.

On 7 December, S&P Global Ratings downgraded its long-term and short-term credit rating for Bank Norwegian ASA to BBB/A-3 (positive outlook) from BBB/A-2.

Result January–December 2021

GROUP

Operating profit amounted to -33 MSEK (704). The decrease is explained by accounting techniques effects on credit losses in connection with the acquisition by Bank Norwegian, and increased costs related to the acquisition.

Net interest income amounted to 2,532 MSEK (1,753). Net interest income rose primarily as a result of the acquisition and consolidation of Bank Norwegian, but also through increased lending. Net interest income was negatively affected, however, by an increase in costs relating to the financing of the acquisition.

Credit losses amounted to -1,013 MSEK (-416), corresponding 2.1 per cent (1.6) of average lending. The main explanation for the large increase in credit losses is previously reported credit loss reserves in Stages 1 and 2 in Bank Norwegian, which at the time of the acquisition explain the main part of the initial accounting effect of 537 MSEK.

Operating expenses amounted to 1,650 MSEK (-694). This increase is primarily the result of the acquisition and consolidation of Bank Norwegian, but also of increased investment in the business, as well as a comparison period affected by specific cost savings relating to lower levels of activity because of COVID-19. The acquisition process for Bank Norwegian had a negative impact on costs during the period of approximately MSEK 563.

PARENT COMPANY

Operating profit amounted to 1,061 MSEK (618), an increase as a result of lower credit losses and better interest rates, which was partly offset by increased general administrative expenses.

Net interest income amounted to 1,481 MSEK (1,363). Net interest income rose again due to increased lending but was negatively affected by increased liquidity relating to the acquisition of Bank Norwegian.

Credit losses amounted to -213 MSEK (-416), corresponding 0.9 per cent (2.0) of average lending. Credit losses fell because of low claim levels and the comparison periods were affected by extra provisions related to COVID-19.

Operating expenses amounted to -809 MSEK (-635). This rise is primarily the result of increased investments in the business and costs relating to the acquisition process. Costs in 2020 were also affected by specific cost savings due to lower levels of activity as a result of the COVID-19 outbreak. The acquisition process for Bank Norwegian had a negative impact on costs during the period of MSEK 63.

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. Thie 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 organisation 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	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Common Equity Tier 1 Capital Ratio in %	16.2	15.6	16.2	16.2	16.2
Return on equity in %	-18.4	17.8	17.1	-0.2	17.9
Net credit loss level %	7.0	0.7	1.3	2.1	1.6
Credit losses in % excl. initial effect of acquisitons	2.8	-	-	1.0	-
Cost to income ratio %	82	44	42	63	38
C/I ratio in % excl. acquisition costs	41	38	-	41	-
Number of employees[1]	474	361	329	474	329

PARENT COMPANY	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Common Equity Tier 1 Capital Ratio in %	21.2	16.7	18.2	21.2	18.2
Return on equity in %	18.8	18.1	17.0	8.9	17.4
Net credit loss level in %	1.6	0.9	1.7	0.9	2.0
Cost to Income ratio in %	27	44	41	39	38
Number of employees[1]	348	344	313	348	313

1 Number of employees is recalculated to full time employees.

Consolidated income statement

GROUP All amounts in MSEK	Note	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Operating income						
Interest income	8	1,370	562	540	3,011	2,177
Interest expense	8	-190	-99	-96	-479	-424
Total net interest income		1,180	463	444	2,532	1,753
Commission income	8	107	21	19	166	71
Net profit from financial transactions	8	-62	-3	-5	-68	-10
Other operating income		0	-	-	0	-
Total operating income		1,225	481	458	2,630	1,814
Operating expenses						
General administrative expenses	8	-813	-169	-140	-1,319	-505
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	8	-43	-6	-7	-62	-26
Other operating expenses	8	-148	-38	-44	-269	-163
Total operating expenses		-1,004	-213	-191	-1,650	-694
Profit before credit losses		221	268	267	980	1,120
Net credit losses[1]	3,8	-362	-53	-87	-476	-416
Credit losses, initial effect of acquisitions[2]		-537	-	-	-537	-
Operating profit		-678	215	180	-33	704
Tax on profit for the period		157	-51	-40	10	-155
NET PROFIT FOR THE PERIOD		-521	164	140	-23	549

Consolidated statement of comprehensive income

All amounts in MSEK	Note	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Items to be reclassified in the income statement						
Gains and losses on revaluation during the year		3	-	-	3	-
Tax on gains and losses on revaluation during the year		0	-	-	0	-
Total cash flow hedges		3	-	-	3	-
Translation of foreign subsidiaries		402	-	-	402	-
Hedge accounting of net investment before tax		-369	-	-	-369	-
Tax		76	-	-	76	-
Total translation differences		109	-	-	109	-
Items not to be reclassified in the income statement						
Changes in value of other shares		-	-	35	-	35
Total		-	-	35	-	35
Total other comprehensive income		112	-	35	112	35
COMPREHENSIVE INCOME		-409	164	175	89	584
Attributable to:						
The Parent Company's shareholders		-426	164	175	72	584
Holders of Tier 1 capital		17	-	-	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 All amounts in MSEK	Note	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Operating income						
Interest income		533	508	487	2,008	1,968
Interest expense		-184	-155	-118	-527	-605
Total net interest income		349	353	369	1,481	1,363
Received group contribution		387	-	0	387	0
Commission income		16	11	15	62	54
Net profit from financial transactions		-60	-2	-5	-66	4
Other operating income [1]		96	85	41	219	248
Total operating income		788	447	420	2,083	1,669
Operating expenses						
General administrative expenses		-172	-164	-135	-664	-486
Depreciation, amortization and impairment of property, plant and equipment and intangible assets		-3	-2	-3	-10	-11
Other operating expenses		-40	-31	-35	-135	-138
Total operating expenses		-215	-197	-173	-809	-635
Profit before credit losses		573	250	247	1,274	1,034
Net credit losses	3	-105	-52	-87	-213	-416
Operating profit		468	198	160	1,061	618
Tax on profit for the period		59	-48	-35	-79	-137
NET PROFIT FOR THE PERIOD		527	150	125	982	481

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

Parent company statement of comprehensive income

All amounts in MSEK	Note	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Items to be reclassified in the income statement						
Gains and losses on revaluation during the year		3	-	-	3	-
Tax on gains and losses on revaluation during the year		0	-	-	0	-
Total cash flow hedges		3	-	-	3	-
Items not to be reclassified in the income statement						
Changes in value of other shares		-	-	35	-	35
Total		-	-	35	-	35
Total other comprehensive income		3	-	35	3	35
COMPREHENSIVE INCOME		530	150	160	985	516
Attributable to:						
The Parent Company's shareholders		513	150	160	968	516
Holders of Tier 1 capital		17	-	-	17	-

Consolidated statement of financial position

All amounts are in MSEK	Note	GROUP 31 December 2021	GROUP 31 December 2020	PARENT COMPANY 31 December 2021	PARENT COMPANY 31 December 2020
ASSETS					
Lending to central banks	6,7	1 924	728	1,088	728
Lending to credit institutions	6,7,9	3,080	1,101	1,503	950
Lending to the general public	4,6-9	70,681	27,656	26,647	21,011
Bonds and other fixed-income securities	6,7	23,318	2,329	2,531	2,329
Derivatives[4]	6,7	140	2	3	2
Shares in subsidiaries		-	-	21,115	1,030
Change in the value of currency-hedged shares in subsidiaries		-	-	369	-
Other shares[2]	6,7	154	127	127	127
Intangible assets		9,044	1,004	8	14
Tangible assets		11	10	7	10
Right-of-use assets[5]		82	61	-	-
Current tax assets		2	-	51	8
Deffered tax assets		-	-	15	-
Other assets[4,5]	6,7	81	4	1,670	2,994
Prepaid expenses and accrued income		63	49	38	29
TOTAL ASSETS		108,580	33,071	55,172	29,232
LIABILITIES, PROVISIONS AND EQUITY					
Liabilities					
Liabilities to credit institutions	6,7	6,609	1,605	-	-
Deposits from the general public[3]	6,7	67,424	24,180	30,035	24,180
Issued securities	6,7	10,866	3,330	1,480	1,080
Liabilities to securitization firms[1]		-	-	2,528	304
Derivatives[4]	6,7	437	2	295	2
Current tax liabilities		485	9	-	-
Deferred tax liability		787	26	1	-
Other liabilities[3,4]	6,7	810	157	527	243
Accrued expenses and deferred income		476	62	244	56
Subordinated liabilities	6,7	1,733	348	972	348
Total liabilities		89,627	29,719	36,082	26,213
Equity					
Share capital		73	50	73	50
Other reserves		4,476	7	4,476	7
Other funds		-	-	5	10
Fair value reserve[2]		35	35	35	35
Cash flow hedges		3	-	3	-
Tier 1 capital instruments		1,757	-	1,320	-
Translation of foreign operations, net		109	-	-	-
Retained earnings, incl. profit for the year		12,500	3,260	13,178	2,917
Total equity		18 953	3,352	19,090	3,019
TOTAL LIABILITIES, PROVISIONS AND EQUITY		108,580	33,071	55,172	29,232

[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] The shareholding in Stabelo Group AB has been revalued at market value in connection with further acquisitions in 2020. Changes in the value of shares acquired in Bank Norwegian during September and October 2021 were recognised in the fair value reserve until the acquisition was closed and the shares were reclassified as shares in subsidiaries.
[3] Tax on deposits from the general public was moved from Deposits from the general public to Other liabilities. 31 December 2020 has been updated.
[4] Derivatives were previously included in Other assets and Other liabilities. 31 December 2020 has been updated.
[5] Right-of-use assets were previously included in Tangible assets. 31 December 2020 has been updated.

Statement of cash flows

GROUP All amounts are in MSEK	JAN-DEC 2021	JAN-DEC 2020
Operating activities		
Operating profit [1]	-33	704
Adjustment for non-cash items		
Exchange rate effects	23	26
Depreciation, amortization and impairment of property, plant & equipment	61	26
Amortization of financing costs	8	12
Reversal of acquired surplus value in lending to the general public	35	5
Unrealized changes in value of bonds and other fixed income securities	-2	-1
Net changes in hedged items in hedge accounting	-290	-
Credit losses	1,583	826
Reclassification in connection with business combinations	-5	-
Income tax paid	-202	-165
Dividend to parent company	-150	-
Change in operating assets and liabilities		
Decrease/Increase in lending to the general public	-6,608	-4,002
Decrease/Increase in other assets	170	177
Decrease/Increase in deposits from the general public	4,254	5,642
Decrease/Increase in other liabilities	1,621	-39
Cash flow from operating activities	**465**	**3,210**
Investing activities		
Purchase of shares	10	-12
Business combinations	-13,651	-
Purchase of equipment & intangible assets	-10	-13
Investment in bonds and other interest bearing securities	-47,426	-1,947
Sale/disposal of bonds and other fixed income securities	46,971	2,721
Cash flow from investing activities	**-14,106**	**749**
Financing activities		
Change to liability to credit institutions	4,002	-1,465
Change issued securities	1,369	-1,617
Change subordinated liabilities	619	-254
Tier 1 capital instruments issued, net [2]	1,310	-
Shareholder contributions received	9,450	-
New share issue	0	-
Cash flow from financing activities	**16,750**	**-3,336**
Cash flow for the period	**3,109**	**623**
Cash and cash equivalents at beginning of year	**1,829**	**1,252**
Exchange rate differences and cash equivalents	**66**	**-46**
Cash and cash equivalents at end of year	**5,004**	**1,829**

[1] Whereof received interest 2,590 MSEK (1,760 MSEK) and paid interest 464 MSEK (454 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 2020	50	7		-		2,718	2,775		2,775
Comprehensive income									
Net profit/loss for the year						549	549		549
Other comprehensive income[1]				35		-	35		35
Total comprehensive income				35		549	584		584
Transactions with shareholders									
Capital contributions						-8	-8		-8
Tax effect on capital contribution						2	2		2
Total transactions with shareholders						-6	-6		-6
CLOSING BALANCE 31 DECEMBER 2020	50	7		35		3,260	3,352		3,352
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[2]								428	428
Tier 1 capital instruments issued[2]								1,316	1,316
Change in Tier 1 capital instruments[2]						-10	-10	-4	-14
Transactions with shareholders									
Non-cash issue[3]	23	4,469					4,492		4,492
New share issue[4]	0						0		0
Shareholder contribution[4]						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

[1]The shareholding in Stabelo Group AB has been revalued at market value in connection with further acquisitions during 2020.
[2] instruments 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.
[3]A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.
[4]New 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

	Restricted eqity			Non-restricted equity					
All amounts are in MSEK	Share capital	Other reserves	Other Funds	Fair value reserve	Cash flow hedges	Retained Earnings	Sum	Tier1 capital instru-ments	TOTAL
OPENING BALANCE 1 JANUARY 2020	50	7	16	-		2,436	2,509		2,509
Comprehensive income									
Net profit/loss for the year						481	481		481
Other comprehensive income[1]				35		-	35		35
Total comprehensive income				35		481	516		516
Other reserves									
Capitalization			-	-		-	-		-
Depreciation			-6	-		6	-		-
Total other reserves			-6	-		6	-		-
Transactions with shareholders									
Capital contributions				-		-8	-8		-8
Tax effect on capital contribution				-		2	2		2
Total transactions with shareholders				-		-6	-6		-6
CLOSING BALANCE 31 DECEMBER 2020	50	7	10	35		2,917	3,019		3,019
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
Reclassifcation				0		-10	-10		-10
Tier 1 capital instruments issued[2]								1,316	1,316
Change in Tier 1 capital instruments[2]								-7	-7
Other reserves									
Capitalization			-			-	-		-
Depreciation			-5			5	-		-
Total other reserves			-5			5	-		-
Transactions with shareholders									
Non-cash issue[3]	23	4,469					4,492		4,492
New share issue[4]	0						0		0
Shareholder contribution[4]						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

[1]The shareholding in Stabelo Group AB has been revalued at market value in connection with further acquisitions during 2020.
[2] instruments issued are deemed to meet the conditions for an equity instrument.
[3]A non-cash issue has taken place in connection with the closing of the acquisition of 100% of the shares in Bank Norwegian.
[4]New 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.

New applied accounting policies are set out below, otherwise the calculations of the Group and the parent company have in all material respects remained unchanged and are as stated in the Annual Report 2020.

Application of accounting policies due to the acquisition of Bank Norwegian

Translation of foreign subsidiaries in financial reports
Assets and liabilities at subsidiaries are translated to Swedish kronor (SEK) at the exchange rate on the balance sheet date. Income and expenses are translated at an average exchange rate that represents an approximation of the rates prevailing at the time of each transaction. The translation difference arising from the translation of the assets and liabilities of subsidiaries is recognised in other comprehensive income and accumulated in a translation reserve in equity. Goodwill arising from the acquisition of foreign companies as well as identified assets and liabilities in connection with acquisitions are translated at the exchange rate on the balance sheet date.

Hedge accounting
The Group has chosen to apply the rules of IAS 39 to all hedges. The Group uses cash flow hedges and also hedges net investments in foreign operations. The parent company uses cash flow hedges and fair value hedges. When the transaction is entered into, the relationship between the hedging instrument and the hedged item is documented, alongside the company's objectives with regard to risk management and the risk management strategy in relation to the hedge. Documentation include assessment, both when the hedge is entered into and on an ongoing basis, whether the derivative instruments used in hedging transactions have been and will continue to be effective in offsetting changes in fair value or cash flows attributable to the hedged items. In the event that the conditions for hedge accounting are no longer met, hedge accounting is ended.

Cash flow hedges
Cash flow hedges are intended to hedge variations in future cash flows as a result of changing market factors. Interest rate swaps that constitute hedging instruments in a cash flow hedge are measured at fair value. To the extent that the change in value of the swap is effective and corresponds to future cash flows attributable to the hedged item, the change in value is recognised in other comprehensive income and the cash flow hedge reserve in equity. Ineffectiveness is recognised in the income statement as Net income from financial items. Gains or losses that are recognised in the cash flow hedge reserve in equity through other comprehensive income are reclassified and recognised in the income statement in the same period that the hedged item affects the income statement.

Net investment hedges
Hedges of net investments in foreign operations are used to protect the Group against foreign exchange differences resulting from foreign operations . Currency derivatives are used as hedging instruments. To the extent that the hedging instrument is effective, the gain or loss attributable to the hedged risk is recognised in other comprehensive income and accumulated in equity as translation of foreign operations. The ineffective portion is recognised directly in the income statement as Net income from financial transactions. Accumulated gain or loss in equity is recognised in the income statement on divestment of the foreign operations.

Fair value hedges

Fair value hedges are used to cover the currency risk in shares in subsidiaries. In fair value hedges, the hedging instrument (derivative) is measured at fair value while the hedged asset or liability include changes in value of the hedged risk. Changes in value are recognised in the income statement as Net income from financial items.

Tier 1 capital instruments

The Group's Tier 1 capital instruments entitle the holders to interest, but as payment thereof and repayment of the nominal amount are within the Group's control, the instruments are classified as equity. The agreed payments to the holders of Tier 1 capital instruments are recognised in equity. Costs in connection with the issuance of Tier 1 capital instruments are accrued directly in equity over the expected maturity.

Tax

Current tax and deferred tax are recognised in the income statement with the exception of transactions that are recognised in other comprehensive income. Deferred tax assets are recognised on the balance sheet to the extent that it is likely that these can be offset against future taxable profit.

Changed accounting policies that have applied as of 2021

Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7

As of 1 January 2021, the Interest Rate Benchmark Reform (Phase 2) enters into force. The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 relate primarily to an expedient for changes to contractual cash flows in financial assets and liabilities (including lease liabilities) that allows the effective interest rate to be changed to the new interest rate benchmark so that the carrying amount is the same as before the change. The rules on hedge accounting have also been adapted so that changes made to hedge identification and hedge documentation due to the Interest Rate Benchmark Reform are permitted without the need to terminate the hedging relationship. Nordax currently has borrowing and lending with interest rates linked to STIBOR, EURIBOR, CIBOR and NIBOR. There is also exposure in the form of interest rate swaps linked to STIBOR and NIBOR. There is a degree of uncertainty with regard to future changes to, or the discontinuation of, the IBORs to which Nordax is exposed. Nordax is monitoring developments and will address any changes or discontinuation of the relevant interest rate benchmarks. The introduction of this has not affected the financial position, earnings, cash flow or disclosures of the Group.

New IFRS and interpretations that have not yet been applied

No IFRS or IFRIC interpretations that have not yet entered into force are deemed to have any material impact on the Group.

Note 3 Credit risk

GROUP All amounts in MSEK	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Credit losses, net - lending to the general public					
Stage 1	-305	-3	48	-335	-62
of which initial effect of acquisitions	*-304*	-	-	*-304*	-
Stage 2	-253	14	-92	-154	-102
of which initial effect of acquisitions	*-233*	-	-	*-233*	-
Stage 3	-341	-64	-43	-524	-252
Total credit losses	-899	-53	-87	-1,013	-416
Total of which initial effects of acquisitions	*-537*	-	-	*-537*	

PARENT COMPANY All amounts in MSEK	Q4 2021	Q3 2021	Q4 2020	JAN-DEC 2021	JAN-DEC 2020
Credit losses, net - lending to the general public					
Stage 1	-3	-2	48	-27	-62
Stage 2	-22	14	-92	77	-102
Stage 3	-80	-64	-43	-263	-252
Total credit losses	-105	-52	-87	-213	-416

Lending 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 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		

GROUP

31 December 2020	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	9,701	6,631	4,516	3,269	512	0	24,629	-319	1%
Stage 2	448	17	468	336	35	0	1,304	-246	19%
Stage 3	1,388	3	1,666	1,074	234	300	4,665	-2,377	51%
Total	11,537	6,651	6,650	4,679	781	300	30,598	-2,942	10%
Reserve	-841	-6	-997	-615	-206	-277	-2,942		
Total lending to the general public	10,696	6,645	5,653	4,064	575	23	27,656		

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 December 2021	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		

PARENT COMPANY

31 December 2020	Sweden	Norway	Finland	Germany	Denmark	TOTAL	Allocation of provision past due receivables	
Stage 1	9,701	4,516	3,269	512	0	17,998	-313	2%
Stage 2	448	468	336	35	0	1,287	-246	19%
Stage 3	1,388	1,666	1,074	234	300	4,662	-2,377	51%
Total	11,537	6,650	4,679	781	300	23,947	-2,936	12%
Reserve	-841	-997	-615	-206	-277	-2,936		
Total lending to the general public	10,696	5,653	4,064	575	23	21,011		

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 partly with a non-cash issue and unconditional shareholder contributions, partly with newly issued capital instruments. The Common Equity Tier 1 capital was strengthened via a non-cash issue of Bank Norwegian shares with a value amounting to SEK 4.4 billion and unconditional shareholder contributions of SEK 1 billion. Tier 1 capital was strengthened through the issuance of Other Tier 1 capital of SEK 1.4 billion. Supplementary capital was strengthened through an issue of MSEK 650. In addition to the above, Bank Norwegian's part of Other Tier 1 capital of MSEK 213 and Supplementary capital of MSEK 472 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	CONSOLIDATED SITUATION 31 December 2021	31 December 2020	NORDAX BANK AB 31 December 2021	31 December 2020
OWN FUNDS				
Common Equity Tier 1 capital	22,409	7,759	9,360	3 303
Deduction from own funds	-12,573	-4,376	-11	-17
Total Common Equity Tier 1 capital	9,836	3,384	9,349	3 286
Tier 1 Capital, minority[4]	1,545	-	1,320	-
Sum Tier 1 Capital	11,381	3,384	10,669	3 286
Tier 2 Capital[3]	1,261	198	972	348
Net own funds	12,642	3,582	11,641	3 634
Risk exposure amount for credit risk	54,965	18,937	41,340	16 802
Risk exposure amount for market risk	0	386	1,145	0
Risk exposure amount for market risk	5,526	1,517	1,495	1 226
CVA	200	0	130	0
Total risk exposure amount (risk weighted assets)	60,691	20, 839	44,110	18 028
Common Equity Tier 1 capital ratio	16.21%	16.24%	21.20%	18.23%
Tier 1 capital ratio	18.75%	16.24%	24.19%	18.23%
Total capital ratio	20.83%	17.19%	26.39%	20.16%
Total Common Equity Tier 1 capital requirement including buffer requirement	9.22%	7.22%	7.60%	7.24%
- of which, capital conservation buffer requirement	2.50%	2.50%	2.50%	2.50%
- of which, countercyclical capital buffers	0.31%	0.22%	0.60%	0.24%
-of which systemic risk buffer	1.91%	-	-	-
Common Equity Tier 1 capital available for use as buffer[1]	9.21%	9.19%	14.20%	12.16%
Specification own funds				
Common Equity Tier 1 capital:				
Capital instruments and the related share premium accounts	20,920	6,778	4,553	67
-of which share capital	2	1	73	50
- of which other contributed capital	20,918	6,777	4,476	7
-of which other funds	-	-	4	10
Retained earnings	612	264	3,547	2 437
Other comprehensive income	-	35	-	35
Deferred tax liabilities attributable to other intangible assets	593	-	-	-
Other transition adj. of common equity Tier 1 capital	275	302	240	283
Minority interest	-	-	-	-
Independently audited interim results after deductions foresseeable dividends	9	381	1,020	481
Common Equity Tier 1 capital before regulatory adj.	22,409	7,759	9,360	3 303
Regulatory adjustments:				
(-)Intangible assets	-12,550	-4,373	-8	-14
(-)Common Equity Tier 1 instruments in the units in the financial sector where the institution does not have a significant holding	-	-	-	-
Prudent valuation	-23	-2	-3	-2
Total regulatory adjustment to Common Equity Tier 1	-12 573	-4,376	-11	-17
Common Equity Tier 1	9,836	3,384	9,349	3 286
Tier 1 capital				
-Tier 1, minority	1,545	-	1,320	-
Tier 1 capital, total	11,381	3,384	10,669	3 286

All amounts in MSEK	CONSOLIDATED SITUATION 31 December 2021	CONSOLIDATED SITUATION 31 December 2020	NORDAX BANK AB 31 December 2021	NORDAX BANK AB 31 December 2020
Tier 2 capital instrument	1,261	198	972	348
Tier 2 capital	1,261	198	972	348
Total capital	12,642	3,582	11,641	3,634
Total risk weighted assets	60,691	20,839	44,110	18,028
Specification of risk exposure amount[2]				
Exposures to national governments and central banks	187	–	129	–
Exposures to regional governments and local authorities	1,159	–	–	–
Institutional exposures	772	231	353	192
Covered bonds	1,191	124	134	124
Household exposures	38,220	12,422	14,121	11,943
Exposures secured by mortgages on immovable property	4,464	3,569	1,771	1,181
Equity exposures	154	127	21,611	1,157
Past due items	8,310	2,344	2,916	2,163
Corporate exposures	–	–	–	–
Other items	507	120	305	42
Total risk exposure amount for credit risk, Standardized Approach	54,964	18,937	41,340	16,802
Exchange rate risk	0	386	1,145	0
Total risk exposure amount for market risk	0	386	1,145	0
Operative risk according to alternative Standardized Method	5,526	1,517	1,495	1,226
Total risk exposure amount for operational risks	5,526	1,517	1,495	1,226
Credit valuation adjustment risk (CVA)	200	0	130	0
Total risk exposure amount for credit valuation adjustment risk	200	0	130	0
Total risk exposure amount	60,691	20,839	44,110	18,028
Capital Requirement, in percent				
Pillar 1	8.00%	8.00%	8.00%	8.00%
Pillar 2	4.76%	0.86%	1.04%	1.42%
Capital conservation buffer	2.50%	2.50%	2.50%	2.50%
Institute-specific countercyclical buffer	0.31%	0.22%	0.60%	0.24%
Systemic risk buffer - Norway	1.91%	–	–	–
Total Capital Requirement	17.48%	11.57%	12.14%	12.15%
Capital Requirement, MSEK				
Pillar 1	4,855	1,667	3,525	1,442
Pillar 2	2,892	178	460	256
Capital conservation buffer	1,517	521	1,102	451
Institute-specific countercyclical buffer	185	45	266	42
Systemic risk buffer - Norway	1,159	–	–	–
Capital Requirement	10,608	2,412	5,357	2,191
LEVERAGE RATIO				
Exposure measure for calculating leverage ratio	89,053	33,176	54,289	26,249
Tier 1 capital	11,382	3,384	10,669	3,286
Leverage ratio	12.78%	10.20%	19.65%	12.52%
Requirements for leverage ratio, MSEK	2,672	–	1,627	–
Requirements for leverage ratio, percentage	3%	–	3%	–

[1]Common 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.
[2]The capital requirement amounts to 8% of the risk exposure amount in accordance with Regulation (EU) No 575/2013.
[3]The 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.
[4]During 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 213.
[5]Nordax 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. A table in accordance with the "Final Report on Guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA/GL/2018/01, is published on the bank's website, www.nordaxgroup.com.

Template EU KM1 - Key metrics template

CONSOLIDATED SITUATION

All amounts in MSEK		a	b	c	d	e
Available own funds (amounts)		20211231	20210930	20210630		
1	Common Equity Tier 1 (CET1) capital	9,836	3,671	3,597		
2	Tier 1 capital	11,381	3,671	3,597		
3	Total capital	12,642	3,894	3,814		
Risk-weighted exposure amounts						
4	Total risk exposure amounts	60,691	23,535	22,414		
Capital ratios (as a percentage of risk-weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	16.21%	15.60%	16.05%		
6	Tier 1 ratio (%)	18.75%	15.60%	16.05%		
7	Total capital ratio (%)	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 (%)	-	-	-		
EU 7b	of which: to be made up of CET1 capital (percentage points)	-	-	-		
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	-	-	-		
EU 7d	Total SREP own funds requirements (%)	8%	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%		
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 (%)	0.31%	0.21%	0.20%		
EU 9a	Systemic risk buffer (%)	-	-	-		
10	Global Systemically Important Institution buffer (%)	-	-	-		
EU 10a	Other Systemically Important Institution buffer (%)	1.91%	-	-		
11	Combined buffer requirement (%)	4.72%	2.71%	2.70%		
EU 11a	Overall capital requirements (%)	17.48%	10.71%	10.70%		
12	CET1 available after meeting the total SREP own funds requirements (%)	11.45%	8.55%	9.02%		
Leverage ratio						
13	Total exposure measure	89,053	41,965	39,832		
14	Leverage ratio (%)	12.78%	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%		
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%		
Liquidity Coverage Ratio[1]						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,628	4,754	3,660		
EU 16a	Cash outflows - Total weighted value	3,279	2,653	2,727		
EU 16b	Cash inflows - Total weighted value	2,995	2,805	3,179		
16	Total net cash outflows (adjusted value)	1,179	701	682		
17	Liquidity coverage ratio (%)	477.13%	678.18%	536.77%		
Net Stable Funding Ratio						
18	Total available stable funding	102,580	42,216	40,399		
19	Total required stable funding	76,258	33,262	31,225		
20	NSFR ratio (%)	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 December 2021, the internally assessed capital requirement in the consolidated situation amounted to MSEK 2,893 (MSEK 178 as at 31 December 2020). The total capital requirement for the period amounts to MSEK 10,597 and is 93% covered by Common Equity Tier 1 capital, with the remainder covered by other Tier 1 capital. The significant increase in both the internally assessed capital requirement and the total capital requirement is due to the acquisition of Bank Norwegian by Nordax in Q4 2021. The internal capital requirement is assessed using Nordax's internal models for economic capital. The Financial Supervisory Authority of Norway has also issued Bank Norwegian a Pillar 2 requirement of 5.8%, a Pillar 2 guide of 1% and a buffer for other systemically important financial institutions of 3% of Bank Norwegian's total risk-weighted exposure amount. These have been taken into account and included in the total capital requirement of the consolidated situation.

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 12.78% as at 31 December 2021, 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 measured and reported on a daily basis and then reported to the company management. 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 December 2021, Nordax had a Liquidity Coverage Ratio (LCR) of 124% [1] (401% as at Q4 2020[2]). As at the same date, the Net Stable Funding Ratio (NSFR) was 135% (120% as at Q4 2020), calculated in accordance with the definition pursuant to Regulation (EU) No 575/2013.

Nordax's liquidity reserve as at 31 December 2021 was SEK 28 billion (4.1). The large increase is mainly due to the acquisition of Bank Norwegian, whose contribution amounted to SEK 21.6 billion. Of these investments, 9 percent (25) were in Nordic banks, 7 percent (18) in the Riksbank, 75 percent (30) in covered bonds and the remainder invested in 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 457 days (467). All bank investments are available and all securities repoable at central banks.

Nordax's sources of funding as at 31 December 2021 consisted of MSEK 2,250 (2,250) of funding through the asset-related bond market (securitised), MSEK 8,605 (1,080) in corporate bonds, MSEK 6,608 (1,605) of financing against collateral from international banks and MSEK 67,424 (24,180) in deposits from the general public.

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

Note 6 Classification of financial assets and liabilities

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

GROUP

31 December 2020	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	-	728	-	-	728
Lending to credit institutions	-	1,101			1,101
Lending to the general public	-	27,656	-	-	27,656
Bonds and other fixed-income securities	2,329	-	-	-	2,329
Other shares	-	-	-	127	127
Derivatives	2	-	-	-	2
Other assets	-	2	-	-	2
Total assets	2,331	29,487	-	127	31,945
Liabilities					
Liabilities to credit institutions	-	-	1,605	-	1,605
Deposits from the general public	-	-	24,180	-	24,180
Issued securities	-	-	3,330	-	3,330
Subordinated liabilities	-	-	348	-	348
Derivatives	2	-	-	-	2
Other liabilities	-	-	19	-	19
Total liabilities	2	-	29,482	-	29,484

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

PARENT COMPANY

31 December 2020	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	–	728	–	–	728
Lending to credit institutions	–	950	–	–	950
Lending to the general public	–	21,011	–	–	21,011
Bonds and other fixed-income securities	2,329	–	–	–	2,329
Other shares	–	–	–	127	127
Derivatives	2	–	–	–	2
Other assets	–	0	–	–	0
Total assets	2,331	22,689	–	127	25,147
Liabilities					
Deposits from the general public	–	–	24,180	–	24,180
Issued securities	–	–	1,080	–	1,080
Deemed loan liabilities	–	–	304	–	304
Subordinated liabilties	–	–	348	–	348
Derivatives	2	–	–	–	2
Other liabilities	–	–	18	–	18
Total liabilities	2	–	25,930	–	25,932

Note 7 Fair values of financial assets and liabilities

GROUP

31 December 2021	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	1,924	1,924	-
Lending to creditinstitutions[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

GROUP

31 December 2020	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	728	728	-
Lending to creditinstitutions[1]	1,101	1,101	-
Lending to the general public[2]	27,656	30,722	3,066
Bonds and other fixed-income securities	2,329	2,329	
Other shares	127	127	-
Derivatives	2	2	-
Total Assets	31,943	35,009	3,066
Liabilities			
Liabilities to credit institutions[1]	1,605	1,605	-
Deposits from general public[1]	24,180	24,180	-
Issued securities[3]	3,330	3,294	-36
Derivatives	2	2	-
Subordinated liabilities[3]	348	348	0
Total Liabilities	29,465	29,429	-36

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 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**

PARENT COMPANY

31 December 2020	Carrying amount	Fair value	Delta
Assets			
Lending to central banks[1]	728	728	–
Lending to credit institutions[1]	950	950	–
Lending to the general public[2]	21,011	24,039	3,028
Bonds and other fixed-income securities	2,329	2,329	
Other shares	127	127	–
Derivatives	2	2	–
Total Assets	**25,147**	**28,175**	**3,028**
Liabilities			
Deposits from the general public[1]	24,180	24,180	–
Liabilities to securitization firms[1]	304	304	–
Issued securities	1,080	1,078	-2
Derivatives	2	2	–
Subordinated liabilities[3]	348	348	0
Total Liabilities	**25,914**	**25,912**	**-2**

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 use 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 December 2021, 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 2021.

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

Unlisted shares	MSEK
Opening balance 1 January 2020	**80**
Transfers from level 2	-
Acquisitions	12
Sales	-
Losses (-) recognized in other comprehensive income	-
Profits (+) recognized in other comprehensive income	35
Closing balance 31 December 2020	**127**
Acquisitions	27
Sales	-
Closing balance 31 december 2021	**154**

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

GROUP

31 December 2020	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	1,511	818	–	2,329
Other shares	–	–	127	127
Derivatives	–	2	–	2
Total Assets	1,511	820	127	2,458
Liabilities				
Derivatives	–	2	–	2
Total Liabilities	–	2	–	2

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

PARENT COMPANY

31 December 2020	Level 1	Level 2	Level 3	Total
Assets				
Bonds and other fixed-income securities	1,511	818	–	2,329
Other shares	–	–	127	127
Derivatives	–	2	–	2
Total Assets	1,511	820	127	2,458
Liabilities				
Derivatives	–	2	–	2
Total Liabilities	–	2	–	2

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.

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[2]	-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
of which initial effect of acquisitions	*-132*	–	*-104*	*-229*	–	*-72*	*-537*
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

Q3 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	245	79	132	94	12	0	562
Interest expenses	-41	-26	-22	-9	-1	0	-99
Total net interest income	204	53	110	85	11	0	463
Commission income	11	0	5	5	0	0	21
Net profit from financial transactions[1]	1	-1	-1	0	0	0	-3
Total operating income	216	52	114	90	11	0	481
General administrative expenses	-90	-6	-44	-26	-3	0	-169
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[2]	-3	-1	-1	-1	0	0	-6
Other operating expenses	-18	-7	-11	-2	0	0	-38
Total operating expenses	-111	-14	-56	-29	-3	0	-213
Profit before credit losses	105	38	58	61	8	0	268
Net credit losses	-59	-1	15	-7	-3	2	-53
Operating profit	46	37	73	54	5	2	215
Balance sheet							
Lending to the general public	13,396	7,300	6,149	4,361	479	22	31,707

Q4 2020	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	214	71	139	101	15	0	540
Interest expenses	-38	-26	-23	-8	-1	0	-96
Total net interest income	176	45	116	93	14	0	444
Commission income	8	1	5	5	0	0	19
Net profit from financial transactions[1]	0	0	-2	0	0	0	-5
Total operating income	184	46	119	98	14	0	458
General administrative expenses	-66	-9	-39	-23	-3	0	-140
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[2]	-4	0	-2	-1	0	0	-7
Other operating expenses	-20	-8	-15	-1	0	0	-434
Total operating expenses	-90	-17	-56	-25	-3	0	-191
Profit before credit losses	94	29	63	73	11	0	267
Net credit losses	-48	0	-15	-29	3	2	-87
Operating profit	46	29	48	44	14	2	180
Balance sheet							
Lending to the general public	10,696	6,645	5,653	4,064	575	23	27,656

Q1-Q4 2021	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	1,106	308	839	621	50	87	3,011
Interest expenses	-189	-104	-128	-53	-4	-1	-479
Total net interest income	917	204	711	568	46	86	2,532
Commission income	67	2	57	32	0	8	166
Net profit from financial transactions[1]	15	1	-23	-6	0	0	-68
Total operating income	999	207	745	594	46	94	2,630
General administrative expenses	-547	-30	-512	-187	-24	-19	-1,319
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[2]	-14	-3	-22	-13	-1	-9	-62
Other operating expenses	-86	-36	-74	-41	-14	-18	-269
Total operating expenses	-647	-69	-608	-241	-39	-46	-1,650
Profit before credit losses	352	138	137	353	7	48	980
Net credit losses	-463	-1	-55	-408	-3	-83	-1,013
of which initial effect of acquisitions	*-132*	-	*-104*	*-229*	-	*-72*	*-537*
Operating profit	-111	137	82	-55	4	-35	-33
Balance sheet							
Lending to the general public	21,475	7,625	20,146	16,267	554	4,614	70,681

Q1-Q4 2020	Sweden	SHP	Norway	Finland	Germany	Denmark	TOTAL
Income statement							
Interest income	809	271	595	436	66	0	2,177
Interest expenses	-152	-108	-116	-42	-7	0	-424
Total net interest income	657	163	479	394	59	0	1,753
Commission income	30	1	20	20	0	0	71
Net profit from financial transactions[1]	-3	-2	4	0	0	0	-10
Total operating income	684	162	503	414	59	0	1,814
General administrative expenses	-227	-32	-145	-90	-11	0	-505
Depreciation, amortization and impairment of property, plant and equipment and intangible assets[2]	-14	0	-7	-5	0	0	-26
Other operating expenses	-72	-24	-54	-13	0	0	-163
Total operating expenses	-312	-56	-206	-109	-11	0	-694
Profit before credit losses	372	106	297	305	48	0	1,120
Net credit losses	-140	-1	-124	-146	-11	6	-416
Operating profit	231	105	173	159	36	6	704
Balance sheet							
Lending to the general public	10,696	6,645	5,653	4,064	575	23	27,656

[1]FX effects amount to -55 MSEK for Q1 -Q4 2021 (-10 MSEK) and is not allocated.
[2] Depreciation and write-downs of tangible and intangible assets in SHP have been reclassified from general administrative expenses to depreciation and write-downs of tangible and intangible assets. Historical figures have not changed.

Note 9 Pledged assets

	GROUP		PARENT COMPANY	
All amounts are in MSEK	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Pledged assets for own liabilities				
Lending to the general public	10,007	4,466	4,000	909
Lending to credit institutions	412	85	–	73
Bonds and other fixed-income securities	–	–	–	–
Total	10,419	4,551	4,000	982

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

Note 10 Transactions with related parties

For the partial financing of the Offer, on 29 October 2021 Nordax Bank AB's overall parent company, Nordax Holding AB (publ), issued SEK 1,400,000,000 of floating rate additional Tier 1 instruments and SEK 650,000,000 of floating rate callable Tier 2 bonds, which were subscribed by external bond investors.

Nordax Group AB has issued bonds and Tier 1 capital instruments with corresponding terms and volumes where Nordax Holding AB is the holder. Nordax Bank AB has issued bonds and Tier 1 capital instruments with the same terms and volumes where Nordax Group AB is the holder. Nordax Bank AB has also borrowed MSEK 200 from Nordax Holding AB on market terms in connection with the acquisition of Bank Norwegian ASA.

In December 2021 Nordax Bank AB (as a borrower) and Bank Norwegian ASA (as a lender) entered into a intra-group loan agreement of MNOK 500 on market terms. Payment of the loan was made in January 2022.

Not 11 Acquisition of Bank Norwegian

On 14 July 2021, Nordax made a recommended voluntary cash takeover offer to acquire all the outstanding shares in Bank Norwegian ASA ("Bank Norwegian") ("the Offer"), subject to certain conditions such as regulatory approval and a minimum acceptance rate of 90%, which was subsequently waived and reduced to 2/3 of the shares on a fully diluted basis (the "Minimum acceptance rate condition"). A best and final cash consideration of NOK 105 per share was offered, resulting in a total consideration of approximately NOK 19.6 billion for all the shares in Bank Norwegian.

During September and October 2021, Nordax acquired 6,313,456 shares, which corresponds to 3.38% of the total number of shares. The acceptance period for Nordax's offer to acquire all the outstanding shares in Bank Norwegian ASA ("Bank Norwegian") ("the Offer") expired on 15 October 2021. On 2 November 2021, a further 129,879,195 shares were acquired through the payment of cash in the Offer and 42,472,603 shares through a non-cash issue under previous agreements to transfer existing shares. The remaining portion was acquired on 3 November through compulsory acquisition with the payment of cash in the Offer, making Nordax Bank AB the owner of 100% of the shares.

Purchase consideration	
Payment of cash in the Offer	14,606
Reclassification of previous acquisitions	668
Total purchase consideration paid	**15,274**
Non-cash issue	4,492
Total shares acquired	**19,766**

Preliminary recognised amounts (fair values) of identifiable assets acquired and liabilities assumed in Bank Norwegian as at the acquisition date:

All amounts are in MSEK	2 November 2021
ASSETS	
Lending to centralbanks	90
Lending to credit institutions	1,533
Lending to the general public	36,398
Bonds and other interest-bearing securities	20,331
Derivatives	208
Shares and holdings	25
Intangible assets	2,164
Tangible assets	2
Prepaid expenses and accrued income	27
Liabilities to credit institutions	-44
Deposits from the general public	-37,465
Derivatives	-227
Issued securities	-6,030
Current tax liability	-382
Deferred tax liability	-1,072
Up Accrued expenses and deferred income	-255
Subordinated liabilities	-746
Other liabilities	-116
Total net assets acquired	**14,441**
Tier 1 capital contribution acquired	-428
Total net assets acquired excl. Tier 1 capital contribution acquired	14,013
Goodwill	5,753

The goodwill arising from the acquisition relates to Bank Norwegian and the synergies that are expected to result from combining the activities of the Nordax Group and Bank Norwegian. The goodwill and other acquired intangible assets arising are not expected to be tax deductible.

Net cash flow in the acquisition of Bank Norwegian	
Cash consideration paid	15,274
Less: Cash and cash equivalents acquired	-1,623
Net cash flow	**13,651**

Since the acquisition, Bank Norwegian has contributed MSEK 790 to the Group's operating income and have had a negative impact of MSEK 280 to pre-tax profit, before costs related to the acquisition process. The main reason for these high costs is the effect of the accounting treatment of credit losses in connection with the acquisition. The Group's earnings have also been negatively affected by costs relating to the acquisition process of SEK 563 million. These relate to both the costs of the Offer from Nordax Bank and the handling of the Offer by Bank Norwegian.

If the acquisition had been closed on 1 January 2021, the pro forma figures for the Nordax Group's operating income and profit before tax for the period as at 31 December would be MSEK 6,408 and MSEK 1,203 respectively. These amounts have been calculated on the basis of the subsidiary's earnings and the additional consolidated adjustments specified below.

On acquisition, lending to the general public was measured at its fair value in the respective lending currency, leading to:
- an adjustment to interest income to reflect the Nordax Group's effective interest rate on acquired loan portfolios
- an adjustment for exchange rate effects on the translation of identified consolidated surplus value in each lending currency. A consolidated adjustment has also been made for the amortisation of identified intangible assets in the acquisition. All adjustments have been calculated as if the acquisition had taken place on 1 January 2021.

Note 12 Important events after the balance sheet date

No important events after the balance sheet date has been identified.

Definitions

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

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

Leverage ratio[1]
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.

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

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 capital[1]
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 ratio[1]
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 funds[1]
The sum of Tier 1 and Tier 2 capital.

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

Risk exposure amount[1]
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 capital[1]
Common Equity Tier 1 capital plus qualifying forms of subordinated loans.

Tier 2 capital[1]
Mainly subordinated loans that do not qualify as Tier 1 capital.

Total capital ratio[1]
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-December 2021 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 February 27 , 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

The Swedish interim report has been reviewed by the company's auditors.

Auditors' review report

Introduction
We have reviewed the year-end report for Nordax Bank AB (publ) for the period 1 January to 31 December 2021. The Board of Directors and the CEO are responsible for the preparation and presentation of this year-end report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this year-end report based on our review.

Scope of review
We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information performed by the company's auditors.* A review consists of making inquiries, primarily with persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

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

Stockholm 27 February, 2022

Deloitte AB

Signature on Swedish original

Malin Lüning
Authorised Public Accountant